



TaxNewsFlash

United States



No. 2022-335
November 7, 2022

KPMG reports: Missouri (club membership dues subject to sales tax); Oregon (market-based sourcing); Wisconsin (manufacturing credit); multiple states (escheatment rules)

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.

- **Missouri:** The Supreme Court affirmed an Administrative Hearing Commission decision that a sporting club's monthly membership dues were subject to sales tax. Members enjoyed access to a variety of recreational activities and services, including equestrian facilities, a clubhouse, and a dining room and certain members were entitled to vote on club operations. The court determined that monthly membership dues were subject to sales tax because the dues represented fees paid solely for access to recreational activities. In the court's view, the taxpayer did not prove that the membership dues (as opposed to the initiation fees) were paid in exchange for the right to participate in the operation and control of the organization.
- **Oregon:** The governing bodies of Multnomah County and the tri-county Metro area, whose business income taxes are administered by the City of Portland Revenue Division, approved ordinances adopting market-based sourcing. As such, all three local business income taxes will utilize the market-based sourcing rule effective for tax years beginning on or after January 1, 2023.
- **Wisconsin:** The Tax Appeals Commission concluded that a taxpayer was not entitled to a refund of corporate income tax related to a manufacturing credit claimed on an amended return. Although the amended return was filed within the normal statute of limitations, Wisconsin law provides that a taxpayer that had been the subject of a field audit, and paid the audit assessment in full without protesting, is not entitled to file a claim for refund related to an issue that was not adjusted during the audit. The credit at issue had not been claimed on the audited returns and was therefore not adjusted.
- **Multiple states:** There is an update in the litigation pending at the U.S. Supreme Court over the escheatment rules applicable to official checks. A special master appointed by the high court to provide a

recommendation in the case originally concluded that the official checks were covered by the 1974 Disposition Act and must be escheated to the state where the purchase occurred. Just weeks later, after the Court had heard oral arguments, the special master revised his earlier recommendation and concluded that certain of the checks must be escheated first to Delaware. The special master's reversal of his earlier recommendation after the oral arguments is unusual and creates additional uncertainty for all parties involved in this litigation.

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

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