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KPMG reports: Arkansas (sales tax, crowdfunding); Idaho (nexus, single employee); Massachusetts (utility receipts 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.

- **Arkansas:** In a recent legal opinion, the Department of Finance and Administration concluded that a taxpayer that ran a crowdfunding campaign to create a card game was in the business of selling tangible personal property for profit in Arkansas because there was an expectation that most of the backers were contributing money in exchange for a card game. Thus, the taxpayer was responsible for charging and collecting sales tax at the time of contribution, and was required to remit sales tax on the entire consideration paid by Arkansas backers, including the five percent service fee charged by the taxpayer's platform.

- **Idaho:** The Tax Commission recently determined that a California-based company that had a single employee working from home in Idaho writing code for the company's internal systems had corporate income tax nexus with Idaho. The Commission concluded that the company was "transacting business" in Idaho through the employee and his computer, thus contributing to the company's overall business activity that would ultimately "result in economic or pecuniary gain or profit."

- **Massachusetts:** The Appellate Tax Board concluded that the state's utility receipts tax (URT) is an income tax required to be added back in computing Massachusetts corporate excise tax despite the state statute labeling the URT as an income tax. The appeals board determined the URT functioned more like the taxes required to be added back by statute, and that it was imposed as a condition precedent to the privilege of doing business.

Read more at KPMG's ***This Week in State Tax***

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