



TaxNewsFlash

United States



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KPMG reports: Florida (GILTI); Hawaii (economic nexus); New Jersey (combined group, minimum tax), Tennessee (GILTI)

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.

- **Florida:** House Bill 7127 was passed by both houses of the legislature, and if enacted, would adopt a subtraction for all amounts included in taxable income under IRC section 951A (a global intangible low-taxed income or GILTI exclusion). This exclusion would be allowed only to the extent such amount is not deductible in determining federal taxable income. Florida would join some 30 other states, so that the deductions allowed under IRC section 250 would be included in Florida's starting point.
- **Hawaii:** Three corporate income tax bills pending enactment in Hawaii would (1) establish an economic nexus threshold for income tax purposes; (2) adopt market-based sourcing rules under which receipts from intangibles would be sourced to where the intangible property is used and service receipts would be sourced to Hawaii to the extent the service was used or consumed in the state; and (3) would add IRC section 857(b)(2)(B) to the list of federal IRC provisions that are inoperative for Hawaii purposes and would disallow certain REITs a deduction for dividends paid.
- **New Jersey:** The Division of Taxation updated a technical bulletin addressing which entities are included and excluded from the New Jersey combined group and which entities are subject to the \$2,000 minimum tax.
- **Tennessee:** Legislation enacted in May 2019 reflects changes to Tennessee's excise tax laws to address the taxation of GILTI and section 965 income.

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