



TWIST-Q – 2019 Year End Checklist

This checklist includes the developments we reported in Quarters 1, 2, and 3, as well as new developments for Quarter 4. New developments from Quarter 4 are in bold typeface. Please note that certain Quarter 4 items in bold are dated earlier. These items were released after our Quarter 3 checklist or were first made publicly available during Quarter 4. The checklist captures 2019 rate changes/developments and we also have a comprehensive rate chart at the end of the checklist for your use. Please stay tuned to our weekly **TWIST** podcasts for other state and local corporate income and franchise developments that occur after this publication is released.

IRC Conformity ¹	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
For purposes of computing income tax for taxable years beginning from and after December 31, 2017 through December 31, 2018, “Internal Revenue Code” means the Code as in effect on January 1, 2018, including the Tax Cuts and Jobs Act provisions that became effective in 2017 and 2018. For taxable years beginning from and after December 31, 2018, “Internal Revenue Code” means the Code as amended and in effect on January 1, 2019. House Bill 2757 (signed May 31, 2019).	AZ				
Legislation has been enacted updating the state’s conformity to certain IRC provisions as of January 1, 2019, including IRC §§ 162 and 274. IRC §§ 118, 174 and 280C as in effect on January 1, 2019 are newly incorporated into Arkansas law. These provisions are effective for tax years beginning on or after January 1, 2019. House Bill 1953 (signed April 10, 2019).	AR				

¹ Note that conformity legislation was enacted in several additional fixed-date conformity states that had already advanced their conformity to the Code last year to capture tax reform.

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>California generally conforms to the Internal Revenue Code as of January 1, 2015. However, for tax years beginning on or after January 1, 2019 the following Tax Cuts and Jobs Act changes are adopted: (1) disallowance of deductions for FDIC premiums paid by certain financial institutions under IRC section 162(r); (2) modifications to the limits on “excessive employee remuneration” under IRC section 162(m); (3) elimination of net operating loss carrybacks; (4) limitations on losses for certain taxpayers other than corporations; (5) repeal of the technical termination rule for partnerships; and (6) elimination of the deferral of gain on like-kind exchanges of personal property for exchanges completed on or after January 11, 2019. Assembly Bill 91 (signed July 1, 2019).</p>	CA				
<p>The general definition of the “Internal Revenue Code” (used for purposes of computing the Minnesota corporate income tax) is advanced from the Internal Revenue Code as amended through December 16, 2016 to the Code as amended through December 31, 2018. For corporate taxpayers, federal changes made to the Code, including changes made by the Tax Cuts and Jobs Act, are effective for Minnesota purposes at the same time they went into effect federally (i.e. retroactively). House File 5 (signed May 30, 2019).</p>	MN				
<p>For tax periods beginning on or after January 1, 2020, New Hampshire adopts the Internal Revenue Code of 1986 as in effect on December 31, 2018. House Bill 4 (signed Sept. 26, 2019).</p>	NH				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Retroactively to tax years beginning on or after January 1, 2018, Virginia conforms to the Internal Revenue Code as of December 31, 2018. Language explicitly not adopting the 2018 TCJA changes has been eliminated. House Bill 2529 and Senate Bill 1372 (signed Feb. 15, 2019).	VA				

Tax Rates	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning on or after January 1, 2021, the maximum corporation income tax rate imposed on income exceeding \$100,000 is reduced from 6.5 percent to 6.2 percent. Effective for tax years beginning on or after January 1, 2022, the maximum corporation income tax is further reduced to 5.9 percent on income exceeding \$25,000. Senate Bill 576 (signed April 9, 2019).	AR				
A temporary income tax rate reduction from 4.63 percent to 4.5 percent will apply for the 2019 tax year due to the state's TABOR amendment. Colorado Dep't of Revenue TABOR 2019.	CO				
The 10 percent corporate surtax is extended through tax years beginning prior to January 1, 2021. The surtax does not apply to taxpayers that pay the \$250 minimum tax or that have less than \$100 million in gross income for the tax year. However, taxpayers filing combined returns are subject to the surtax regardless of income level. House Bill 7424 (signed June 26, 2019).	CT				

Tax Rates	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>The corporate income tax rate is reduced from 5.5 percent to 4.458 percent for taxable years beginning on or after January 1, 2019 but before January 1, 2022. Tax Information Publication No: 19C01-04 (Fla. Dep't of Rev. Sept. 12, 2019).</p>	FL				
<p>Effective contingent upon voter approval of a constitutional amendment allowing the state to impose income taxes at graduated rates, the Illinois corporate income tax rate will increase from 7.0 percent to 7.99 percent (or 10.49 percent including the 2.5 percent replacement tax) for taxable years beginning on or after January 1, 2021. Senate Bill 687 (signed June 5, 2019).</p>	IL				
<p>For tax periods ending on or after December 31, 2021, Business Profits Tax (BPT) and Business Enterprise Tax (BET) tax rates may change from the current 7.7 percent and 0.60 percent rates to 7.5 percent and 0.50 percent if revenues are six percent or more above the official revenue estimates for the fiscal year. If revenues are six percent or more below the official estimates for the fiscal year, then the rates will be 7.9 percent and 0.675 percent. If revenues are not at least six percent or more above or below the official revenue estimates for the fiscal year, BPT and BET rates will continue to be 7.7 percent and 0.60 percent respectively. Previously scheduled BPT and BET rate reductions are repealed. House Bill 4 (signed Sept. 26, 2019).</p>	NH				

Tax Rates	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Each combined group member that has nexus with New Jersey is subject to the \$2,000 minimum tax. A member of a combined group has nexus if the member meets the New Jersey’s nexus standards as either part of the unitary business of the combined group or independent of the combined group. If one member in the combined group has nexus and sufficient activities in New Jersey to be taxed based on income, no member that has nexus with New Jersey may claim P.L. 86-272 protection. Technical Bulletin 86 (N.J. Div. of Tax. Jan. 3, 2019).</p>	NJ				
<p>The Alternative Minimum Assessment (AMA) imposed only on P.L. 86-272 protected companies is preempted under the Supremacy Clause of the U.S. Constitution and is not enforceable. Because a P.L. 86-272 protected taxpayer would be coerced into paying the Corporation Business Tax (CBT) when its AMA liability was greater than its CBT liability, the AMA essentially operates as an “end-run” around P.L. 86-272. <i>Stanislaus Food Products Co. v. Director, Division of Taxation</i> (N.J. Tax Ct. June 28, 2019).</p>	NJ				
<p>Qualified New York manufacturers are subject to tax on entire net income at a rate of zero percent, and are subject to a reduced capital tax. The definitions of a “qualified New York manufacturer” make reference to companies that have property in New York with a certain adjusted federal basis. The reference to federal basis has been amended to refer to the basis for “New York state tax” purposes. This reflects that the federal and New York bases may be different due to enhanced federal expensing. Assembly Bill 2009C and Senate Bill 1509C (signed April 10, 2019).</p>	NY				

Tax Rates	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>The New York corporate franchise tax MTA surcharge rate will increase from 28.9 percent to 29.4 percent for tax year 2020 and will remain the same in later tax years unless the Commissioner of Taxation and Finance establishes a new rate. Reg. Sec. 9-1.2(f) (NY Dep’t of Tax. and Fin Nov. 25, 2019).</p>	<p>NY</p>				
<p>Revisions to a regulation, including a new definition of “produce,” affect the determination as to when a taxable entity is considered “primarily engaged in a retail or wholesale trade” so that it qualifies for the lower wholesale/retail franchise tax rate. To qualify for the rate, one of the conditions is that less than 50 percent of the total revenue from the taxable entity’s activities in retail or wholesale trade comes from the sale of products the taxable entity produces or products produced by an entity that is part of an affiliated group to which the taxable entity also belongs. Tex. Admin. Code § 3.584 (effective Sept. 4, 2019).</p>	<p>TX</p>				
<p>Effective for tax years beginning on or after January 1, 2020, the corporate income/franchise tax rate is reduced to 4.66 percent. Senate Bill 2001 (pending signature).</p>	<p>UT</p>				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Effective for tax years beginning after December 31, 2019, a person lacking physical presence in Hawaii is presumed for income tax purposes to be “systematically and regularly engaging in business in the State” if, during the current or preceding calendar year, the person engages in 200 or more business transactions with in-state persons, or has over \$100,000 of gross income from in-state sources, or the person’s Hawaii sales factor numerator equals or exceeds \$100,000. Senate Bill 495 (signed July 2, 2019).</p>	HI				
<p>The corporate income tax law has been revised to provide that “income derived from Indiana shall be taxable to the fullest extent permitted by the Constitution of the United States and federal law, regardless of whether the taxpayer has a physical presence in Indiana.” Senate Bill 563 (signed May 1, 2019).</p>	IN				
<p>Kentucky’s sales and use tax economic nexus thresholds (200 or more sales or \$100,000 or more in gross receipts for sales into the state) do not apply to the corporate income tax or limited liability entity tax. A company must file a corporate or limited liability entity tax return if it has any amount of sales, property, or payroll in the state. Corporation and Pass-through Entity Taxes FAQs (Commonwealth of Ky. March 2019).</p>	KY				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A trademark holding company lacked economic substance as a business entity separate from its parent corporation. Because a portion of the holding company's income was produced from the business activities of the parent and subsidiaries in Maryland, there was sufficient nexus and minimum contacts for Maryland to tax a portion of the holding company's income. <i>ConAgra Foods RDM, Inc. v. Comptroller of the Treasury</i> (Md. Ct. Spec. App. June 27, 2019).</p>	MD				
<p>It is presumed that a corporation's virtual and economic contacts subject it to Massachusetts corporate excise tax if the volume of a corporation's Massachusetts sales for the taxable year exceeds \$500,000. Regulation 830 CMR 63.39.1 (Mass. Dep't of Rev. promulgated Oct. 18, 2019).</p>	MA				
<p>A corporate owner of a limited partnership that owned a minority interest in an LLC doing business in the City was subject to the City General Corporation Tax on the gain from the sale of an interest in the entity operating within the city. Although the corporate taxpayer was not unitary with the LLC, the LLC had nexus with the City and enjoyed benefits provided by the City during the time when the taxpayer owned its minority interest in the LLC. <i>In the Matter of Goldman Sachs Petershill Fund Offshore Holdings Corp.</i> (N.Y.C. Tax App. Trib. Dec. 6, 2018).</p>	NYC				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A taxpayer’s wholesalers were not “independent contractors” under P.L. 86-272 but were independent contractors under Oregon state law because they performed services (accepting returns) and in turn received remuneration (cash payments and credits under the agreements). As such, the wholesalers were independent contractors acting on behalf of the taxpayer when they accepted returns and caused the taxpayer to lose P.L. 86-272 protection. <i>Santa Fe Natural Tobacco Company v. Department of Revenue</i> (Or. Tax Ct. Feb. 26, 2019).</p>	OR				
<p>Any person with commercial activity of less than \$750,000 (previously \$1 million) is an excluded person that is not subject to the Corporate Activity Tax, unless the person is a member of a unitary group that has commercial activity in excess of \$750,000. House Bill 2164 (signed July 23, 2019).</p>	OR				
<p>For tax years beginning on or after January 1, 2020, there is a rebuttable presumption that a corporate taxpayer without a physical presence in Pennsylvania, but that has \$500,000 or more of direct or indirect gross receipts sourced to Pennsylvania from the sale, rental, lease, or licensing of tangible personal property; the sale of services; or the sale or licensing of intangibles will have a filing responsibility. The existing statutory allocation and apportionment rules will be used to determine whether the threshold is met. Corporation Tax Bulletin 2019-04 (Pa. Dep’t of Rev. Sept. 30, 2019).</p>	PA				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>An out-of-state taxpayer had nexus for franchise tax purposes as a result of having a single employee working in the state. Payment of wages to an employee residing in Texas was sufficient to establish physical presence in Texas. Comptroller’s Decision No. 114,474 (Tex. Comptroller Aug. 8, 2019).</p>	TX				
<p>Effective retroactively to tax years beginning on or after January 1, 2019, “doing business” in Utah, for corporate income tax purposes, includes a taxpayer that is selling or performing services in Utah or that is earning income from the use of intangibles in Utah. Senate Bill 28 (signed March 27, 2019).</p>	UT				
<p>For purposes of Wisconsin’s corporate income tax, ownership of tangible personal property in Wisconsin creates nexus. Further, regular activity by employees or representatives performing services related to the sale of tangible personal property creates nexus. Regular activity is defined as “15 or more days of activity,” which is either the presence of one person for 15 days or 15 persons for one day in Wisconsin. Wis. Admin. Code Tax 2.82 (effective Nov. 1, 2019).</p>	WI				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning after December 31, 2019, the definition of net income for purposes of the Alabama Financial Institution Excise Tax has been significantly revised. In general, the definition is changed from gross income with numerous modifications to federal taxable income before the federal NOL deduction with numerous Alabama modifications. House Bill 419 (signed May 22, 2019).	AL				
For purposes of the Alabama Financial Institution Excise Tax, a subtraction from federal taxable income is allowed for interest not deductible for federal purposes under IRC §§ 163(j)(1), 265, or 291 (related to tax-exempt securities), effective for tax years beginning after December 31, 2019. An addition is required for any interest that was treated as paid or incurred in the current taxable year under IRC § 163(j) (2). House Bill 419 (signed May 22, 2019).	AL				
Effective for tax years beginning after December 31, 2019, for purposes of the Alabama Financial Institution Excise Tax, a subtraction from federal taxable income is allowed for the amount of GILTI included in gross income under IRC § 951A and amounts treated as dividends under IRC § 78. An addition is required for the amount of FDII and GILTI deducted under IRC § 250. House Bill 419 (signed May 22, 2019).	AL				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For purposes of the Alabama Financial Institution Excise Tax, NOLs incurred in tax years beginning after December 31, 2019 may be carried forward and deducted during the 15 consecutive years immediately following the tax year in which the loss arose and no NOL carrybacks are permitted (current law allows an eight-year carryforward and a two-year carryback). House Bill 419 (signed May 22, 2019).	AL				
Effective for tax years beginning from and after December 31, 2018, the current subtraction for foreign dividends is expanded to include IRC § 78 gross-up income, GILTI as defined under IRC § 951A, and subpart F income under IRC § 952, meaning Arizona will continue its current policy of generally not taxing foreign income. The current addition for dividend income received from corporations and allowed as a deduction under IRC §§ 243 and 245 is expanded to include amounts deducted under IRC §§ 245A and 250(a)(1)(B) (GILTI deduction). House Bill 2757 (signed May 31, 2019).	AZ				
IRC § 965(a) income is considered a foreign dividend and may be subtracted to the extent it is included in Arizona's starting point for corporations. Any related federal deduction would need to be added back on the Arizona return. Income Tax Notice for Corporate Taxpayers (Az. Dep't of Rev. June 4, 2019).	AZ				
The NOL carryforward period is increased from five to eight years for losses occurring in tax years beginning on or after January 1, 2020. A ten-year carryforward period applies to losses occurring in tax years beginning on or after January 1, 2021. Senate Bill 576 (signed April 9, 2019).	AR				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The IRC section 367 regulations will be applied in cases involving the transfer of appreciated property to an insurer. Absent FTB-promulgated regulations, the FTB will apply the federal regulations to the extent they “address similar substantive transactions to those described under California law.” Notice No. 2019-01 (Cal. Franchise Tax Bd. Feb. 25, 2019).	CA				
Taxpayers can no longer make separate state and federal elections under IRC section 338. This change is effective for acquisitions made on or after July 1, 2019 unless the acquisition was subject to a binding contract that was entered into before July 1, 2019, and the contract remains binding at all times after that date. Assembly Bill 91 (signed July 1, 2019).	CA				
The current limitation on the use of credits and excess credits (limiting use of these credits to 65 percent of the taxpayer’s Corporation Business Tax liability) is repealed, effective for tax years beginning on or after January 1, 2019. House Bill 7424 (signed June 26, 2019).	CT				
Florida adopts the IRC section 163(j) limitations on the deductibility of interest expense. Because the federal interest expense limitation is determined at the filer level, the amount of interest expense included in federal taxable income for Florida income tax purposes will depend on how a taxpayer files its Florida return (i.e., whether the taxpayer is required to include a pro forma federal return with its Florida filing). Examination of the Impact of the Tax Cuts and Jobs Act of 2017 (Fla. Dep’t of Rev. Feb. 1, 2019).	FL				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Florida adopts the federal 80 percent limitation and the indefinite carryforward period for net operating losses generated in taxable years beginning after December 31, 2017. Florida had already decoupled from the federal NOL carryback provisions. Examination of the Impact of the Tax Cuts and Jobs Act of 2017 (Fla. Dep't of Rev. Feb. 1, 2019).</p>	FL				
<p>For tax years beginning on or after January 1, 2018, a subtraction applies to all amounts included in taxable income under IRC section 951A (GILTI). This subtraction is net of direct and indirect expenses related to GILTI and net of the federal subtraction allowed under IRC section 250 for GILTI. House Bill 7127 (signed June 28, 2019); Florida Tax Publication No. 19C01-02 (July 31, 2019).</p>	FL				
<p>If a taxpayer has no gross income effectively connected with the conduct of a trade or business in the United States due to the Canada-U.S. tax treaty, then it would have no taxable income for federal purposes. However, the taxpayer could still be subject to Georgia income taxes by having positive taxable net income as a result of any addition modifications required under Georgia law. Ltr. Rul. IT 2018-01 (Ga. Dep't of Rev. June 20, 2018).</p>	GA				
<p>Effective retroactively to tax years beginning on or after January 1, 2017, Idaho adopts the deduction allowed under IRC § 965(c); and effective retroactively to tax years beginning on or after January 1, 2018, Idaho adopts the deductions allowed under IRC §§ 245A and 250. Previously, an addback was required for amounts deducted under IRC §§ 245A, 250, and 965. House Bill 183 (signed April 3, 2019).</p>	ID				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for taxable years beginning after December 31, 2018, an addback is required for the amount deducted under IRC § 250(a)(1)(A), which represents the FDII portion of the IRC § 250 deduction. Senate Bill 689 (signed June 5, 2019).	IL				
Effective retroactively for tax years beginning on or after January 1, 2018, Iowa's IRC section 179 deduction limitation for corporations is increased to \$70,000. This amount is reduced, but not below zero, by the amount by which the total cost of section 179 property placed in service by the taxpayer during the tax year exceeds two hundred eighty thousand dollars. Senate Bill 220 (signed March 15, 2019).	IA				
For tax periods beginning before January 1, 2019, Iowa does not conform to the federal repeal of the deferral of gain or loss on like-kind exchanges of personal property. For tax years beginning on or after January 1, 2019, but before January 1, 2020, Iowa generally conforms to the federal treatment of gain or loss from exchanges of like-kind personal property, but eligible taxpayers may elect the treatment that applied under prior federal law for Iowa purposes. For tax years beginning on or after January 1, 2020, Iowa fully conforms to the federal treatment for these exchanges, and no special election is available. Iowa Admin. Code 701.53.27 (effective Sept. 18, 2019).	IA				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Effective for tax years beginning on or after January 1, 2019, Iowa adopts GILTI and will allow corporations the section 250 deduction for GILTI to the extent the taxpayer was allowed the deduction for federal purposes. Iowa also adopts the section 250 deduction for FDII. When a taxpayer files a separate Iowa return, or an Iowa consolidated returns that includes different group members than the federal consolidated return, the separate entity or Iowa consolidated group will need to calculate its own net GILTI and its FDII deduction to determine the correct amount of Iowa income. To do this, the entity or Iowa consolidated group must calculate net GILTI and the FDII deduction in the same manner they would have for federal purposes, but using only the income of the separate entity or Iowa consolidated group. Reform Guidance—GILTI and FDII (Iowa Dep’t of Revenue Nov. 21, 2019).</p>	<p>IA</p>				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Extensive provisions addressing the computation of a combined group member's NOL carryover confirm that a NOL carryover incurred by a taxpayer member of the group in a tax year after which a unitary combined return has been filed may be shared with other taxpayer members of the group, assuming the other taxpayer members were members of the group in the year the loss was incurred. If the loss carryover was from a pre-tax reform year or from a year in which the member incurring the loss was not a taxable member of the combined group, the loss can be shared but may not reduce any other taxpayer member's Kentucky apportioned taxable income by more than 50 percent in any tax year. If the taxpayer member is deducting its own NOL carryover from a pre-tax reform year or from a year in which it was not a taxable group member, the only limit that applies is the general 80 percent limit under IRC § 172, which Kentucky adopts. House Bill 458 (signed April 9, 2019).</p>	KY				
<p>Certain publicly traded companies whose deferred tax positions are negatively affected as a direct result of the change to combined reporting may claim a deduction in an amount necessary to fully offset the financial statement impact that results from the change. To preserve the deduction the company must file Schedule DTD by July 1, 2019, and no extensions are permitted. House Bill 458 (signed April 9, 2019).</p>	KY				
<p>For all tax years beginning on and after January 1, 2020, carried over losses are applied beginning with the loss for the earliest taxable year first. Currently, the most recent loss is applied first. House Bill 263 (signed June 11, 2019).</p>	LA				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The federal Base Erosion and Anti-Abuse Tax (BEAT) is not included in the calculation of the deduction allowed to corporations for federal income taxes paid. Revenue Information Bulletin 19-010 (Louisiana Dep't of Revenue July 11, 2019).	LA				
For purposes of Louisiana's corporate income tax, GILTI will be classified as dividend income. Because Louisiana has a 100 percent dividends-received deduction, no portion of GILTI will be taxable for Louisiana corporation income tax purposes. Any deduction taken on the federal return related to GILTI will need to be added back. Revenue Information Bulletin 19-016 (La. Dep't of Rev. Oct. 8, 2019).	LA				
For corporate taxpayers, GILTI is not treated as a dividend or deemed dividend and therefore is not eligible for Maryland's dividend subtraction. Thus, Maryland taxable income will include GILTI as adjusted by the IRC § 250 deduction. Income Tax Alert 04-19 (Md. Comptroller April 17, 2019).	MD				
The Comptroller improperly disallowed a taxpayer's use of federal NOL carryforwards from acquired companies that had merged into the taxpayer. The starting point in computing Maryland modified income is federal taxable income including any federal net operating loss deduction. There is no specific statutory modification requiring a taxpayer to add back federal NOLs from acquired corporations that did not file Maryland returns in the year the losses were generated. <i>Sunbelt Rentals, Inc. v. Comptroller of Maryland</i> (Md. Tax Ct. Sept. 9, 2019).	MD				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Taxpayers filing a separate Massachusetts corporate excise tax return will compute the 163(j) limitation on a separate entity basis. For combined filers, each entity that is a member of the combined group must first calculate its business interest expense and the 163(j) limitation on a separate entity basis before sharing its excess business interest expense (if applicable) with combined group members. Working Draft TIR 19-XX: Application of IRC § 163(j) Interest Expense Limitation to Corporate Taxpayers (Mass. Dep’t of Rev. Oct. 3, 2019).</p>	MA				
<p>A subtraction is required for amounts included in income under IRC § 965 (“deferred foreign income”) effective retroactively to when the federal provisions became effective. House File 5 (signed May 30, 2019).</p>	MN				
<p>Effective for tax years beginning after December 31, 2017, a subtraction applies to the amount of GILTI included in gross income under IRC § 951A. An addition is required for the amount of any special deduction allowed under IRC § 250. House File 5 (signed May 30, 2019).</p>	MN				
<p>Effective for tax years beginning after December 31, 2017, the amount of the Minnesota NOL deduction “must not exceed 80 percent of taxable net income in a single taxable year.” House File 5 (signed May 30, 2019).</p>	MN				
<p>The net income of a domestic corporation included pursuant to IRC § 951 (Subpart F income) is eligible for Minnesota’s dividends received deduction. House File 5 (signed May 30, 2019).</p>	MN				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for taxable years beginning after December 31, 2017, the limitation under IRC § 163(j) must be computed using the combined report entities included in the unitary group. The limitation must be aggregated between combined report entities consistent with the application to a consolidated group for federal income tax purposes. House File 5 (signed May 30, 2019).	MN				
Mississippi will not conform to certain provisions of the TCJA including 100 percent bonus depreciation, limitations on use of net operating losses, and limitations under IRC section 163(j). Mississippi will follow the new federal provisions for IRC section 179 expensing and the changes to federal deductions for entertainment expenses, meals, fringe benefits, fines and penalties. With regard to changes to IRC section 1031 like-kind exchanges, exclusions of gain for Mississippi purposes will not be limited to exchanges involving real property not held primarily for sale. Notice 80-19-001 (Miss. Dep't of Rev. Jan. 28, 2019).	MS				
Effective for tax years beginning on or after January 1, 2018, Missouri decouples from the IRC section 163(j) limitations on the deductibility of interest expenses. Senate Bill 87 (signed July 11, 2019).	MO				
A combined group was entitled a 100 percent deduction under IRC section 243 for dividends received from domestic 80/20 subsidiaries that were excluded from the group's water's-edge combined report. The Department of Revenue had argued that the 80 percent exclusion that applied to the 80/20 subsidiaries after-tax income also applied to the dividends received. <i>Exxon Mobil Corp. v. Montana Dept. of Revenue</i> (Mont. July 9, 2019).	MT				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For Montana corporate income tax purposes, GILTI is considered a foreign dividend and an 80 percent dividends-received deduction is available if GILTI is received from a subsidiary not included in the Montana filing group. If GILTI is received from a subsidiary included in the Montana filing group, 100 percent of the GILTI is allowed as an intercompany dividend elimination. Montana Corporate Income Tax Treatment of International Tax Provisions under Tax Cuts and Jobs Act of 2017 (Mont. Dep’t of Revenue Oct. 4, 2019).</p>	<p>MT</p>				
<p>Nebraska allows a deduction for foreign dividends. However, the net IRC section 965 inclusion amount (965(a) amount minus the 965(c) deduction) is not a foreign dividend or a deemed dividend. Any dividend deduction claimed for net section 965 income will be disallowed. The Department will waive or abate any penalties or interest resulting from an entity’s incorrect treatment of 965 income if amended returns are filed by December 31, 2019. General Info Ltr. No 24–19–1 (Neb. Dep’t of Rev. Sept. 13, 2019).</p>	<p>NE</p>				
<p>Effective for tax periods beginning on or after January 1, 2020, a deduction is allowed for “gross business profits attributable to global intangible low-taxed income under section 951A, ... as determined in accordance with section 250(a).” House Bill 4 (signed Sept. 26, 2019).</p>	<p>NH</p>				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
New Jersey follows IRC section 1400Z-2 for Corporation Business Tax (CBT) purposes because the state follows the same method of accounting as for federal purposes and New Jersey's starting point is an entity's federal taxable income, before federal net operating losses and other special deductions, subject to certain modifications under the CBT Act. Federal Tax Cuts and Jobs Act- Opportunity Zones (N.J. Div. of Tax. Feb. 5, 2019).	NJ				
In computing its separate New Jersey Corporation Business Tax liability, a corporation must add back (as state income taxes) amounts paid to its parent corporation to compensate the parent for taxes paid by the parent on behalf of the filing group in non-separate reporting states. The add back is based on the taxpayer's liability as calculated by its pro rata share of the parent's total tax obligation in the non-separate reporting states. <i>Daimler Investments U.S. Corp. v. Division of Taxation</i> (N.J. Tax Ct. Jan. 31, 2019).	NJ				
A taxpayer was entitled to a full deduction for royalties paid to a subsidiary when the subsidiary filed Corporation Business Tax returns and paid tax on the royalty income despite the fact that the subsidiary's royalty income did not match the taxpayer's royalty deduction due to the difference in their respective apportionment factors. <i>Lorillard Tobacco Company v. Division of Taxation</i> (N.J. Tax Ct. Feb. 27, 2019).	NJ				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>GILTI and FDII are not treated as dividends or deemed dividend income for New Jersey Corporation Business Tax (CBT) purposes. The section 250 deductions are allowed only to the specific taxpayer that included the respective GILTI and FDII income on its federal and New Jersey CBT returns, and that actually took the deductions for federal tax purposes. Technical Bulletin-85(Revised) (N.J. Div. of Tax. Dec. 24, 2018).</p>	NJ				
<p>Combined group members may claim an “unreasonable exception” for expenses paid to CFCs that may be subject to New Jersey’s related party addback rules if they can show (1) “the related party is not included on the combined return,” (2) “the members of the combined group have GILTI from the related party,” and (3) the related party was the entity that generated the GILTI amount included in the member’s entire net income. Technical Bulletin 88 (N.J. Div. of Tax. April 23, 2019).</p>	NJ				
<p>For privilege periods beginning after December 31, 2017, IRC § 163(j) applies on a “pro-rata basis to interest paid to both related and unrelated parties,” regardless of the state’s addback rules. A taxpayer filing separate New Jersey tax returns will determine its portion of the overall § 163(j) limitation of the consolidated group based on the interest income and interest expense allocation provisions in the federal proposed § 163(j) regulations. Technical Bulletin 87 (N.J. Div. of Tax. April 12, 2019).</p>	NJ				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Members of the combined group will be treated as one taxpayer for purposes of applying the IRC § 163(j) limitation even if some of the New Jersey combined group members were not included on the same federal consolidated return. Conversely, taxpayers included on the same federal consolidated return, but not in the same New Jersey combined return, will still be treated as one taxpayer for purposes of computing the limitation. Technical Bulletin 87 (N.J. Div. of Tax. April 12, 2019).</p>	NJ				
<p>Effective for tax years beginning on or after January 1, 2020, a deduction is allowed for an amount equal to 100 percent of the income of the corporation under IRC § 951A (GILTI) after allowing the deduction provided in IRC § 250. House Bill 6 (signed April 4, 2019).</p>	NM				
<p>Effective for tax years beginning on or after January 1, 2020, a taxpayer's "net operating loss deduction" means the portion of the NOL carryover that may be deducted from the taxpayer's apportioned net income under the Code for the taxable year in which the deduction is taken, including the 80 percent limitation under IRC § 172(a) calculated on the basis of the taxpayer's apportioned net income. House Bill 6 (signed April 4, 2019).</p>	NM				
<p>Effective for each of ten consecutive tax years beginning on or after January 1, 2026, a filing group may claim a deduction to offset the financial statement impact of moving to combined or consolidated reporting and market-based sourcing, assuming the group members are part of a publicly traded company. A filing group may not claim a deduction unless it files a preliminary notice with the Secretary prior to January 1, 2023. House Bill 6 (signed April 4, 2019).</p>	NM				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Under former New York law, a taxpayer could deduct royalty payments received from a related member to the extent included in the taxpayer's federal taxable income unless the related member was not required to add back those payments under New York's statutory add back rules. This now-repealed income exclusion provision required the related member to be a New York taxpayer for the royalty recipient to qualify for the royalty income exclusion. <i>In the Matter of The Walt Disney Company and Consolidated Subsidiaries</i> (N.Y. Div. Tax App. May 30, 2019).	NY				
An exclusion from entire net income applies to any contributions to the capital of a corporation by any governmental entity or civic group effective for tax years beginning on or after January 1, 2018. Assembly Bill 2009C and Senate Bill 1509C (signed April 10, 2019).	NY				
A corporate taxpayer was not entitled to deduct premiums paid to a captive insurance subsidiary in computing New York entire net income for the tax years at issue (2006 through 2009). <i>Matter of Stewart's Shops Corp. v. New York State Tax Appeals Tribunal</i> (N.Y. Sup. Ct. App. Div. May 23, 2019).	NY				
For tax years beginning on or after January 1, 2019, New York State (not City) expands the definition of "exempt CFC income," a component of "other exempt income," to include 95 percent of gross GILTI under IRC section 951A(a). This exclusion applies without regard to the deduction allowed under IRC section 250. Senate Bill 6615 (signed June 24, 2019).	NY				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Under North Carolina law in effect for the tax years at issue, a taxpayer’s net economic loss carryforwards could only be deducted to the extent that the loss carried forward from the prior year exceeded any “income not taxable” received in the same year in which the deduction was claimed. Dividend income received from a subsidiary was considered “income not taxable.” <i>N.C. Dep’t of Rev. v. Graybar Electric Co.</i> (N.C. Super. Ct. Jan. 9, 2019).	NC				
Effective for tax years beginning on or after January 1, 2018, the amount of GILTI included in gross income will be treated as a dividend eligible for an 80 percent dividends-received deduction. A new addback applies to amounts deducted for GILTI under IRC section 250. Senate Bill 851 (signed July 15, 2019).	OR				
For Corporate Activity Tax purposes, the definition of “costs inputs” is revised to mean the cost of goods sold as calculated in arriving at federal taxable income. Previously, the definition of cost inputs was defined with reference to the cost of goods sold as calculated under IRC section 471. House Bill 2164 (signed July 23, 2019).	OR				
Taxpayers that compute their Philadelphia Business Income and Receipts Tax (BIRT) based on federal taxable income can deduct their net repatriation transition tax as dividends received from another corporation of the same affiliated group or dividends received from a corporation of which the receiving corporation or partnership owns at least 20 percent voting power of all classes of stock or at least 20 percent of each class of nonvoting stock. Advisory Notice—Repatriation Transition Tax Policy Update (Phil. Dep’t of Rev. Jan. 31, 2019).	PA				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Taxpayers that compute their Philadelphia Business Income and Receipts Tax (BIRT) based on federal taxable income will include GILTI income in the BIRT base. GILTI income may be excluded from taxable receipts as dividends received from another corporation of the same affiliated group or from a corporation of which the receiving corporation or partnership owns at least 20 percent of the voting power of all classes of stock and at least 20 percent of each class of nonvoting stock. For BIRT purposes, Philadelphia does not conform to the federal GILTI or FDII deductions under IRC section 250. Advisory Notice—Global Low Intangible Low-Taxed Income (“GILTI”) and Foreign-Derived Intangible Income Deduction (“FDII”) Tax Policy Update (Phil. Dep’t of Rev. Feb. 11, 2019).</p>	PA				
<p>If a federal consolidated group reports an interest limitation under IRC § 163(j), then each member with a Pennsylvania corporate net income tax filing obligation will need to determine its own limitation, if any, by performing a calculation on a separate company basis. Corporation Tax Bulletin 2019-03 (Penn. Dep’t of Rev. April 29, 2019).</p>	PA				
<p>Taxpayers subject to Pennsylvania related party addback rules will need to allocate their interest limitation under IRC § 163(j) on a pro-rata basis between interest subject to and not subject to addback based on proscribed steps. Corporation Tax Bulletin 2019-03 (Penn. Dep’t of Rev. April 29, 2019).</p>	PA				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For purposes of the Philadelphia Business Income and Receipts Tax (BIRT), if a BIRT corporate taxpayer that uses Method II (computes tax on net income with reference to federal taxable income) files a federal consolidated return and if the federal consolidated group reports an interest limitation under section 163(j), each member of the federal consolidated group with a BIRT filing requirement must determine on a separate entity basis whether the interest expense limitation applies to it, including whether the separate entity BIRT taxpayer has sufficient gross receipts to trigger the IRC section 163(j) limitation. Advisory Notice No. 2 (Phil. Dep't of Revenue June 20, 2019).</p>	PA				
<p>For tax periods beginning on or after January 1, 2018, a subtraction is allowed for amounts included in federal taxable income under IRC §§ 951A and 965(a) (to the extent included in net earnings). An addition is required for five percent of GILTI before the IRC § 250 deduction and five percent of the amount included under IRC § 965(a) (before the § 965(c) deduction). Senate Bill 558 (signed May 8, 2019).</p>	TN				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Subpart F income is treated as a dividend for franchise and excise tax purposes. If under Tennessee law, a taxpayer directly owns 80 percent or more of the outstanding capital stock of a controlled foreign corporation (CFC) from which it received Subpart F income, it will be eligible for the dividends-received deduction. However, Subpart F income from a CFC owned indirectly under Tennessee law (e.g., the CFC stock is held by a non-disregarded subsidiary) does not qualify as for a dividends-received deduction. Unlike federal law, Tennessee does not apply the attribution rules of IRC section 318(a) to determine if stock is held "directly." Revenue Ruling #19-02 (Tenn. Dep't of Revenue June 11, 2019).</p>	TN				
<p>For tax years beginning after December 31, 2017, but before January 1, 2020, Tennessee taxpayers that are members of a federal consolidated group should allocate the federal consolidated group's allowed business interest expense deduction under IRC section 163(j) among the group members who had business interest expense during the tax year. The allocation will be made on a pro rata basis according to the amount of interest expense that each member paid to entities outside the federal consolidated group. Notice #19-18 (Tenn. Dep't of Revenue August 2019).</p>	TN				
<p>Effective for taxable years beginning on and after January 1, 2018, C-Corporations can subtract from federal taxable income any amount included in income under IRC section 951A "to the extent included in and not otherwise subtracted from federal taxable income." House Bill 2529 and Senate Bill 1372 (signed Feb. 15, 2019).</p>	VA				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for taxable years beginning on or after January 1, 2018, taxpayers will be allowed to deduct 20 percent of the business interest disallowed as a deduction under IRC section 163(j). House Bill 2529 and Senate Bill 1372 (signed Feb. 15, 2019).	VA				
Separate and combined corporate Virginia filers will need to calculate their 163(j) limitation on a separate entity basis. If a group is filing a Virginia consolidated return, the 163(j) limitation will be computed on a consolidated basis, but the federal computations will need to be re-computed to reflect the entities included in the Virginia consolidated group. Draft Guidelines Regarding the Business Interest Limitation (Va. Dep't of Tax. Dec. 26, 2019).	VA				
If a corporation is subject to certain so-called "fixed-date conformity modifications" (e.g., disallowance of bonus depreciation), it must re-compute its federal taxable income and adjusted taxable income for Virginia purposes before determining its Virginia 163(j) business interest limitation. Draft Guidelines Regarding the Business Interest Limitation (Va. Dep't of Tax. Dec. 26, 2019).	VA				
Distributions made by a foreign limited partnership that had checked the box to be treated as a corporation were considered dividends made with respect to common stock eligible for the state's dividends-received deduction. <i>Deere & Co. v. Wisconsin Dep't of Revenue</i> (Wisc. Tax App. Comm'n Aug. 22, 2019).	WI				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Under current law, corporations and financial institutions use a double-weighted sales factor formula to apportion business income to Arkansas. For tax years beginning on or after January 1, 2021, all business income of both general corporations and financial institutions will be apportioned to Arkansas using a single-sales or receipts factor method. Senate Bill 576 (signed April 9, 2019).	AR				
A taxpayer that switched from a market-based sourcing method to the statutory costs of performance method was not entitled to a corporate income tax refund. The Department had discretionary power to employ an alternative apportionment method and the cost of performance method did not fairly and accurately reflect the taxpayer's Arkansas business activity. Further, because the taxpayer previously used market sourcing, it was not an unreasonable method for the Department to apply. Administrative Hearings Decision, 19-420 (Sept. 3, 2019).	AR				
Despite a lack of specific regulatory guidance, sales and excise taxes (including VAT) imposed on sales of services were “gross receipts” included in the sales factor for the 2008 tax year at issue. However, the sales factor statute was revised effective for tax years beginning on or after January 1, 2011 to adopt a new definition of gross receipts and this decision concerned only the 2008 tax year. <i>Appeal of Robert Half International Inc. & Subs.</i> (Cali. Tax App. Oct. 3, 2019).	CA				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For tax periods beginning after December 31, 2018 and before January 1, 2020, the sales factor is weighted at 75 percent. For tax periods beginning after December 31, 2019, single-sales factor apportionment is fully-phased in. Del. Code Ann. § 1903(b)(6).	DE				
A service provider’s receipts from non-personal services provided to customers located in Florida should be included in both the numerator and denominator of the Florida sales factor. Technical Assistance Advisement 18C1-011 (Fla. Dep’t of Rev. Sept. 27, 2018).	FL				
Effective for tax years beginning after December 31, 2019, market-based sourcing rules apply under which receipts from intangibles are sourced to where the intangible property is used, and service receipts are sourced to Hawaii to the extent the service was used or consumed in the state. Senate Bill 394 (signed June 7, 2019).	HI				
Applying the tiered “waterfall” methodology for sourcing service receipts, the Department ruled that receipts from advisory services performed for investment funds should be deemed to be received at the office of the fund to which the services were billed. Priv. Ltr. Rul. IT 19-0001 and 19-0002 (Ill. Dep’t of Rev. Aug. 14, 2019).	IL				
The definition of “sales” for purposes of the receipts factor is revised to include only net gains from (1) the maturity, redemption, sale, exchange, loan, or other disposition of stocks, bonds, notes, options, forward contracts, future contracts, and similar instruments or securities, and (2) the maturity, sale, or exchange of two or more contracts, instruments, or securities as part of a hedging or substantially similar transaction. Senate Bill 563 (signed May 1, 2019).	IN				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Effective for tax years beginning after December 31, 2018, receipts are attributed to Indiana if the taxpayer's market for the sale is in Indiana. Service receipts will be attributed to Indiana to the extent the benefit of the service is received in Indiana. Receipts that cannot be sourced using the statutory rules will be excluded from the denominator of the receipts factor. Telecommunications and broadcasting service receipts will continue to be sourced using the costs of performance approach. Senate Bill 563 (signed May 1, 2019).</p>	IN				
<p>A financial institution had to include lawsuit settlement proceeds in both the numerator and denominator of its sales factor. The proceeds represented lost business opportunities throughout the United States, so it followed that a portion of the proceeds must also represent lost business opportunities in Indiana. Memorandum of Decision 18-20181837R (Ind. Dep't of Revenue May 3, 2019).</p>	IN				
<p>The delivery location specified by a transportation broker taxpayer's client would be the location where the benefit of the taxpayer's transportation brokerage services were considered received. If the delivery address was located in Iowa, receipts from that sale should be included in the Iowa sales factor numerator. <i>In the Matter of BLX, Inc.</i> (Iowa Dep't of Rev. Dec. 31, 2018).</p>	IA				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Guidance on the apportionment of GILTI provides that net GILTI will be included in the apportionment factor if the income arises out of the taxpayer’s ownership interest in Controlled Foreign Corporations (CFCs) that are an integral part of some business activity regularly occurring in or outside of Iowa. All other net GILTI that is investment business income may be included in the apportionment factor at the taxpayer’s election, with certain limitations. The election to include or exclude investment income applies to all investment business income. The net GILTI must be included in the numerator of the Iowa apportionment factor to the extent the income arises from the taxpayer’s ownership of a CFC that is integral to some business activity of the taxpayer occurring regularly in or outside of Iowa. If no portion of the net GILTI arises from the taxpayer’s ownership of a CFC that is integral to some business activity occurring regularly in Iowa, but the taxpayer has elected to include investment business income in the apportionment factor, the net GILTI is included in the numerator if the taxpayer’s commercial domicile is in Iowa. Reform Guidance–GILTI and FDII (Iowa Dep’t of Revenue Nov. 21, 2019).</p>	IA				
<p>For apportionment purposes, GILTI will be treated as income attributable to intangibles. As such, the total amount of GILTI will be included in the denominator, and the numerator will include GILTI based on the average of the taxpayer’s in-state property and payroll factors. Income Tax Alert 04-19 (Md. Comptroller April 17, 2019).</p>	MD				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For the tax year beginning after December 31, 2018 and before January 1, 2020, the sales factor is weighted four times and the denominator is six. For the tax year beginning after December 31, 2019 and before January 1, 2021, the sales factor is weighted five times and the denominator is seven. For the tax year beginning after December 31, 2020 and before January 1, 2022, the sales factor is weighted six times and the denominator is eight. For the tax year beginning after December 31, 2021, a 100 percent sales factor will be used. Md. Code Ann. Tax-Gen. § 10-402(d)(2).</p>	MD				
<p>For the tax year at issue, receipts derived from federal patent infringement litigation were sourced to Massachusetts because the receipts at issue were from the taxpayer's enforcement of legal rights and the taxpayer was commercially domiciled in Massachusetts. <i>Synqor, Inc. v. Commissioner of Revenue</i> (Mass. App. Tax Bd. Oct. 2, 2019).</p>	MA				
<p>Gain generated from the sale of a majority interest in certain subsidiaries was apportionable income that was subject to Minnesota corporate income tax. The Tax Court rejected the taxpayer's argument that the investments in the subsidiaries served an investment function. <i>YAM Special Holdings, Inc. v. Commissioner of Revenue</i> (Minn. Tax Ct. Nov. 12, 2019).</p>	MN				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For the last taxable year beginning before January 1, 2018, all corporate taxpayers must include IRC section 965(a) income in their sales factor denominator, and exclude this income from their sales factor numerator. An entity should file an amended return if it improperly computed its sales factor related to 965 income on a previously-filed return. The Department will waive or abate any penalties or interest resulting from the entity’s incorrect treatment of its 965(a) income if amended returns are filed by December 31, 2019. General Info Ltr. No 24-19-1 (Neb. Dep’t of Rev. Sept. 13, 2019).</p>	NE				
<p>For tax periods ending on or after December 31, 2022, a business organization’s gross business profits will be apportioned using the sales factor only. House Bill 4 (signed Sept. 26, 2019).</p>	NH				
<p>For taxable periods ending on or after December 31, 2021, for purposes of the Business Profits Tax and Business Enterprise Tax, receipts from sales of other than tangible personal property will be sourced to New Hampshire if the business organization’s market for the sale is in the state. Service receipts will be attributed to New Hampshire to the extent the service is delivered to a location in New Hampshire. A throwout rule applies to receipts from sales of other than tangible personal property (1) assigned to a state in which the taxpayer is not taxable or (2) if the state of assignment cannot be determined or reasonably approximated. House Bill 4 (signed Sept. 26, 2019).</p>	NH				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A bulletin providing additional guidance on the water's-edge, worldwide and affiliated group filing methods, confirms that groups filing on a water's-edge or worldwide basis will use the so-called <i>Joyce</i> apportionment method, while taxpayers making an affiliated group election will use the <i>Finnigan</i> method. Technical Bulletin 89 (N.J. Div. of Tax. May 21, 2019).</p>	NJ				
<p>To compute the New Jersey allocation factor, the net amount of GILTI and the net FDII amounts are included in the numerator (if applicable) and the denominator of the receipts factor. Barring an unusual set of facts and circumstances, net GILTI will be included in the receipts factor denominator only for most Corporation Business Tax (CBT) taxpayers. Generally, taxpayers are not permitted to look through to underlying sales of the controlled foreign corporations (CFC) that generated the GILTI when determining how to allocate GILTI. However, when the CFCs are included as members of the combined group on the same New Jersey combined return as a taxpayer that is also required to include the GILTI in income for federal purposes, the CFC's receipts are included in the denominator of the combined group allocation factor. Technical Bulletin 92 (N.J. Div. of Taxation Revised Oct. 31, 2019).</p>	NJ				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Equitable adjustment of a taxpayer's apportionment is permissible even if the taxpayer's income is apportioned based on special industry apportionment regulations. Although the Department's view was that a payroll factor of under three percent of income was de minimis, distortive, and should be eliminated from the formula, the Department failed to present evidence as to how there was distortion beyond a de minimis mathematical ratio between total payroll and income. <i>In the Matter of the Protest of Discover Bank</i> (N.M. Dep't Tax. and Rev. Dec. 21, 2018).</p>	NM				
<p>Effective for tax years beginning on or after January 1, 2020, New Mexico adopts market-based sourcing rules. Service receipts will be sourced to New Mexico to the extent the service is delivered in New Mexico. If the taxpayer is not taxable in the state to which a sale is assigned under the statutory rules or the state of assignment cannot be determined or reasonably approximated, then the receipts at issue are excluded from the sales factor entirely. House Bill 6 (signed April 4, 2019).</p>	NM				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A taxpayer established by clear and cogent grounds that the special industry apportionment regulation for trucking companies did not fairly represent its business in New Mexico and it was therefore entitled to equitable relief. In this instance, the mileage method in the trucking regulation was distortive in a state like New Mexico that had a low population and a large geographic area, as the taxpayer had to drive a lot longer distance to deliver fewer packages. As a result, the mileage method overstated its business activity in New Mexico. <i>Matter of the Protest of United Parcel Service, Inc.</i> (N.M. Tax. and Revenue Dep't Oct. 25, 2019).</p>	<p>NM</p>				
<p>For New York corporate franchise tax purposes, the corporate member of two SMLLCs, a broker-dealer SMLLC and an investment advisor SMLLC, was not entitled to use the broker-dealer customer-based sourcing provisions to source the receipts of the SMLLC that was not a broker-dealer. <i>In the Matter of the Petition of BTG Pactual NY Corporation</i> (N.Y. Div. Tax App. March 7, 2019).</p>	<p>NY</p>				
<p>A corporate member of two SMLLCs was not entitled to use the broker-dealer customer-based sourcing provisions to source the receipts of the investment adviser SMLLC because the status of the registered broker-dealer SMLLC did not carry over to the receipts of the investment adviser SMLLC. In the <i>Matter of the Petition of BTG Pactual NY Corporation</i> (N.Y. Tax App. Trib. March 7, 2019).</p>	<p>NY</p>				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A taxpayer's receipts from providing web-based litigation support were "other business receipts" sourced to where the receipts were earned. Although there were advisory opinions sourcing other business receipts from digital transactions to the location of the purchasers' electronic devices, they were not persuasive because they offered no statutory or regulatory justification for the conclusion. Under pre-New York tax reform law, the other business receipts were attributed to the place where the work that resulted in the taxpayer's receipts occurred. Therefore, the Tax Appeals Tribunal ultimately concluded that the income should be attributed to Colorado where the taxpayer's employees and servers were located. <i>In the Matter of Catalyst Repository Systems, Inc.</i> (N.Y. Tax App. Trib. July 24, 2019).</p>	NY				
<p>Effective for tax years beginning on or after January 1, 2020, market-based sourcing rules apply to sales of other than tangible personal property. Receipts from sales of services will be attributed to North Carolina to the extent the service is delivered to a location in the state. Specific apportionment rules are adopted for various industries, including pipeline companies, electric power companies, wholesale content distributors, and banks Senate Bill 557 (signed Nov. 8, 2019).</p>	NC				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A taxpayers with a state net loss balance as of the end of its 2019 taxable year may elect to apportion receipts from services based on the percentage of the income-producing activities performed in this state. The “state net loss balance” is the total amount of state net losses for taxable years beginning before January 1, 2020, and available for carryforward to taxable years beginning on or after January 1, 2020. A state net loss created in a taxable year beginning on or after January 1, 2020, must be determined using the market-based sourcing rules. Senate Bill 557 (signed Nov. 8, 2019).</p>	NC				
<p>The special apportionment method for broadcasters based on the state of domicile of customers is extended through 2019 and expires for tax years beginning on or after January 1, 2020. Senate Bill 193 (signed June 13, 2019).</p>	OR				
<p>The amount “of any dividend or of any global intangible low-taxed income that is apportionable shall be determined as provided by the apportionment formula applicable to the taxpayer” as provided under Oregon law. Senate Bill 851 (signed July 15, 2019).</p>	OR				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For tax years beginning after December 31, 2018, receipts from hedging transactions are excluded from both the numerator and denominator of the sales factor. Excluded receipts include (1) gross receipts from gain or losses from a transaction identified as a hedge under federal law; (2) receipts attributable to accrued interest income or expense, gain or loss on debt instruments, a payable, a receivable or forward contract payable in foreign currency for foreign currency gain or loss, and (3) receipts from foreign exchange gain or loss on distributions of previously taxed income. Corporate Tax Bulletin 2019-01 (Penn. Dep't of Rev. Jan. 4, 2019).</p>	PA				
<p>Taxpayers that compute their Philadelphia Business Income and Receipts Tax (BIRT) based on federal taxable income can deduct their net repatriation transition tax as dividends. Only dividends received from less than 20 percent owned subsidiaries will be included in the sales factor because they are included in the BIRT income tax base. Advisory Notice—Repatriation Transition Tax Policy Update (Phil. Dep't of Rev. Jan. 31, 2019).</p>	PA				
<p>Under Texas law, receipts from sales of tangible personal property are sourced to Texas if the property is delivered or shipped to a buyer in the state. A taxpayer's receipts from the sale of bunker fuel oil delivered to foreign-registered vessels in Texas ports and waters were considered Texas-sourced receipts. Comptroller's Decision, No. 114,752 (Tex. Comptroller Jan. 7, 2019).</p>	TX				

Apportionment changes and developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Effective for tax years beginning on or after January 1, 2020, sales, other than sales of tangible personal property, will be sourced to Vermont if the taxpayer’s market for the sale is in Vermont. Specific rules apply to certain types of receipts; service receipts will be sourced to Vermont to the extent the service is delivered to a location in Vermont. House Bill 514 (signed June 10, 2019).</p>	VT				
<p>A taxpayer was not entitled to use an alternative apportionment method although certain of its receipts were included in the Virginia sales factor and also included the sales factors of market-based sourcing states. Under Virginia’s alternative apportionment regulation, the statutory method is “inequitable” if the double taxation is “attributable” to Virginia and the taxpayer establishes that the double taxation does not result from the other state having employed a “unique” apportionment method. The taxpayer failed to demonstrate that the double taxation was attributable to Virginia and that the other state apportionment methods were not “unique.” <i>Corporate. Executive Bd. Co. v. Va. Dep’t of Tax.</i> (Va. Feb. 7, 2019).</p>	VA				
<p>For the 2006–2009 tax years at issue, receipts from licensing the right to install and replicate proprietary software were not attributed to Wisconsin. Under Wisconsin law for the tax years at issue, “gross receipts from the use of computer software were attributed to Wisconsin if the licensee used the computer software at a location in the state.” In this instance, the Wisconsin end-users were not “licensees” of the taxpayer. <i>Wisconsin Department of Revenue v. Microsoft Corp</i> (Wisc. App. Ct. Oct. 31, 2019).</p>	WI				

Franchise Tax Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The capital stock tax rate, currently three and one/tenth mills per dollar of taxable basis, is incrementally reduced beginning with income years commencing on or after January 1, 2021. The tax is phased out entirely for income years commencing on or after January 1, 2024. House Bill 7424 (signed June 26, 2019).	CT				
The Illinois franchise tax imposed on domestic and foreign corporations is phased out incrementally, commencing with the franchise tax period beginning on or after January 1, 2020. Senate Bill 689 (signed June 5, 2019).	IL				
The definition of a “holding company” is amended to include an entity that owns copyrights, patents, or trademarks that represent more than 80 percent of its total assets, or receives royalties and license fees that represent more than 80 percent of its gross income, if it is 100 percent directly owned by a corporation that meets all of the following conditions: (1) is a manufacturer, as defined by NAICS codes 31 through 33; (2) generates revenues in excess of \$5 billion for income tax purposes from goods that it manufactures; and (3) includes, in its net worth, an investment in a subsidiary that owns copyrights, patents, or trademarks. Senate Bill 557 (signed Nov. 8, 2019).	NC				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The stock ownership test for purposes of filing an Alabama Financial Institution Excise Tax consolidated return is revised to require at least 80 percent direct or indirect ownership, applying the attribution rules of IRC § 318, effective for tax years beginning after December 31, 2019. House Bill 419 (signed May 22, 2019).	AL				
Gain recognized from an IRC section 338(g) election must be reported by the target entity on its final return and apportioned to California using the target's apportionment factors. Chief Counsel Ruling 2019-02 (July 11, 2019).	CA				
In a decision in which the court assumed that California's different filing methodologies for interstate and intrastate businesses violated the Commerce Clause, the court nevertheless rejected the taxpayer's refund claim because the taxpayer failed to prove that it would have paid less tax if its liability had been based on separate reporting rather than combined reporting. <i>Abercrombie & Fitch Co. v. FTB</i> (Cal. Ct. App. Aug. 28, 2019).	CA				
A domestic holding company that had no property and payroll could not be required to be included in a Colorado combined report with its affiliates because a company with no property or payroll by definition cannot have 20 percent of its property and payroll in the U.S. Furthermore, the Department could not use the state's IRC § 482-equivalent statute to include the domestic holding companies in their respective combined groups. <i>Dep't of Revenue v. Agilent</i> and <i>Dep't of Revenue v. Oracle</i> (Colo. May 28, 2019).	CO				
Domestic corporations with no property and payroll or minimal property or payroll may be included in the unitary combined group. Senate Bill 233 (signed May 31, 2019).	CO				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective January 1, 2021, all financial institutions are subject to corporate income tax and limited liability entity tax, rather than the bank franchise tax. House Bill 458 (signed April 9, 2019).	KY				
Effective for tax years beginning on or after January 1, 2019, members of a unitary business group must file a unitary combined report or make a binding election to file a consolidated return with all affiliated group members included. Certain changes have been made to the combined reporting law. First, the consolidated group election is now binding for 48, rather than 96, months. Second, a combined group only includes corporations the voting stock of which is more than 50 percent owned, directly or indirectly, by a common owner or owners. In addition, a “tax haven” does not include a jurisdiction that has entered into a comprehensive income tax treaty with the United States, which the Secretary of the Treasury has determined is satisfactory for purposes of IRC § 1(h)(11)(C)(i)(II). House Bill 354 (signed March 26, 2019) and House Bill 458 (signed April 9, 2019).	KY				
The managerial member of each combined group will need to register with the New Jersey Division of Revenue and Enterprise Service via a web-based registration system that is currently being developed. After the managerial member registers, it will receive a New Jersey identification number specific to combined reporting, which will serve as the combined group’s tax identification number and will be used when filing the combined reports and making estimated payments. Mandatory Registration of a Combined Group by a Managerial Member (N.J. Div. of Tax. Jan. 30, 2019).	NJ				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
REITs, RICs, and Investment Companies must report on a separate entity basis because the Corporation Business Tax law does not specifically include or exclude such entities from the combined group. If these entities have nexus with New Jersey, they will be subject to the statutory minimum tax and income tax. Technical Bulletin-86 (Revised) (N.J. Div. of Tax. May 15, 2019).	NJ				
For New Jersey reporting purposes, banking corporations generally file using a calendar year privilege period. However, if a banking corporation is a taxable member of a combined group (but not the managerial member), and the group has a different privilege period than a calendar year, the banking corporation should first file a 2019 BFC-1 reporting its 2018 calendar year income for its 2019 privilege period and then file a short period return (BFC-1-F) covering January 1, 2019 through the end of the month of the privilege period for the combined group. Technical Bulletin 91 (N.J. Div. of Taxation July 19, 2019).	NJ				
For all original returns filed for tax years beginning on or after January 1, 2020, corporations that are part of a unitary group must file a worldwide combined return unless the group elects to file on a water's-edge or consolidated group basis. Corporations electing to file on a consolidated basis must file on the same basis for federal income tax purposes. House Bill 6 (signed April 4, 2019).	NM				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Under Utah law, corporations organized outside the U.S. whose activity in the U.S. is equal to or greater than 20 percent of the corporation's total business activity are included in the water's-edge group. Two foreign corporations that elected under IRC section 1504(d) to be treated as domestic entities included in the taxpayer's federal consolidated group were properly excluded from the Utah water's-edge combined group when they lacked they lacked the requisite business activity in the U.S. <i>Taxpayer v. Auditing Division</i> , Appeal No. 18-56 (Utah State Tax Comm'n June 25, 2019).	UT				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For the 2018 tax year, corporations may use credits and excess credits to reduce their CBT liability by up to 65 percent. The limitation on the use of all credits for tax years beginning on or after January 1, 2019 is 50.01 percent. House Bill 7424 (signed June 26, 2019).	CT				

Administration	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For tax liabilities that become final, due and payable after July 1, 2019, under no circumstances may the administrator issue any notice of deficiency determination for Rhode Island business corporation tax due and payable more than 10 years after the date upon which the corporate income tax return was filed or due to be filed. The tax administrator shall not commence any collection action for any business corporation tax due and payable unless the collection action is commenced within 10 years after a notice of deficiency determination became a final collectible assessment. The 10 year periods are tolled for any period of time the taxpayer is in federal bankruptcy or state receivership proceedings. Senate Bill 5590 (signed July 15, 2019).</p>	RI				

2018–2020 State Corporate Income Tax Rate Chart^[a]

State		Rate		
		2018	2019	2020
Alabama		6.50%	6.50%	6.50%
Alaska		9.40%	9.40%	9.40%
Arizona		4.90%	4.90%	4.90%
Arkansas		6.50%	6.50%	6.50%
California		8.84%	8.84%	8.84%
Colorado	[b]	4.63%	4.50%	4.63%
Connecticut	[c]	8.25%	8.25%	8.25%
Delaware		8.70%	8.70%	8.70%
District of Columbia		8.25%	8.25%	8.25%
Florida	[d]	5.50%	4.458%	4.458%
Georgia	[e]	6.00%	5.75%	5.75%
Hawaii		6.40%	6.40%	6.40%
Idaho		6.925%	6.925%	6.925%
Illinois		9.50%	9.50%	9.50%
Indiana	[f]	5.875%	5.625%	5.375%
Iowa		12.00%	12.00%	12.00%
Kansas	[g]	7.00%	7.00%	7.00%
Kentucky	[h]	5.00%	5.00%	5.00%
Louisiana		8.00%	8.00%	8.00%
Maine		8.93%	8.93%	8.93%
Maryland		8.25%	8.25%	8.25%
Massachusetts		8.00%	8.00%	8.00%
Michigan		6.00%	6.00%	6.00%
Minnesota		9.80%	9.80%	9.80%
Mississippi		5.00%	5.00%	5.00%
Missouri	[i]	6.25%	6.25%	4.00%
Montana		6.75%	6.75%	6.75%
Nebraska		7.81%	7.81%	7.81%
Nevada				
New Hampshire	[j]	7.90%	7.70%	7.70%
New Jersey	[k]	11.50%	11.50%	10.50%
New Mexico		5.90%	5.90%	5.90%
New York	[l]	6.50%	6.50%	6.50%
North Carolina	[m]	3.00%	2.50%	2.50%

North Dakota		4.31%	4.31%	4.31%
Ohio				
Oklahoma		6.00%	6.00%	6.00%
Oregon	[n]	7.60%	7.60%	7.60%
Pennsylvania		9.99%	9.99%	9.99%
Rhode Island		7.00%	7.00%	7.00%
South Carolina		5.00%	5.00%	5.00%
South Dakota				
Texas	[o]	0.75%	0.75%	0.75%
Tennessee		6.50%	6.50%	6.50%
Utah		4.95%	4.95%	4.95%
Vermont		8.50%	8.50%	8.50%
Virginia		6.00%	6.00%	6.00%
Washington				
West Virginia		6.50%	6.50%	6.50%
Wisconsin		7.90%	7.90%	7.90%
Wyoming				

Notes/Assumptions

- [a] This chart uses the rates that apply for regular C corporations as of the date of publication of this document. Any subsequent changes will not be reflected in this chart. In states that have graduated tax rates, the highest rate is provided within the chart above. Different rates may apply to entities in particular industries. For example, qualified high technology or manufacturing companies may have a reduced rate. In addition, banks and financial institutions may be taxed at a different rate (e.g., a special rate of 10.84% in California) or in a different manner (e.g., a franchise tax is imposed on financial institutions in Indiana and Michigan in lieu of the corporate income tax).
- NOTE:** This chart is generally meant to apply for a standalone company. In some states, a different tax rate may apply for combined or consolidated filers. For example:
- In Montana, the tax rate for water's edge combined filers is 7%. Mont. Code Ann. § 15-31-121(2).
 - In North Dakota, the tax rate for water's edge combined filers is the applicable rate plus an additional 3.5%. N.D. Cent. Code § 57-38.4-02(3)."
- [b] For the 2019 tax year, the Colorado income tax rate is temporarily lowered from 4.63% to 4.5% because of the state's TABOR (Taxpayer Bill Of Rights) provisions.
- [c] The listed tax rate for Connecticut includes a surcharge of 10%, which has been extended through 2020. The surcharge does not apply to taxpayers that pay the \$250 minimum tax or that have less than \$100 million in gross income for the tax year. However, taxpayers filing unitary combined returns are subject to the surcharge regardless of income level. Conn. Gen. Stat. § 12-214(b)(6)(A), (b)(7)(A), (b)(8)(A).
- [d] Because the tax collection for FY 2018-2019 and FY 2019-2020 exceeded forecasted amounts, a rate reduction of 4.458 percent was determined by the Florida Department of Revenue.
- [e] The tax rate for Georgia is reduced from 6.0 percent to 5.75 percent, effective for tax years beginning on or after January 1, 2019. An additional corporate rate reduction to 5.5 percent applies to tax years beginning on or after January 1, 2020, but only if a joint resolution is passed by both houses of the General Assembly and signed into law on or after January 13, 2020. The reduced rate (whether it is 5.75 percent or 5.5 percent) expires on December 31, 2025. Ga. Code Ann. § 48-7-21(a).

- [f] "Indiana has adopted a phased approach to corporate income tax rate reduction (occurring from 2012 through 2021), with each reduction applicable as of July 1, as outlined within Ind. Code § 6-3-2-1(b). This chart includes an average of the tax rates to achieve a calendar year tax rate approach. For a fiscal year taxpayer, adjustments should be made for the appropriate number of months that apply to each tax rate. Specifically, the rates applicable from 2018-2020 are:
- 5.75%, after June 30, 2018, and before July 1, 2019.
 - 5.5%, after June 30, 2019, and before July 1, 2020.
 - 5.25%, after June 30, 2020, and before July 1, 2021.
- [g] The tax rate for Kansas includes the 3% surtax. Kan. Stat. Ann. § 79-32,110(c)(2).
- [h] Kentucky has modified its tax structure (previously graduated rates, the highest of which was 6.0%) to a flat 5.0% tax rate for tax years beginning on or after January 1, 2018. Ky. Rev. Stat. Ann. § 141.040(2).
- [i] Effective beginning on or after January 1, 2020, the tax rate for Missouri is reduced from 6.25% to 4%. Mo. Rev. Stat. § 143.071(3).
- [j] The tax rate for New Hampshire does not include the Business Enterprise Tax. N.H. Rev. Stat. Ann. § 77-E:2.
- [k] The tax rate for New Jersey for the privilege periods beginning on or after January 1, 2018 through December 31, 2019 includes an additional 2.5 percent tax applied to allocated New Jersey net income in excess of \$1 million. For privilege periods beginning on or after January 1, 2020 through December 31, 2021, the surtax rate is 1.5 percent. N.J. Rev. Stat. § 54:10A-5.41.
- [l] This chart includes the tax rate on entire net income without the MTA surcharge (note that the MTA surcharge rate has increased from 28.9% to 29.4% for tax years beginning on or after January 1, 2020). Reg. sec. 9-1.2(f) (NY Dep't of Tax and Fin. Nov, 25m 2019).
- [m] The tax rate for North Carolina is reduced from 3.0% to 2.5% for tax years beginning on or after January 1, 2019. N.C. Gen. Stat. § 105-130.3.
- [n] A 6.60% rate applies to the first \$1 million of Oregon taxable income. Or. Rev. Stat. § 317.061.
- [o] The Texas franchise tax (margin tax) is an annual business tax imposed on entities with more than approximately \$1 million of total revenue (adjusted for inflation, e.g., \$1,130,000 for reports due during 2018 and 2019 and \$1,180,000 for reports due during 2020). The Texas margin tax base is computed by deducting from Total Revenue one of the following three items, depending on the taxpayer's business: costs of goods sold, compensation paid, or 30 percent of total revenue. Taxpayers that are primarily engaged in retail or wholesale trade are subject to tax at one-half of the Texas margin tax rate applied to other taxpayers (i.e., 0.375%). Differing tax rates apply to taxpayers that are permitted to utilize the EZ Computation. Tex. Tax Code Ann. §§ 171.002, 171.0022, 171.0023.

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