



TaxNewsFlash

United States



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KPMG reports: Arizona (rental car “surcharge”); California (transfers to insurers); Kansas (sales tax on ISP equipment)

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:** The state’s Supreme Court upheld as constitutional, a rental car “surcharge” imposed by Maricopa County.
- **California:** The Franchise Tax Board issued a notice clarifying that the IRC section 367 regulations (disallowing deferred gain treatment for transfers of appreciated property to an entity that does not pay the otherwise applicable income tax) will be applied in cases involving the transfer of appreciated property to an insurer. One of the critical differences between California law and IRC section 367 is the treatment of complete liquidations of insurance companies.
- **Kansas:** The Board of Tax Appeals found the Internet Tax Freedom Act did not preclude the Department of Revenue from assessing sales and use tax on an internet service provider’s (ISP) purchases of equipment (in this case, taxpayer purchases of transmitters, facilities, cables, routers, and switches used to provide internet service to customers in underserved areas).

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

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