



TaxNewsFlash

United States



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KPMG reports: Minnesota (omnibus tax package); Montana (bill to exclude tax haven entities); Tennessee (tax changes enacted)

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

- **Minnesota:** A conference committee reached agreement on an omnibus tax bill that provides individual income tax relief but also includes provisions raising taxes on corporations. These provisions include, but are not limited to, taxing global intangible low-taxed income (GILTI) with 50% dividends received deduction, reducing the dividends received deduction for domestic dividends, further limiting net operating losses (NOLs), and a new tax on investment income. This agreement has not been released in bill form and must still be passed by the Minnesota House and Senate and signed into law.
- **Montana:** A corporate income tax proposal would repeal the requirement to include tax haven entities in the water's-edge combined group. Under current Montana law, combined groups that make a water's edge election must include unitary affiliates that are incorporated in certain enumerated tax haven countries. Legislation pending signature would repeal this requirement effective for tax years beginning after December 31, 2022.
- **Tennessee:** The Tennessee Works Tax Act, which makes comprehensive changes to Tennessee's tax laws, was signed into law by the governor. The changes include, but are not limited to, phasing in single-sales factor apportionment, conforming to federal bonus depreciation, a new three-month food sales tax holiday, and new excise and franchise tax exemptions. The Department of Revenue has already issued several notices addressing various aspects of the revised laws. The bill also makes numerous business tax changes.

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

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