



TaxNewsFlash

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KPMG reports: Minnesota (sales tax exemption); Texas (online retailer)

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.

- **Minnesota:** The state's tax court held that a taxpayer's purchase of certain machinery and equipment to support and expand its document-retrieval system was not eligible for the sales tax exemption provided for "capital equipment" because the system only allowed access to a client's own data (and not access by all users). The court also concluded that the electricity used to power the equipment was not exempt from sales tax.
- **Texas:** The Comptroller, in a private letter ruling, concluded that the taxpayer (an online clothing retailer) had an obligation to collect sales and use tax because the presence of its clothing in the state during the "try on" period (that is, the seven-day period that customers were allowed to keep the clothing before completing the purchase) created substantial nexus. The taxpayer continued to own the clothing during the seven-day period, and did not recognize revenue from sales of the clothing until after the seven-day period expired.

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

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