

## Multistate Tax Alerts

Throughout the week, we highlight selected developments involving state tax legislative, judicial, and administrative matters. The alerts provide a brief summary of specific multistate developments relevant to taxpayers, tax professionals, and other interested persons. Read the recent alerts below or visit the archive.

**Archive:** <http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive0.html?id=us:2em:3na:stm:awa:tax>

### **Alabama passes wide ranging tax legislation addressing the CARES Act and federal COVID relief**

On February 12, 2021, Alabama Governor Kay Ivey signed into law House Bill 170 (H.B. 170), which designates three separate acts: 1) The Alabama Taxpayer Stimulus Freedom Act of 2021 (Act 1); 2) The Alabama Business Tax Competitiveness Act (Act 2); and 3) The Alabama Electing Pass-Through Entity Tax Act (Act 3). The bill includes the following modifications to Alabama law:

#### **Act 1:**

- Excludes from individual taxation any federal tax credits, refunds, and other benefits or payments resulting from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act; and
- Excludes from income taxation and financial institution excise tax any amounts received from the Coronavirus Relief Fund and any amounts of loans forgiven under the Paycheck Protection Program (PPP).

#### **Act 2:**

- Changes the Alabama apportionment factor from a three-factor apportionment formula to a single sales factor formula;
- Eliminates the “throwback” rule in the sales factor;
- Retroactively decouples Alabama from federal Global Intangible Low-Taxed Income (GILTI) provisions; and
- Provides that if no section 163(j) interest limitation exists at the federal level, no such limitation will exist for Alabama purposes.

#### **Act 3:**

- Allows pass-through entities (S-Corporations and Subchapter-K entities) to elect to be taxed at the entity level instead of the owner level.

This Multistate Tax Alert summarizes these Alabama law changes.

[Issued February 17, 2021]

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-alabama-passes-wide-ranging-tax-legislation-addressing-the-cares-act-and-federal-covid-relief.pdf>

## **Maryland enacts tax on digital advertising services**

On February 12, 2021, the Maryland Senate, following the House of Delegates earlier in the week, voted to override the veto of Governor Larry Hogan to House Bill 732, resulting in the enactment of a new gross revenues tax on digital advertising services in Maryland. This tax is the first of its kind.

This Multistate Tax Alert summarizes the enactment of House Bill 732, the key aspects of Maryland's new tax on digital advertising services, and the potential constitutional challenges the new tax may face.

[Issued February 18, 2021]

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-maryland-enacts-tax-on-digital-advertising-services.pdf>

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