



ALERT

SALT Updates

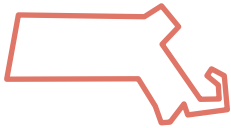
AUGUST 29, 2017

INCOME & FRANCHISE TAX



California partnership extension period increased

The period in which the Franchise Board (FTB) can grant an automatic extension for filing a California partnership return is increased from six to seven months. This is applicable for returns required to be filed for taxable years on or after January 1, 2017 and extends the due date from September 15th to October 15th.



Massachusetts changes to filing due dates

Effective beginning with returns due on or after January 1, 2018:

The filing due date for Corporation tax returns is changed from the 15th day of the third month after the close of a corporation's tax year (March 15 for corporations filing on a calendar year basis) to the 15th day of the fourth month after the close of the corporation's tax year (April 15 for corporations filing on a calendar year basis).

The filing due date for partnership tax returns is changed from the 15th day of the fourth month after the close of a partnership's tax year (April 15 for partnerships filing on a calendar year basis) to the 15th day of the third month after the close of the partnership's tax year (March 15 for partnerships filing on a calendar year basis).

The filing due date for S corporations tax returns remains the same and the corporate excise tax returns are due by the 15th day of the third month following the close of the tax year for fiscal year taxpayers (March 15 for taxpayers filing on a calendar year basis).

Trust earned.





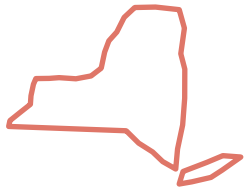
New Hampshire BPT / BET rate reductions

Currently, the business profits tax rate is 8.2%. The rate is scheduled to be reduced to 7.9% for tax periods ending on or after December 31, 2018. For tax periods ending on or after December 31, 2019, the business profits tax will be imposed at the rate of 7.7% on the taxable business profits of every business organization. For tax periods ending on or after December 31, 2021, the rate will be reduced to 7.5%.

Currently, the business enterprise tax rate is 0.72%. The rate is scheduled to be reduced to 0.675% for tax periods ending on or after December 31, 2018. For tax periods ending on or after December 31, 2019, the business enterprise tax will be imposed at the rate of 0.6% of the taxable enterprise value tax base. For tax periods ending on or after December 31, 2021, the rate is reduced to 0.5%.

New Hampshire changes §179 limit

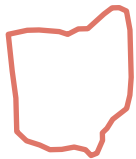
Currently, the IRC §179 limit is \$100,000 for property placed in service on or after January 1, 2017. IRC §179 will increase and be subject to a deduction limit of \$500,000 for property placed in service on or after January 1, 2018. These changes are effective January 1, 2018.



New York taxpayers affected by Lake Ontario flooding

A subtraction is allowed on a taxpayer's New York tax return from federal AGI for eligible retirement plan distributions made after March 30, 2017 and before April 2, 2022 that meet the following requirements:

1. The taxpayer's primary residence must be located in the disaster area declared in Executive Order 165,
2. The residence must have incurred severe damage due to the flooding,
3. The damage qualifies as a casualty deduction under the Internal Revenue Code,
4. The distribution was used to pay for repairs needed as a result of the flooding.



Ohio tax amnesty program

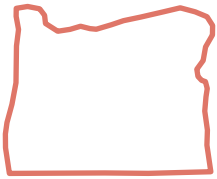
Ohio will be administering a tax amnesty program from January 1, 2018 through February 15, 2018. Taxpayers who come forward voluntarily during this program will pay all taxes and one-half of the interest that is due. The state will waive all penalties and the other half of the interest that is due. The taxpayer will also not have any potential civil or criminal actions taken against them with respect to the tax.

All qualifying delinquent taxes due and payable as of May 1, 2017 that are unreported or under reported are eligible. The qualifying taxes may be either personal or business taxes with the following taxes eligible for the program: personal income and school district income taxes, financial institution, sales, use, tobacco products, and commercial activity taxes. It does not apply to municipal or township lodging tax or resort area tax.

A taxpayer who has received a notice of assessment, bill, notice of audit, are under audit, or have been audited, are not eligible under this program.

The state has yet to issue full guidance on the program. Further information will be available once the program dates are closer.





Oregon makes the move to market-based sourcing

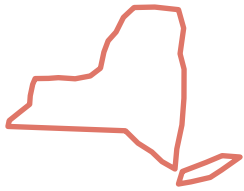
Legislation has been enacted in Oregon to adopt market-based sourcing for apportionment purposes under the corporate income tax, effective for tax years beginning on or after January 1st, 2018. Under this provision, receipts will be considered to be in Oregon if the taxpayer's market for the sales is in Oregon. This does not apply to the sales of tangible personal property. This change also does not apply to the allocation of income of financial organizations, utilities or telecommunications taxpayers.

SALES & USE TAX



Maine remote sellers must collect sales tax

Effective October 1, 2017, Maine enacted legislation requiring remote sellers to collect and remit sales tax on sales of tangible personal property, services, and electronically transferred products delivered into Maine. Remote sellers are required if (1) gross revenue from sales into Maine is \$100,000 or more, or (2) the seller made more than 200 sales into Maine in a year.



Sale of fractional aircraft shares not taxable in New York

The New York State Department of Taxation and Finance has released an Advisory Opinion stating that the sale of fractional aircraft shares of an aircraft is not taxable. It had been previously determined that general aviation aircraft are exempt from sales tax in New York State. In this Advisory Opinion (Opinion TSB-A-17(1)S), the Department of Taxation and Finance determined that a fractional aircraft share sale is not considered a sale of tangible personal property if the operator of the fractional aircraft ownership program maintains complete responsibility for all aspects of the operation of the aircraft.

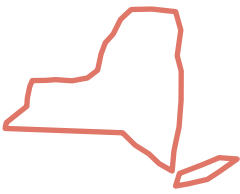
Guidance for transactions between related entities in New York

In the past, purchases that are intended to be resold in the normal course of business are not subject to sales tax. Recently, the state passed legislation, by amending the definition of a "retail sale", to exclude transfers of tangible personal property to certain related parties when purchases will be resold to certain related parties. For these transactions the resale exemption will no longer apply for purchases specifically to:

- Sales to single member limited liability companies or subsidiaries that are disregarded for federal income tax purposes for resale to its member or owner
- Sales to a partnership for resale to one or more of its partners
- Sales to a trustee of a trust for resale to one or more beneficiaries of such trust

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Use tax exclusion for purchases by nonresident businesses in New York

Prior to the recently passed amendment to Tax Law §1118(2), the state allowed an exemption from use tax for the use of property or services in the state that were purchased by nonresidents (individuals and businesses). However, the state has amended this section to eliminate this exemptions for business entities. As such, nonresident businesses who use property or services in New York for use in the state must pay use tax on the property or service, unless the nonresident business has been doing business outside New York for at least six months prior to the date that the property or service is brought into the state.

MTC offers voluntary disclosure initiative for online marketplace sellers

Beginning August 17, 2017, through October 17, 2017 the Multistate Tax Commission (MTC) will be offering a limited-time voluntary disclosure initiative for online marketplace sellers. The program is for relief of sales and use tax, income / franchise tax, or both. The participating states in this program include: Alabama, Arkansas, Colorado, Connecticut, Florida, Idaho, Iowa, Kansas, Kentucky, Louisiana, Nebraska, New Jersey, Oklahoma, South Dakota, Tennessee, Texas, Utah, Vermont, and Wisconsin.

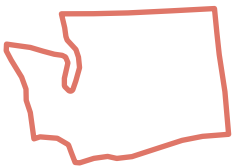
To be eligible for the program, a taxpayer must meet the following criteria:

- The taxpayer has not previously registered with the state taxing authority, filed returns for taxes requesting relief under, made payments of such taxes to, or had any other prior contact with the state concerning liability or potential liability for such tax type.
- The taxpayer is an online marketplace seller using a marketplace provider / facilitator, such as the Amazon program or similar platform or program, to facilitate retail sales into the state, and has no location, property, employees, or agents in the state except for the online marketplace seller's inventory stored in a third-party warehouse or fulfillment center located in the state or other nexus-creating activities of the marketplace provider / facilitator on behalf of the online marketplace seller in the state.

• A "marketplace provider / facilitator" is a person who facilitates a retail sale by an online marketplace seller by

- (1)** listing or advertising for sale by the online marketplace seller on a website, tangible personal property, services, or digital goods that are subject to sales or use tax;
- (2)** either directly or indirectly through agreements or arrangements with third parties collecting payment from the customer and transmitting that payment to the online marketplace seller; and
- (3)** provides fulfillment services to the online marketplace seller.

- The taxpayer timely applies electronically to the appropriate state(s) for voluntary disclosure relief through the MTC voluntary disclosure program.
- The taxpayer is seeking relief from any past due tax liabilities from sales or use tax or income / franchise tax liability, including interest and penalties.



Washington enacts economic nexus for sales and use tax

Beginning January 1, 2018, remote sellers, marketplace facilitators, and referrers must remit sales or use tax or comply with certain notice and reporting requirements. Remote sellers and marketplace facilitators with gross receipts sourced to Washington of at least \$10,000 must comply. A referrer is subject to these requirements if it has gross business income from referral services sourced to Washington of at least \$267,000.

To comply with the notice requirements, a seller must (1) post a notice on its website and on its customer invoices that includes a statement that sales or use tax are due on certain purchases and that Washington requires the purchaser to file a use tax return, (2) provide an annual report by February 28th each year to each Washington purchaser and (3) file an annual report with the state department by February 28th.