



TaxNewsFlash

United States



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KPMG reports: Arizona (ballot initiative, tax surcharge); Nebraska (sales tax, cellular equipment); Tennessee (interest expense carryforwards)

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.

- **Arizona:** The state's Supreme Court held a ballot initiative that would impose a 3.5% income tax surcharge on taxable income above \$250,000 annually for single persons or married persons filing separately, and on taxable income above \$500,000 annually for married persons filing jointly, to fund an education initiative was eligible to be placed on the November 2020 ballot for consideration by the voters. Read an [August 2020 report](#)
- **Nebraska:** The state's Supreme Court held that a contractor specializing in building and maintaining cellular towers, transmission lines, and other improvements at cellular sites was liable for uncollected sales tax on its service receipts. The taxpayer asserted it was improper to require it to pay sales tax on its purchase of materials and then require it to collect tax on its receipts from furnishing, installing or connecting mobile telecommunications services. In the taxpayer's view, this treatment constituted impermissible double taxation. The high court disagreed, holding that there was no double taxation because two different activities were subject to tax—namely the taxpayer's purchase of building materials and the taxpayer's performance of services. Read an [August 2020 report](#)
- **Tennessee:** The Department of Revenue issued guidelines concerning the use of IRC section 163(j) interest-expense carryforwards for tax years beginning on or after January 1, 2020, when Tennessee decoupled from section 163(j) and no longer limits the deduction for interest expense. Read an [August 2020 report](#)

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