



# TaxNewsFlash

## United States



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## KPMG reports: New York (cyber-protective services, sales tax); Pennsylvania (split-factor appointment); multiple states (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.

- **New York:** The Tax Appeals Tribunal affirmed an administrative law judge's decision holding that an IT security services company was providing protective services, which are specifically enumerated as subject to sales tax. The services at issue enabled customers to prevent, detect, respond to, and predict cyberattacks. The tribunal rejected the taxpayer's argument that its services were not taxable because they did not attempt to prevent unauthorized access to a customer's computer network, or try to identify the individuals attempting the unauthorized access.
- **Pennsylvania:** The Department of Revenue issued Corporation Tax Bulletin 2022-01 addressing the proper apportionment of income by a taxpayer involved in activities subject to both special apportionment formulas and the standard single sales factor formula. The bulletin sets forth the steps for applying the Department's split-apportionment methodology and provides examples.
- **Multiple states:** A number of fixed-date conformity states have recently updated their connection to the Internal Revenue Code.
  - **Idaho:** House Bill 472 adopts the Internal Revenue Code as in effect on January 1, 2022.
  - **Virginia:** House Bill 971 advances the Commonwealth's conformity to the Internal Revenue Code as of December 31, 2021.
  - **West Virginia:** Senate Bill 451 provides that for corporate net income tax purposes, all amendments made to the laws of the United States after December 31, 2020, but prior to January 1, 2022, will be given effect to the same extent those changes are allowed for federal income tax purposes.

Read a [February 2022 report](#) prepared by KPMG LLP

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