



# TaxNewsFlash

United States



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## KPMG reports: District of Columbia (sales tax on resold items); multistate (escheatment of abandoned property); multistate (corporate surtaxes)

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

- **District of Columbia:** The District of Columbia Court of Appeals held that a hospital was not entitled to a refund of sales taxes paid on purchases of meals that were later resold to others because the hospital had not provided the seller with a valid resale certificate when it purchased the meals. The court found that the relevant statute specified a clear procedure for purchasers that wished to avoid sales tax on the ground that the purchaser intended to resell the purchased items, which the hospital did not follow.
- **Multistate:** The U.S. Supreme Court on February 28, 2023, issued a unanimous opinion holding that Delaware did not necessarily have the right to escheat the proceeds of certain abandoned prepaid financial instruments used to transfer funds to a named payee. The Court found that escheatment of these instruments was governed by the federal Disposition of Abandoned Money Orders and Traveler's Checks Act, because the instruments in question were similar to money orders in both function and operation, and thus the instruments were escheated to the state where they were purchased.
- **Multistate:** Several states have proposed changes to their corporate surcharges or surtaxes.
  - The governor of New Jersey released a proposed budget that would not extend the 2.5% corporation business tax surtax.

- The governor of New York proposed extending the additional corporate franchise rate that applies to taxpayers whose business income base exceeds \$5 million for three years.
- The governor of Connecticut proposed extending the 10% corporate surtax that had been in place for a number of years but expired at the end of 2022 for three additional years.

Read a [March 2023 report](#) prepared by KPMG LLP

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