



# TaxNewsFlash

## United States

No. 2018-147  
April 16, 2018

### **KPMG reports: Arizona (federal tax conformity); Connecticut (IRC section 965); Indiana (use tax on rentals); New Mexico (consolidated returns)**

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.

- **Arizona:** House Bill 2647 was signed into law and updates the state's conformity to the Internal Revenue Code. In general, for 2018, in computing Arizona income taxes, the state does not adopt the changes in the new federal tax law (Pub. L. No. 115-97) that are effective beginning in 2018. However, in computing Arizona income taxes, Arizona does adopt the new federal tax law changes that are effective and apply in 2017.
- **Connecticut:** The Department of Revenue Services released guidance (an OGC-4 document) explaining how Connecticut corporate and individual taxpayers are to treat and report mandatory repatriation amounts required to be included in income under IRC section 965.
- **Indiana:** The Department of State Revenue issued a "letter of findings" concluding a taxpayer failed to prove that it lacked "exclusive control" over rented scaffolding and thus found the taxpayer owed use tax on rentals of scaffolding systems. Under a regulation, rentals of tangible personal property are subject to sales and use tax when control of the property is exercised by the lessee.
- **New Mexico:** A state hearing officer ruled that a taxpayer filing a consolidated return in New Mexico was not allowed a dividends-received deduction or otherwise allowed to exclude dividends and Subpart F income received from more than 50% owned controlled foreign corporations. The hearing officer concluded that not allowing a deduction for foreign dividends and Subpart F income did not violate the Commerce Clause.

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

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