



# TaxNewsFlash

United States



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## **KPMG reports: Iowa (reduced corporate income tax rates); Massachusetts (pending tax law changes, including for corporate excise tax); Oregon (Portland business license tax credit); Texas (sales and use tax guidance for electronic games)**

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

- **Iowa:** The tax authority on September 22, 2023, announced that the top two Iowa corporate income tax rates will be reduced to 7.1% (from 8.4%) for tax years beginning on or after January 1, 2024. The rate reduction results from legislation enacted in 2022 that implemented a formula for reducing the corporate income tax rate if net corporate income tax receipts exceeded \$700 million for the immediately preceding fiscal year.
- **Massachusetts:** The Massachusetts House and Senate agreed to a tax compromise plan that includes components of earlier tax proposals. The legislation, H. 4104, is currently pending action by Governor Healey. While many of the tax law changes are aimed at individuals, there are also corporate excise tax changes in the bill. Specifically, effective January 1, 2025, all corporations and financial institutions would apportion net income to the Commonwealth by use of the sales factor only. The bill also would revise how financial institutions source interest, dividends, net gains and other income from investment assets and activities and from trading assets and activities.
- **Oregon:** The Portland City Council recently approved a new incentive for businesses that are located within certain boundaries of the downtown Portland, Oregon area. The new Downtown Business Incentive credit program is designed to reward owners of property in the qualifying districts and to incentivize commercial lease signings and lease renewals in such areas. The maximum amount of the credit is \$250,000, and it may be taken on the 2023 or 2024 Portland Business License Tax Return.

- **Texas:** The Texas Comptroller on September 25, 2023, updated a policy memo reiterating that the purchase of electronic games, subscriptions, and membership fees for electronic games and game communities are taxable as amusement services for sales and use tax purposes. The updated guidance also makes clear that purchases of associated content for electronic games and purchases of virtual currencies used in games are taxable as amusement services.

Read an [October 2023 report](#) prepared by KPMG LLP

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