



Uniformity Developments Staff Report

UNIFORMITY COMMITTEE
AUSTIN, TEXAS
JULY 25, 2023



STATES



LATEST STATE UPDATES

- Colorado and Utah – enacted provisions to assess state tax on federal centralized partnership adjustments, following the MTC approach.
- New Jersey – changed to Finnigan combined filing.
- Indiana and Montana – enacted withholding thresholds.



LATEST STATE UPDATES

- Illinois – expanded the definition of an investment partnership but also required those partnerships to withhold on state-sourced flow-through income.
- Hawaii and Montana – enacted PTE taxes.
- A number of states amended or had bills to amend or modify their PTE taxes.



LITIGATION



LATEST LITIGATION UPDATES

- P.L. 86-272 Case in California –
 - *American Catalog Mailers Association v. Franchise Tax Board*
 - Pending before the superior court
 - Whether California's published guidance, which follows the MTC's revised statement, was issued properly or is facially flawed.

LATEST LITIGATION UPDATES

- Digital Ad Tax in Maryland –
 - *Comptroller v. Comcast*
 - State supreme court dismissed on the grounds that the plaintiff did not exhaust administrative remedies.
 - Whether the tax violates the Internet Tax Freedom Act.



LATEST LITIGATION UPDATES

- *Moore v. United States* –
 - The U.S. Supreme Court granted cert.
 - Case results from the federal government's shift to a different international sourcing system and imposed a one-time transition tax on deemed repatriated income.
 - Case involves individual taxpayers with a greater than 10% ownership share of a controlled foreign corporation who are, therefore, subject to the tax.
 - Appellants raise the proposed federal wealth tax as a reason the Court should decide the case.
 - A broad ruling by the Court could affect states that conform to the federal tax code.



QUESTIONS – COMMENTS?

THANK YOU

