



TaxNewsFlash

United States



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KPMG reports: Arizona (federal conformity); Connecticut (sales tax); Illinois (tax rate increases)

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:** House Bill 2757 has been signed, and its measures update Arizona's conformity to the Internal Revenue Code. Accordingly, provisions of the federal tax law that is often referred to as the "Tax Cuts and Jobs Act" (Pub. L. No. 115-97) are incorporated into Arizona law for the 2018 tax year.
- **Connecticut:** Pending legislation (House Bill 7424) includes measures that would revise the definition of tangible personal property (that is, property subject to sales and use tax at a general rate of 6.35%) to include digital goods and canned or prewritten software that is electronically accessed or transferred (other than when purchased by a business for its own use). The bill also increases the rate of sales and use tax imposed on meals and drinks sold at eating establishments and bars by 1% so that these sales would be taxed at a rate of 7.35%.
- **Illinois:** Certain bills recently signed into law include new, graduated income tax rates for individuals, trusts, and estates. Currently, a flat 4.95% rate applies to all income of these taxpayers. Under Senate Bill 687, the rate on income over \$1 million is 7.99% on all income—and not just income over the \$1 million threshold. The individual income tax rate increases would not be effective unless and until Illinois voters approve a constitutional amendment allowing the state to impose income taxes at graduated rates (set for a 2020 ballot initiative). Senate Bill 687 also includes a contingent corporate income tax increase to 7.99%, so that with the 2.5% replacement tax added in, this would increase the Illinois corporate income tax rate to 10.49%.

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

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