



TaxNewsFlash

United States



No. 2021-341
August 23, 2021

KPMG reports: Colorado (federal tax conformity); North Carolina (sourcing, asset management services); Texas (sourcing, satellite radio service)

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.

- **Colorado:** The Department of Revenue updated guidance addressing the state's conformity to the CARES Act and other federal COVID-19 relief acts. The guidance not only addresses Colorado's conformity to the federal provisions for both corporations and individuals, but also provides information on computing the new subtraction intended to offset the loss of the CARES Act-created tax benefits related to IRC section 163(j) and qualified improvement property (QIP) in prior years. To compute the subtraction (which applies for income tax years beginning on or after January 1, 2021 but before January 1, 2022), a corporation must calculate the difference between reported Colorado taxable income and the amount Colorado taxable income that would have been reported had the CARES Act 163(j) and QIP provisions applied. Read an [August 2021 report](#)
- **North Carolina:** The Department of Revenue issued a private letter ruling finding that receipts from the sale of asset management services provided to pension plans, institutional investors, university endowments, retail investors, SEC-registered and non-SEC-registered funds are to be sourced using rules generally applicable to business customers. Read an [August 2021 report](#)
- **Texas:** In a case pending before the Texas Supreme Court (commonly referred to as the "franchise tax *Sirius XM* litigation"), four amicus briefs urge the Texas Supreme Court to hear the case. In this case, the lower state appellate court held that the receipts-producing end-product action associated with providing satellite radio service was the taxpayer activating a customer's chip set in a satellite-enabled radio. In that lower court's view, this activity occurred when the customer's radio was located—likely, the customer's residence where the car was located. This test has since been incorporated into a revised Texas regulation addressing apportionment for franchise tax purposes, and therefore, there is considerable interest in this litigation. Read an [August 2021 report](#)

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