



TaxNewsFlash

United States



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KPMG reports: Colorado (cryptocurrency as payment for taxes); Illinois (abatement of late penalties); Louisiana (manufacturing allocation formula)

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.

- **Colorado:** The state tax authority announced that it will accept cryptocurrency as payment for several types of taxes through the PayPal cryptocurrencies hub, where taxpayers will be able to select their desired cryptocurrency to use for payment. The tax authority also issued “frequently asked questions” (FAQs) with additional information. The guidance confirms that while taxpayers can pay their tax obligation using cryptocurrency, tax refunds will not be issued in cryptocurrency.
- **Illinois:** The Illinois Tax Tribunal held that a taxpayer was not entitled to an abatement of late payment penalties on the basis that it acted in good faith and exercised ordinary business care and prudence when it determined that an affiliate was an 80/20 company excluded from the Illinois unitary group because the taxpayer failed to provide any documentation or analysis to support that determination. In the tribunal's view, the anticipated tax savings meant the taxpayer needed to scrutinize the structure at length.
- **Louisiana:** The Board of Tax Appeals held that a taxpayer was entitled to use the formula applicable to manufacturing entities to allocate its taxable capital to Louisiana. The taxpayer developed software that customers accessed over the internet. The board concluded that the taxpayer's software was tangible personal property that the taxpayer transformed from raw materials into a finished product. As such, the taxpayer was a manufacturer entitled to use the manufacturing allocation formula.

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

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