



TaxNewsFlash

United States

No. 2024-019
January 16, 2024

KPMG reports: Connecticut (solar electricity property tax exemption); Pennsylvania (sourcing); Michigan (income tax nexus)

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

- **Connecticut:** The state Superior Court concluded that a solar power company was not entitled to a property tax exemption for certain personal property used to generate solar electricity. The court, looking to the sales tax law, held that the taxpayer was not entitled to the exemption because the generation of electricity is not manufacturing for sales tax or property tax purposes.
- **Pennsylvania:** The state Department of Revenue addressed the new sourcing rules that first applied for tax years beginning on or after December 31, 2022. Under prior law, specific sourcing rules applied to receipts from sales of services and receipts from sales of tangible personal property.
- **Michigan:** A city of Detroit income tax dispute came before the Michigan Court of Appeals for the third time. In sum, the appeals court reversed the Tax Tribunal (and its own prior conclusion) and held that a passive holding company formed to hold an investment had nexus with the City of Detroit. The appeals court also rejected the Tribunal's conclusion that even if there was nexus, the taxpayer nevertheless had no income apportioned to Detroit because each of the numerators of the three-factor apportionment formula was zero.

Read a [January 2024 report](#) prepared by KPMG LLP

kpmg.com/socialmedia



The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533 3712, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)