



TaxNewsFlash

United States



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KPMG reports: Iowa (sales and use tax changes); Oregon (certiorari denied in case concerning VoIP collection of E-911 tax); Washington State (Seattle payroll expense tax upheld, certiorari denied in case concerning B&O tax surcharge financial institutions)

KPMG's This Week in State Tax—produced weekly by KPMG's State and Local Tax practice—focuses on recent state and local tax developments.

- **Iowa:** Senate File 2367, which was recently signed into law, makes several important changes to the administration of Iowa's sales and use taxes. Prior to July 1, 2022, businesses needed to have separate sales and use tax permits and file separate returns for sales tax, retailer's use, and consumer's use tax. Going forward, businesses will report sales and use taxes on a single, consolidated return and will need only one permit for both sales and use tax. Currently, many businesses file returns on a quarterly basis, but semi-monthly deposits of tax are required. Under the revised law, businesses will either file and pay monthly or annually, depending on the amount of tax collected. Senate File 2367 also makes certain changes to Iowa's sales and use tax exemptions and incrementally reduces the bank franchise tax to 3.5% (from 5%). Specifically, the bank franchise tax will be reduced from 5% to:
 - 4.7% for tax years beginning on or after January 1, 2023
 - 4.4% for tax years beginning on or after January 1, 2024
 - 4.1% for tax years beginning on or after January 1, 2025
 - 3.8% for tax years beginning on or after January 1, 2026
 - 3.5% for tax years beginning on or after January 1, 2027.
- **Oregon:** The U.S. Supreme Court on June 21, 2022, denied certiorari in an Oregon Supreme Court decision that a "voice over internet protocol" (VoIP) service provider was required to collect the state's emergency "E-911 tax" for a tax period that pre-dated the *Wayfair* decision. For a discussion of the Oregon Supreme Court decision, read [TaxNewsFlash](#).

- **Washington State:** A state appeals court recently upheld a lower court’s dismissal of a lawsuit challenging the City of Seattle’s payroll expense tax. The tax, which was approved in 2020, applies to businesses with payroll of more than \$7 million in the prior calendar year. In addition, the U.S. Supreme Court on June 13, 2022, denied certiorari in a Washington State Supreme Court decision upholding the constitutionality of Washington State’s 1.2% business and occupation (B&O) tax surcharge on specified financial institutions. For a discussion of the Washington Supreme Court decision, read [TaxNewsFlash](#).

Read a [June 2022 report](#) prepared by KPMG LLP

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