

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

California Franchise Tax Board opines on pass-through entity structures that may be in a unitary relationship

The California Franchise Tax Board recently issued a Legal Ruling (“Ruling 2021-01”) that provides its view regarding circumstances in which pass-through holding companies may be considered unitary with pass-through operating companies. Ruling 2021-01 provides five examples to illustrate how the unitary determination is made in this context.

URL: <https://www.ftb.ca.gov/tax-pros/law/legal-rulings/2021-01.pdf>

This Multistate Tax Alert provides a high-level summary of the key highlights from Ruling 2021-01 and some taxpayer considerations.

[Issued January 5, 2022]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-california-franchise-tax-board-opines-on-pass-through-entity-structures-that-may-be-in-a-unitary-relationship.pdf>

Hawaii issues guidance on REIT notification requirement

On December 23, 2021, the Hawaii Department of Taxation (Department) issued Announcement No. 2021-09, which provides guidance on a new notification requirement for Real Estate Investment Trusts (REITs) operating in Hawaii. For taxable years beginning after December 31, 2021, REITs are subject to specific reporting requirements, including but not limited to notifying the Department of their operation as a REIT in Hawaii within 15 days of beginning operations in the State. Moreover, REITs that were active in Hawaii as of July 1, 2021, must notify the Department of their activity in the State no later than January 15, 2022.

URL: <https://files.hawaii.gov/tax/news/announce/ann21-09.pdf>

This Multistate Tax Alert summarizes the guidance included within Announcement No. 2021-09.

[Issued January 5, 2022]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-hawaii-issues-guidance-on-reit-notification-requirement.pdf>

Michigan enacts flow-through entity tax election

On December 20, 2021, the Michigan governor signed House Bill 5376 (HB 5376) into law. HB 5376 amends the Michigan Income Tax Act to impose a flow-through entity tax on electing flow-through entities with business activity in the State. Flow-through entities may make a three-year binding election to file a return and pay the

flow-through entity tax on behalf of their members. This election applies retroactively to tax years beginning on or after January 1, 2021.

URL: <http://legislature.mi.gov/doc.aspx?2021-HB-5376>

This Multistate Tax Alert provides a summary of some of the relevant provisions of HB 5376.

[Issued December 21, 2021]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-michigan-enacts-flow-through-entity-tax-election.pdf>

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