



TaxNewsFlash

United States



No. 2021-102
March 8, 2021

KPMG reports: Alabama (city use tax); Connecticut (taxation of remote work); Multistate (federal tax conformity)

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 tax tribunal held that a taxpayer did not owe city use tax on materials that were temporarily present in the subject city before being used out-of-state. Although the materials were stored in the city and some assembly occurred while at the taxpayer's facility in the city, the taxpayer established that it intended to use the materials outside of the state. Read a [March 2021 report](#)
- **Connecticut:** House Bill 6516 was signed into law to alleviate the burden of double taxation for residents who were remotely working from their homes in Connecticut due to the coronavirus (COVID-19) pandemic. The bill allows a credit against Connecticut individual (personal) income tax for any resident who paid income tax in 2020 to a state that applies a convenience-of-employer rule similar to Connecticut's rule, or any state that by law or rule requires the resident to pay a nonresident income tax based on work performed remotely in Connecticut (assuming the resident worked in the other state immediately prior to March 11, 2020). The bill also provides that an employer will not establish nexus by having an employee working in the state due to COVID-19. Read a [March 2021 report](#)
- **Multistate:** A number of fixed-date conformity states have recently updated their connection to the Internal Revenue Code.
 - **Idaho:** Effective January 1, 2021, House Bill 58 adopts the Internal Revenue Code in effect on January 1, 2021, except that IRC section 461(1) applies as in effect on January 1, 2020.

- **Georgia:** For tax years beginning on or after January 1, 2020, House Bill 265 updates the state's general conformity to the Internal Revenue Code as of January 1, 2021.
- **South Dakota:** Senate Bill 40 adopts the Internal Revenue Code as in effect on January 1, 2021.
- **Virginia:** Both chambers of the General Assembly passed essentially identical bills (Senate Bill 1146, House Bill 1935) that would update Virginia's conformity to the Internal Revenue Code as it existed on December 31, 2020. For corporate taxpayers, the bills decouple Virginia from CARES Act changes by: (1) suspending the 80% limit on net operating losses (NOLs) and allowing NOL carrybacks; and (2) temporarily enhancing the amount of business interest that can be deducted under IRC section 163(j). For taxpayers other than corporations, the bills would also decouple from the IRC section 461(1) changes as enacted by the CARES Act. For corporate and individual taxpayers, for tax years beginning on and after January 1, 2020, but before January 1, 2021, the bills would allow a \$100,000 deduction for expenses paid with forgiven Paycheck Protection Program (PPP) loan amounts.
- **West Virginia:** House Bill 2359 updates the state's connection to the Internal Revenue Code for corporate net income tax purposes. Specifically, the bill provides "all amendments made to the laws of the United States after December 31, 2019, but prior to January 1, 2021, shall be given effect in determining the taxes imposed by this article to the same extent those changes are allowed for federal income tax purposes, whether the changes are retroactive or prospective."

Read a [March 2021 report](#)

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)