



TWIST-Q | Summary of developments – third quarter 2024



This checklist includes developments for the third calendar quarter of 2024 that have occurred prior to the date of publication. Please note that certain items may be dated earlier as these items were first made publicly available during the third quarter of 2024. Additionally, there may be developments that occur or legislation that will be enacted after we release this checklist. Please stay tuned to our weekly [This Week in State Tax](#) publication series for additional updates.

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For privilege periods beginning on or after January 1, 2024 through December 31, 2028, New Jersey adopts a temporary 2.5 percent “Corporate Transit” fee (surtax) imposed on corporation business tax taxpayers that have New Jersey allocated taxable net income in excess of \$10 million. Assembly Bill 4704 (signed June 28, 2024).	NJ				

Nexus and P.L. 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>The collection of broad marketing information by sales representatives available for use by various departments of the company fell outside the scope of the P.L. 86-272 protection. The reports contained marketing information about the customer’s needs, including bulk pricing requests, complaints about product or service quality, needs for certain products, and purchases from competitors. While collection of sales-related information following a customer visit is generally a protected activity, the separate documentation of sales and marketing data and the sharing of marketing reports across departments evidenced that the marketing data had some purpose outside the solicitation of sales. <i>Uline, Inc. v. Commissioner of Revenue</i> (Minn. August 7, 2024).</p>	MN				
Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For tax years beginning on or after December 31, 2020, Kansas decoupled from section 163(j) and allows a deduction for the current year’s interest expense in its entirety. The Department’s guidance provides that in addition to allowing taxpayers to amend their 2021 state income tax return to adjust the amount of interest deduction now allowed for that year, taxpayers can include in their 2021 amended return a recapture of any interest expense disallowed under IRC section 163(j) in tax years 2018, 2019, and 2020. Notice 24-16 (Kan. Dep’t of Rev. Aug. 7, 2024).</p>	KS				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Repatriation income under Section 965 did not qualify for the state’s “deemed dividends received” deduction. Relying on the U.S. Supreme Court’s <i>Moore</i> decision, the Nebraska Supreme Court held the income inclusion under Section 965 operated as pass-through income, rather than a deemed dividend. <i>Precision Castparts Co. v. Dep’t of Rev.</i> (Neb. Aug. 30, 2024).</p>	NE				
<p>Beginning with the 2026 tax year, the limitation of use of Net Operating Loss (NOL) carryforwards gradually increases by 10 percent until the 2029 tax year when the limitation reaches 80 percent. NOLs generated in tax years prior to January 1, 2025 (“pre-reform NOLs”) are still limited to 40 percent of taxable income. A taxpayer with both pre- and post-reform NOLs may first deduct up to 40 percent of its income using pre-reform NOLs, and then deduct whatever remains of the increased NOL limitation for that tax year using post-reform NOLs. Senate Bill 654 (signed July 11, 2024).</p>	PA				
Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For tax years beginning after December 31, 2025, corporation franchise taxpayer members of a combined group will be required to sum the sales figures for all group members (Finnigan Method), including those without nexus to the District, when determining a single apportionment factor for the entire group. Under current law, the District requires each group member to compute its apportionment factor separately (Joyce Method). Legislative Bill 7784 (enacted September 18 2024).</p>	DC				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A financial institution qualified for the Massachusetts research and development (R&D) credit because a financial institution fell within the definition of “business corporation.” Nothing in the statute limited the eligibility of the R&D credit to business corporations subject to the general corporate excise tax. <i>State Street Corporation v. Commissioner of Rev.</i> (Mass. App. Tax Bd Aug. 15, 2024).	MA				
Administrative Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Guidance was issued on the application of the franchise tax statute of limitations (SOL) when a taxpayer has requested an extension to file its franchise tax report. Under Texas law, the SOL is four years from the date on which the tax “becomes due and payable.” Without an extension, the SOL begins to run on May 16th. The beginning date for the SOL for taxpayers required to make payments by electronic funds transfer that have made a valid extension request will be August 16th. The guidance applies to all reports originally due on or after January 1, 2021. Memorandum 202408001M (Tex. Comptroller Aug. 2, 2024).	TX				

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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