



TaxNewsFlash

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KPMG reports: California (like-kind exchange); Massachusetts (GILTI); Rhode Island (sales tax nexus); Texas (online education, sales 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.

- **California:** A state appeals court issued an unpublished decision, affirming the trial court's conclusion that the individual taxpayers did not qualify for a deferral of gain on a like-kind exchange because they failed to satisfy one of the requirements (that is, they failed to identify replacement property within 45 days of the date of transfer of the relinquished property).
- **Massachusetts:** Pending legislation (H.4930) would require that amounts included in income under IRC sections 951 and 951A are to be treated as dividends received for Massachusetts corporate excise purposes, and no deduction would be allowed under IRC sections 245A, 250, or 965(c). The cumulative effect of these changes is that the gross amount of GILTI before the IRC section 250 deduction would be treated as a dividend received for Massachusetts corporate excise tax purposes.
- **Rhode Island:** A hearing officer concluded that an online retailer did not have substantial nexus with the state even though the retailer had an affiliate with a retail store located in the state that made sales of similar products under the same brand name. Both the online and retail entities (subsidiaries of the same parent company) sold equestrian apparel and horse-related products. The hearing office looked to a number of factors to determine whether nexus existed—such as the retail store's return policy, cross-advertising, the presence of a common logo and IP, customer service activities, among others.
- **Texas:** The Comptroller determined that a taxpayer's charges for access to online educational courses (specifically, an online education platform that provided

instruction by streaming pre-recorded lectures taught by professors from accredited universities) were not subject to sales and use tax.

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

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