



TaxNewsFlash

United States



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KPMG reports: Alabama (payroll factor); Arkansas (marketplace facilitator); California (partnership penalty relief)

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.

- **Alabama:** The state's tax tribunal held that amounts paid by a taxpayer to a related company for services performed by workers employed by the related company were not includable in the taxpayer's own payroll factor. In reaching this conclusion, the tribunal declined to follow prior administrative law judge (ALJ) rulings that amounts paid for services of workers that were not employees of the taxpayer were nevertheless included in the taxpayer's payroll factors. The tribunal rejected the Department of Revenue's position that it was required to follow the ALJ rulings from years before the tribunal came into existence. Read a [June 2020 report](#)
- **Arkansas:** The Department of Finance and Administration determined that although commissions received from restaurants by a food delivery service provider were not taxable, the provider was required to collect and remit tax on sales of food ordered through its online platform because it was considered a marketplace facilitator under Arkansas law. Read a [June 2020 report](#)
- **California:** The Office of Tax Appeals released what appear to be conflicting decisions in two cases involving partnerships seeking relief from per-partner late-filing penalties. In a non-precedential decision, it was determined that California had conformed to the relief available under federal Rev. Proc. 84-35 and abated the penalty for both years. In the second decision, which was precedential, it was determined that California does not conform to the relief available in Rev. Proc. 84-35. Read a [June 2020 report](#)

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