



TaxNewsFlash

United States



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KPMG reports: Arkansas (manufacturing exemption); South Carolina (bank tax); Texas (taxable data processing); Multistate (internet sales)

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:** An Administrative Law Judge concluded that a taxpayer that manufactured items to the specifications of its customers was not entitled to the state's manufacturing exemption from sales and use tax. Under Arkansas law, a sales and use tax exemption applies to purchases of machinery and equipment used directly in manufacturing "articles of commerce," but not with regard to "custom items." Read an [April 2020 report](#)
- **South Carolina:** A state administrative court held that a bank was not entitled to a net operating loss (NOL) deduction in computing the state's bank tax liability, finding that the bank tax was not an income tax, but a franchise tax imposed on net income. Read an [April 2020 report](#)
- **Texas:** The Comptroller issued a private letter ruling with regard to a service fee charged customers who purchased lottery tickets via the taxpayer's app. The letter ruling concludes the taxpayer was engaged in taxable data processing, and thus that the service fee was subject to sales tax as data processing. Read an [April 2020 report](#)
- **Multistate:** The Multistate Tax Commission is moving forward with revisions to its "Statement of Information on Public Law 86-272." The revisions would provide guidance on "how the statute applies to modern business activities," including selling goods over the internet. Read an [April 2020 report](#)

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