



# TaxNewsFlash

United States



No. 2019-554  
November 18, 2019

## KPMG reports: Arkansas (digital downloads); California (nonresidents); Indiana (software); Tennessee (car subscription service)

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.

- **Arkansas:** The Department of Revenue issued a legal opinion addressing the “transactions” threshold in the state’s sales tax economic nexus law. The legal opinion found that a “transaction” occurred when the customer made a purchase or downloaded digital content for consideration; thus, each digital download constituted a transaction that counted toward the 200-transactions threshold.
- **California:** The Office of Tax Appeals (OTA) dismissed an assessment of tax on income earned by an individual who was a Texas resident and performed design services in Texas for a Canadian customer of the California LLC. The OTA concluded the location where the benefit was received was Canada where the LLC’s customer was located and where it received the benefit of the design services that helped it promote and sell products.
- **Indiana:** The Department of Revenue partially denied a taxpayer’s claim for refund of sales tax paid on various purchases of computer software maintained on servers outside the state. Note as of July 1, 2018, Indiana no longer taxes remotely accessed software.
- **Tennessee:** The Department of Revenue issued a letter ruling addressing the tax treatment of a motor vehicle subscription service (customers paid a one-time activation fee and a monthly subscription fee for the use of a motor vehicle, and the monthly fee included insurance coverage, maintenance and repairs, and the ability to switch out motor vehicles). The Department concluded the subscription service was a lease of a motor vehicle, and as such, was subject to sales and use tax.

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

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