

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 OTA: Activities related to deductible income permitted in apportionment factor

On March 17, 2023, the California Office of Tax Appeals (OTA), in a pending precedential opinion, concluded, among others, that for the taxable years at issue (2008 through 2011), the taxpayer properly included in its combined reporting group's apportionment percentage, its property, payroll, and sales attributable to income deducted under California Revenue and Taxation Code section 24404, disagreeing with the California Franchise Tax Board's (FTB) longstanding position under FTB Legal Ruling 2006-01 that factors related to deducted income are not includible in the apportionment percentage. On June 26, 2023, the OTA issued an opinion denying FTB's petition for rehearing.

URL: <https://ota.ca.gov/wp-content/uploads/sites/54/2023/08/19034447-Southern-Minnesota-Beet-Sugar-Opinion-031723wm-2.pdf>

URL: <https://ota.ca.gov/wp-content/uploads/sites/54/2023/08/19034447-Southern-Minnesota-Beet-Sugar-PFR-Opinion-062623wm.pdf>

This Multistate Tax Alert summarizes the decision and provides taxpayer considerations.

[Issued August 8, 2023]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-californi-ota-activities-related-to-deductible-income-permitted-in-apportionment-factor.pdf>

Oregon extends pass-through entity tax and enacts CAT updates

On July 27, 2023, Oregon House Bill 2083 ("H.B. 2083") and House Bill 2073 ("H.B. 2073") were signed by the governor. H.B. 2083 extends the elective pass-through entity level business alternative tax to the end of 2025. H.B. 2073 creates new exclusions from the Corporate Activity Tax ("CAT") and clarifies the filing deadline for the CAT. H.B. 2083 and H.B. 2073 become effective on the 91st day after the legislature adjourned sine die on June 25, 2023.

URL: <https://olis.oregonlegislature.gov/liz/2023R1/Downloads/MeasureDocument/HB2083/Enrolled>

URL: <https://olis.oregonlegislature.gov/liz/2023R1/Downloads/MeasureDocument/HB2073/Enrolled>

This Multistate Tax Alert summarizes some of the relevant provisions of H.B. 2083 and H.B. 2073.

[Issued August 4, 2023]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-oregon-extends-pass-through-entity-tax-and-enacts-cat-updates.pdf>

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.