

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 enacts legislation requiring income from ING trusts to be included in grantor's income and subject to tax

On July 10, 2023, the California governor signed Senate Bill 131 (SB 131) into law. SB 131 made several changes to California's tax laws, including a new Personal Income Tax Law ("PITL") provision that, for taxable years beginning on or after January 1, 2023, requires the income of an incomplete gift nongrantor ("ING") trust to be included in the grantor's gross income and subject to California income tax, as if the trust were a grantor trust.

URL: https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB131

This Multistate Tax Alert summarizes this specific change made by SB 131 to California's PITL and provides some taxpayer considerations.

[Issued July 14, 2023]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-california-enacts-legislation-requiring-income-from-ing-trusts-to-be-included-in-grantors-income-and-subject-to-tax.pdf>

Connecticut extends corporation business tax surcharge and makes pass-through entity tax optional

On June 12, 2023, Connecticut House Bill 6941 (H.B. 6941) was enacted into law. This bill amends certain corporate income tax provisions, including extending the 10% surcharge for three additional years to taxable years beginning prior to January 1, 2026. The bill also revises Connecticut's pass-through entity tax ("PTET") rules, including making the PTET elective (instead of mandatory) for taxable years beginning in 2024.

URL: <https://www.cga.ct.gov/2023/TOB/H/PDF/2023HB-06941-R00-HB.PDF>

This Multistate Tax Alert summarizes some of the provisions of H.B. 6941.

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URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-connecticut-extends-corporation-business-tax-surcharge-and-makes-pass-through-entity-tax-optional.pdf>

New Jersey enacts changes to corporation tax laws

On July 3, 2023, New Jersey Assembly Bill 5323 ("A5323") was enacted into law. A5323 makes various changes to the state's corporation business tax rules by revising the state's nexus standard, increasing the state's net GILTI deduction to 95% by treating GILTI as a dividend, amending the State's combined reporting provisions, providing a limited exception for decoupling from Internal Revenue Code section 174, updating the dividends

received deduction (“DRD”) calculation, changing the net operating loss deduction, and changing the due date of the New Jersey corporate tax return.

URL: <https://www.njleg.state.nj.us/bill-search/2022/A5323>

This Multistate Tax Alert summarizes some of the relevant provisions of A5323.

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URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-new-jersey-enacts-changes-to-corporation-tax-laws.pdf>

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