



TaxNewsFlash

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KPMG reports: Alabama (monthly sales tax filing threshold); Michigan (memo not a request for refund); Texas (sales and use tax exemptions); Washington State (data processing)

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

- **Alabama:** Under Alabama law, businesses with an average monthly state sales tax liability of \$5,000 or greater in the preceding calendar year are required to make estimated payments to the Department of Revenue each month. Recently signed House Bill 77 increases this threshold amount to an average monthly state sales tax liability of \$20,000. Also, House Bill 479 reduces the sales and use tax rate applied to food from 4% to 3% on September 1, 2023. The rate will drop down to 2% on September 1, 2024, if certain fiscal conditions are met.
- **Michigan:** The Court of Appeals held that a memo to an auditor asserting that a subsidiary be included in the unitary business group was not specific enough to constitute an explicit demand or request for a tax refund upon which interest started to accrue.
- **Texas:** Senate Bill 379 adopts new sales and use tax exemptions for certain “family care” items, including wound care dressings, adult or children’s diapers, baby wipes, baby bottles, feminine hygiene products, and maternity clothing— effective September 1, 2023
- **Washington State:** The Department of Revenue’s Administrative Review and Hearings Division concluded that a taxpayer was selling credit bureau services subject to retail sales and use tax and

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retailing business and occupation (B&O) tax, rather than non-taxable data processing services. In the division's view, the taxpayer's services concerned more than simply extracting data provided by its clients; its services involved analyzing the data through algorithms to evaluate business risk.

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

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