



# TaxNewsFlash

United States

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## KPMG reports: Florida (sourcing rule for intangible property); New Jersey (new corporate transit fee); Oregon (proposed increase in corporate minimum tax); Pennsylvania (increase in NOL carryforward limitation)

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

- **Florida:** A complaint was filed on July 10, 2024, in the Leon County Circuit Court once again challenging the Florida Department of Revenue's interpretation of the sourcing rule that applies to sales of intangible property. In *Apple Inc. v. Department of Revenue*, the taxpayer argues that the Department applied a market-based methodology to source its revenue from sales of digital music and subscriptions, books and apps, and licensing fees, but its receipts should have been sourced under the "IPA/COP rule" (i.e., receipts are sourced to Florida if the income-producing activity giving rise to the receipts is performed wholly within Florida or if a greater proportion of the income-producing activity is performed in Florida, based on the costs of performance). The lawsuit also challenges the Department's exclusion of certain service revenues and other income from the denominator of the Florida sales factor.
- **New Jersey:** Assembly Bill 4704, which was signed into law on June 28, 2024, adopts a new, temporary 2.5% "corporate transit" fee that applies for privilege periods beginning on and after January 1, 2024, through December 31, 2028. The corporate transit fee is imposed on corporation business tax taxpayers that have New Jersey allocated taxable net income in excess of \$10 million.
- **Oregon:** Initiative Petition 17, which reportedly has qualified for the November ballot, proposes to increase minimum taxes for corporations with Oregon sales exceeding \$25 million. Specifically, corporations with Oregon sales of \$25 million or more would be required to pay the current existing minimum tax for their applicable tax bracket, plus 3% of the excess over \$25 million. The tax increase would be applicable to tax years beginning on or January 1, 2025.
- **Pennsylvania:** Senate Bill 654, which was signed into law on July 11, 2024, gradually increases the limitation on the use of net operating loss (NOL) carryforwards from 40% to 80% of a corporation's taxable income for certain NOLs incurred after 2025.

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

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