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KPMG reports: Nebraska (IRC section 965); Vermont (federal tax reform conformity); Virginia (use tax, equipment leased from affiliate)

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.

- **Nebraska:** The Department of Revenue issued guidance addressing the state's treatment of IRC section 965 income. In general, the net IRC section 965 inclusion amount—section 965(a) amount minus the section 965(c) deduction—is not a foreign dividend or a deemed dividend, and as such, any dividend deduction claimed for the net IRC section 965(a) income will be disallowed.

- **Vermont:** The Department of Taxes released information regarding the state's conformity to the 2017 U.S. tax law (often referred to as the "Tax Cuts and Jobs Act") with information about the state treatment of section 965 income and of the IRC section 250 deduction for both GILTI and FDII purposes.

- **Virginia:** The Department of Taxation issued a ruling that a taxpayer (a car dealership) was liable for use tax on computer equipment purchased and leased from an affiliate because under Virginia law, affiliated corporations are treated as separate entities for sales tax purposes and transfers between them are taxable.

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

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