



TaxNewsFlash

United States



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KPMG reports: Massachusetts (telecommunication services); Michigan (credit card processing); New Jersey (addbacks); Washington State (apportionment, nexus)

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.

- **Massachusetts:** The Appellate Tax Board concluded that a taxpayer's "eFax service" was subject to sales and use tax as a telecommunication service.
- **Michigan:** A state appeals court found that the resale exemption did not apply with respect to a credit card processor's equipment and thus concluded that the taxpayer was not entitled to a refund of use taxes paid with respect to the credit card processing terminals.
- **New Jersey:** The state's tax court held for the taxpayer, in a case concerning the state's addback statute. The court found the taxpayer was entitled to a refund of corporation business tax (CBT) when its subsidiary filed CBT returns and paid CBT on its royalty income. The requested refund was based on the taxpayer deducting the full amount of royalties paid to the subsidiary.
- **Washington State:** The Department of Revenue concluded that an internet-based company that matched music teachers and students, both inside and outside the state, was required to "throw out" certain receipts in apportioning its income for business and occupation tax purposes.

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

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