



# TaxNewsFlash

## United States

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### **KPMG reports: Arkansas (manufacturing exemption); California (combined filing); California (Compact election); Virginia (royalties); Washington (broker-dealers)**

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

- **Arkansas:** An administrative law judge for the Arkansas Office of Hearings and Appeals determined that the purchase of a welding machine used to create custom-crafted jewelry did not qualify for the state's manufacturing exemption.
- **California:** A state superior court held that the state's different treatment of interstate and intrastate businesses did not violate the Commerce Clause.
- **California:** The Franchise Tax Board issued guidance addressing how it intends to handle Multistate Tax Compact election cases and refund applications following the U.S. Supreme Court's recent denial of certiorari in the *Gillette* case.
- **Virginia:** The state's high court has agreed to review a case addressing the deductibility of royalties paid by a retailer to a related party.
- **Washington State:** The appellate division of the Department of Revenue concluded that a broker-dealer was not entitled to use the B&O tax rate that applies for "international investment management services."

Read more at KPMG's [This Week in State Tax](#)

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