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KPMG reports: California (proposed NOL suspension); Mississippi (tax refunds, statute of limitations)

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.

- **California:** The state is facing an estimated $54.3 billion deficit for the remainder of FY 2020 and through FY 2021 (which begins July 1, 2020) because of reduced individual and corporate income and sales tax collections. In budget revisions (released in May 2020), the governor proposed to suspend net operating losses (NOLs) for 2020, 2021, and 2022 for "medium and large businesses" and to limit the use of business incentive tax credits in offsetting more than $5 million of tax liability for those same years. The budget is pending negotiations in the legislature, as are other tax-related bills. Read a **May 2020 report**

- **Mississippi:** The state's Supreme Court held that a notice of audit by the Department of Revenue did not toll the statute of limitations for filing a tax refund claim by a taxpayer. Under Mississippi law for the tax years at issue, the statute of limitations for filing a refund claim is generally three years from the return due date. However, another statute sets forth an exception from that rule when the Department of Revenue notifies the taxpayer of an audit within the three-year period. The taxpayer asserted that when reading the two statutes together, the taxpayer could file a refund claim even after the three-year limitations period expired because the Department of Revenue's notice of audit tolled the statute of limitations on refunds. The high court disagreed, holding that although notice of an audit tolled the limitations period for an audit examination, it did not toll the limitations period relating to refund claims filed by a taxpayer. Read a **May 2020 report**

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