



TaxNewsFlash

United States



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KPMG reports: Nebraska (GILTI, FDII); Pennsylvania (sales tax); Texas (gaming machines); Washington State (wooden pallets)

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 tax treatment of two regimes (GILTI and FDII)* that were enacted by the 2017 federal tax law commonly referred to as the "Tax Cuts and Jobs Act." In general, the guidance (a "general information letter") confirms that GILTI is included in Nebraska income and that the IRC section 250 deductions for GILTI and FDII are allowed.
- **Pennsylvania:** The Department of Revenue issued two guidance bulletins addressing the vendor sales tax absorption statute and the use of direct payment permits.
- **Texas:** A state appellate court held that the taxpayer was not entitled to a sales tax refund related to purchases of coin-operated gaming equipment used by patrons of its pizza restaurants. The court concluded that these machine purchases were not exempt as "sales for resale."
- **Washington State:** A state appellate court held that two manufacturers owed sales tax on leases of wooden pallets that were used to hold the taxpayers' products during shipment. To qualify for the lease-for-sublease exemption, the taxpayers were required to establish that they leased the pallets for sublease, subleased the pallets in the regular course of their business, and did not make intervening use of the pallets before they were subleased.

*"Global intangible low-taxed income" (GILTI) and "foreign-derived intangible income" (FDII)

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