



TaxNewsFlash

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KPMG reports: Missouri (lease add-ons); New Jersey (related-party addbacks); Washington (Seattle employee tax)

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.

- **Missouri:** The Department of Revenue issued a letter ruling that concludes that optional lease add-ons (including warranties) with respect to vehicle leases are subject to sales tax; accordingly, the vehicle lessor must collect and remit state and local sales tax on these voluntary packages purchased as part of the motor vehicle lease.
- **New Jersey:** The state superior court, appellate division, affirmed a decision of the state tax court holding that a taxpayer did not qualify for the “unreasonable exception” to the state’s related-party addback rules (that is, the exception when the taxpayer “establishes by clear and convincing evidence” that the disallowance of an interest deduction is unreasonable).
- **Washington State:** An ordinance in Seattle, effective January 1, 2019, would have imposed an “employee hours” tax on every person (employee) engaged in business activities within the city. The city council subsequently voted on June 12, 2018, to repeal the tax.

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

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