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Amnesty/Voluntary Disclosure:
Indiana: New Law Requires Establishment of Amnesty Program that Provides for Potential Waiver of All Interest and Penalties

H.B. 1001, signed by gov. 5/6/25. New law requires the Indiana Department of Revenue (Department) to establish a tax amnesty program for taxpayers having an unpaid tax liability for “listed taxes” (*i.e.*, most taxes administered by the Department including the state adjusted gross income tax, financial institutions tax, and gross retail and use tax) that were due and payable for a tax period ending before January 1, 2023. The amnesty program is limited to the period determined by the Department, “not to exceed eight regular business weeks” ending before the earlier of the date set by the Department or January 1, 2027, and provides for a potential waiver of all related penalties and interest. A taxpayer is ineligible for this amnesty program if it participated in certain previous Indiana amnesty programs. Please contact us with any questions.

URL: <https://iga.in.gov/legislative/2025/bills/house/1001/actions>

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Amnesty/Voluntary Disclosure:

Wisconsin DOR Reminds Businesses About Benefits of Participating in Voluntary Disclosure Program

Wisconsin Tax Bulletin 229, Wis. Dept. of Rev. (4/25). The Wisconsin Department of Revenue released a bulletin encouraging businesses and individuals that are not in compliance with Wisconsin tax laws to voluntarily come forward and participate in Wisconsin's voluntary disclosure program, which applies to "multiple tax types and provides various benefits." Listed among the potential benefits of participating in Wisconsin's voluntary disclosure program are:

URL: <https://www.revenue.wi.gov/WisconsinTaxBulletin/229-04-30-WTB.pdf>

- Allowing the taxpayer to remain anonymous while negotiating the voluntary disclosure agreement;
- Waiver of negligence penalties ("usually 25% of tax");
- Reduction of the 18% delinquent interest rate to 12% (however, interest on Wisconsin withholding taxes, motor vehicle fuel floor taxes, and intoxicating liquor floor taxes cannot be reduced); and
- Reduction in the number of years required to be filed ("usually four years").

Please contact us with any questions.

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Income/Franchise:

Colorado DOR Issues Updated Guidance on Pass-Through Entity Tax that Addresses Tiered Structures

Income Tax Topics: SALT Parity Act, Colo. Dept. of Rev. (rev. 4/25). The Colorado Department of Revenue issued updated administrative guidance addressing Colorado's elective pass-through entity tax (PTET), which pursuant to legislation enacted in 2022 and 2021, applies to tax years commencing on or after January 1, 2018, but prior to January 1, 2026 [see previously issued Multistate Tax Alert for more details on the legislation]. The guidance generally summarizes how to make a Colorado PTET election, underlying filing requirements and tax calculations, estimated payment requirements and other tax compliance-related matters. The updated version

addresses tiered partners and explains that a Colorado PTET election made by a lower-tier partnership “has no effect on a tiered partner’s return, except with respect to the Colorado K-1s the tiered partner issues to its partners or shareholders.” The guidance also explains that a “tiered partner” is any partner that is either a partnership or an S corporation – and provides that each tiered partner may make a Colorado PTET election “regardless of whether an election is made by any lower-tier partnership in which the tiered partner is a partner.” Furthermore, any such election made by a lower-tier partnership “does not obligate any of its tiered partners” to make a similar election.

URL: <https://tax.colorado.gov/income-tax-topics-salt-parity-act>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-colorado-enacts-changes-to-pass-through-entity-tax.pdf>

The guidance notes that a tiered partner cannot claim any credit or subtraction, or make any other adjustment on its return, based on a Colorado PTET election made by a lower-tier partnership. In particular, “an electing partnership or S corporation cannot claim any credit for any part of the tax paid by a lower-tier partnership” that also made a Colorado PTET election. It also explains that the credit resulting from a lower-tier partnership’s Colorado PTET election “passes through to the tiered partner’s partners or shareholders, who may each claim their share of the credit on their own return.” Moreover, the tiered partner “must report on the appropriate line of each Colorado K-1 (DR 0106K) it issues to each partner or shareholder that partner’s or shareholder’s share of any tax paid by any lower-tier partnership” that also made a Colorado PTET election. Please contact us with any questions.

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Income/Franchise:

Illinois DOR Publishes Guidance on Whether a Partnership Interest is a Qualifying Investment Security

Addendum to the 2024 IL-1065 Instructions, Ill. Dept. of Rev. (4/25). The Illinois Department of Revenue (Department) recently published guidance on determining when a partnership’s interest in another partnership, including a limited liability company (LLC), is considered a qualifying investment security. In it, the Department states that it will follow a four-factor test as established by federal courts when determining whether an interest qualifies as an “investment contract.” As a result, an interest in a partnership is considered an investment contract, and, therefore, a security, if it meets all of the factors under this test. The Department

also highlights that a quick predetermination of whether a partnership interest will be considered a security can be made by comparing the organizational structure of the partnership or LLC, along with the rights and duties of the partners or members, with the organization structure of a corporation. Specifically, the more a partner's rights, powers, duties, and obligations resemble those of a director or manager of a corporation, the less likely the partnership interest will be considered a security. Alternatively, the more a partner's rights, powers, duties, and obligations resemble those of a shareholder in a corporation, the more likely the partnership interest will be considered a security. The Department also notes that it will make certain presumptions when determining whether a partnership interest is considered a security, which are based on the four-factor investment contract test applied to the common circumstances associated with the type of partnership. Please contact us with any questions.

URL:

<https://tax.illinois.gov/content/dam/soi/en/web/tax/forms/incometax/documents/currentyear/business/partnership/il-1065-instr-addendum.pdf>

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Income/Franchise:

Massachusetts: Draft Release Summarizes New Law Revising Apportionment Provisions for Companies Without a Sales Factor

Working Draft TIR: Tax Provisions in Certain Massachusetts Legislation Enacted in 2024, Mass. Dept. of Rev. (4/30/25). The Massachusetts Department of Revenue posted a working draft technical information release ("Draft TIR") that summarizes tax provisions in certain Massachusetts legislation enacted in 2024 – including revisions to Mass. Gen. Laws. c. 63, § 38(g) related to Massachusetts' move to single sales factor apportionment for all business corporations and financial institutions for tax years beginning on or after January 1, 2025, which removed older language pertaining to a missing factor(s) and provided newer language that uses a taxpayer's property and payroll when "the sales factor is inapplicable [see H.B. 5077 (2024), and *State Tax Matters*, Issue 2025-1, for more details on this 2024 legislation]. According to the Draft TIR, pursuant

to this 2024 legislation, certain corporations (*i.e.*, business corporations other than financial institutions) may be required to base their apportionment on the percentage of their property and payroll in Massachusetts for tax years when those corporations' sales factors are inapplicable. Specifically, the Draft TIR explains that the sales factor of such a corporation is inapplicable if:

[URL: https://www.mass.gov/technical-information-release/working-draft-tir-tax-provisions-in-certain-massachusetts-legislation-enacted-in-2024#ix-single-sales-factor-rules-for-companies-whose-sales-factor-is-inapplicable](https://www.mass.gov/technical-information-release/working-draft-tir-tax-provisions-in-certain-massachusetts-legislation-enacted-in-2024#ix-single-sales-factor-rules-for-companies-whose-sales-factor-is-inapplicable)

[URL: https://malegislature.gov/Bills/193/H5077](https://malegislature.gov/Bills/193/H5077)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250110_7.html](https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250110_7.html)

- Both its numerator and denominator are zero;
- The denominator is less than 10% of one third of the taxable net income; or
- It is otherwise determined by the Massachusetts Commissioner of Revenue to be insignificant in producing income.

The Draft TIR also clarifies that this 2024 legislation “does not affect the computation of the receipts factor for purposes of determining the apportionment percentage for financial institutions.”

Additionally, the Draft TIR summarizes certain provisions included in “An Act Relative to Strengthening Massachusetts’ Economic Leadership;” “An Act Promoting a Clean Energy Grid, Advancing Equity and Protecting Ratepayers;” and “An Act Making Appropriations for the Fiscal Year 2024 to Provide for Supplementing Certain Existing Appropriations and for Certain other Activities and Projects” that pertain to credits available to taxpayers subject to the income tax, G.L. c. 62, and the corporate excise tax, G.L. c. 63. Please contact us with any questions.

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Income/Franchise:

Missouri: Proposed PTET Rule Changes Reflect New Opt-Out Election and Other Law Changes

Proposed Amended Rule 12 CSR 10-2.436, SALT Parity Act Implementation, Mo. Dept. of Rev. (5/1/25). The Missouri Department of Revenue is proposing changes to its rule on Missouri law allowing qualifying pass-

through entities to make an annual election to pay an entity-level state income tax (PTET) [see H.B. 2400 (2022) and previously issued Multistate Tax Alert for more details on this PTET] to, among other proposed changes, reflect legislation enacted in 2024 [see H.B. 1912 (2024), and previously issued Multistate Tax Alert for more details on this 2024 legislation] that allows any member of an electing pass-through entity to make an “opt-out” election to exclude their allocable share of the pass-through entity’s separately and non-separately stated items from the PTET. Written comments on the proposed rule changes must be received within 30 days after their May 1, 2025, publication in the Missouri Register. Please contact us with any questions.

[URL: https://www.sos.mo.gov/CMSImages/AdRules/moreg/2025/v50n9May1/v50n9.pdf](https://www.sos.mo.gov/CMSImages/AdRules/moreg/2025/v50n9May1/v50n9.pdf)

[URL: https://house.mo.gov/Bill.aspx?bill=HB2400&year=2022&code=R](https://house.mo.gov/Bill.aspx?bill=HB2400&year=2022&code=R)

[URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-missouri-enacts-pass-through-entity-tax-election.pdf](https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-missouri-enacts-pass-through-entity-tax-election.pdf)

[URL: https://house.mo.gov/Bill.aspx?bill=HB1912&year=2024&code=R](https://house.mo.gov/Bill.aspx?bill=HB1912&year=2024&code=R)

[URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-missouri-enacts-changes-to-pass-through-entity-tax-including-opt-out-election.pdf](https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-missouri-enacts-changes-to-pass-through-entity-tax-including-opt-out-election.pdf)

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Income/Franchise:

Tennessee: New Law Authorizes Excise Taxpayers to Make Discretionary Adjustments in Computing Tax Liability

H.B. 635, signed by gov. 5/2/25. Effective immediately, new law authorizes some Tennessee excise taxpayers to add back to their net earnings certain amounts taken as deductions from their federal taxable income that are also allowed to be taken as deductions in determining the taxpayer’s net earnings, as well as certain amounts subtracted from net earnings under Tennessee excise tax law, for purposes of calculating their Tennessee excise tax liability. The legislation authorizes such discretionary adjustments for any timely filed return for the applicable tax year, provided any adjustments do not reduce the taxpayer’s net earnings below the amount that would have otherwise been computed for the applicable tax year. According to the legislation’s accompanying fiscal notes, these discretionary adjustments “will enable taxpayers with insufficient tax liability to utilize their generated tax credits to calculate a higher tax liability on their return, against which they can apply their tax credits,” and authorizing taxpayers “to make certain additions to their net earnings for the purposes of applying their generated tax credits is not anticipated to have a significant impact to excise tax collections.” Please contact us with any questions.

URL: <https://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=HB0635>

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Income/Franchise:

Virginia: Enacted Budget Bill Includes Provision that Extends Ability to Make PTET Election for One More Year

H.B. 1600, signed by gov. 5/2/25. Amending existing Virginia law allowing certain pass-through entities to make an annual election to pay an elective income tax at the entity level (PTET) for taxable years beginning on and after January 1, 2021, but before January 1, 2026 [see *H.B. 1456 (2023)* / *S.B. 1476 (2023)*, and previously issued Multistate Tax Alert for more details on Virginia's PTET], Virginia's recently enacted budget bill includes a provision that permits qualifying pass-through entities to make Virginia's PTET election through January 1, 2027, rather than just through January 1, 2026.

URL: <https://lis.virginia.gov/bill-details/20251/HB1600>

URL: <https://lis.virginia.gov/cgi-bin/legp604.exe?ses=231&typ=bil&val=hb1456>

URL: <https://lis.virginia.gov/cgi-bin/legp604.exe?ses=231&typ=bil&val=sb1476>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-virginia-enacts-changes-to-pass-through-entity-tax.pdf>

Some other provisions in the budget bill require the Virginia Department of Taxation to study the implications of implementing market-based sourcing in Virginia, as well as Virginia's treatment of net operating losses (NOLs) relative to other states. Please contact us with any questions.

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Gross Receipts:

California: San Francisco Tax Collector Posts Additional Information on Proposition M Implementation

Proposition M (2024) – Business Tax Reform, San. Fran. Tax Collector (5/25). Pursuant to voters in the City and County of San Francisco (San Francisco) approving “Proposition M” in 2024 – which includes various changes to San Francisco business taxes and requiring the San Francisco Tax Collector (Tax Collector) to promulgate regulations interpreting how businesses must now allocate their receipts to San Francisco [see previously issued Multistate Tax Alert (November 13, 2024) for more details about the tax law changes in Proposition M, and previously issued Multistate Tax Alert (March 19, 2025) and previously issued Multistate Tax Alert (March 21, 2025), for more details about subsequently proposed rules on the same] – the Tax Collector has posted additional related implementation information on its website, including details about a webinar scheduled for May 20, 2025 to “learn about what’s changing.” Please contact us with any questions.

URL: <https://sftreasurer.org/proposition-m-2024-business-tax-reform>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-san-francisco-voters-approve-changes-to-city-business-taxes.pdf>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-san-francisco-releases-draft-market-sourcing-rules-for-gross-receipts-tax.pdf>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-san-francisco-grt-draft-market-sourcing-rules-impact-on-asset-managers.pdf>

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Sales/Use/Indirect:

Georgia: Online Platform Held Responsible for Collecting Tax on Underlying Transportation Services for Pre-*Wayfair* Periods

Case No. A25A0144, Ga. Ct. App. (5/1/25). In a case involving a company facilitating certain taxable vehicle transportation services for its customers through its online platform during the “pre-*Wayfair*” tax periods at issue, the Georgia Court of Appeals (Court) rejected the company’s argument that it did not furnish transportation services but was merely a platform drivers used to connect to riders. As a result, the Court held that it was appropriate to shift the burden to pay Georgia sales tax to the company rather than the drivers. Please contact us with any questions.

URL: <https://efast.gaappeals.us/download?filingId=428ded6a-a762-4176-a279-8cff64c99fd5>

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Sales/Use/Indirect:

Mississippi Supreme Court Agrees that Charges Paid to Third-Party Carrier to Transport TPP In-State are Not Subject to Use Tax

Case No. 2023-SA-01079-SCT, Miss. (5/1/25). In a case involving a natural gas pipeline company providing natural gas transport, the Mississippi Supreme Court (Court) affirmed that the company did *not* owe Mississippi use tax on freight charges paid to a third-party carrier to transport certain tangible personal property (TPP) it had purchased separately outside Mississippi for use in Mississippi, because the facts showed that the freight charges constituted a “closed” transaction from the purchased TPP. Specifically, the Court agreed with the lower court that because the company separately and subsequently hired a third-party carrier for the shipment of the TPP in a closed transaction, the freight charges must *not* be included in the use tax base for the purchased TPP. The Court explained that the company’s separate, isolated purchase of shipping services from an independent third party rather than the TPP seller rendered the freight charges nontaxable in this case – reasoning that the company’s purchase of TPP from the seller constituted one closed transaction, while its later purchase of third-party shipping services to move that TPP from one location to another constituted a second closed transaction. Please contact us with any questions.

URL: <https://courts.ms.gov/images/Opinions/CO183899.pdf>

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Sales/Use/Indirect:

Texas: Ruling Says Bundled Subscription Services Constitute Taxable Data Processing Services

Letter No. 202503024L, Tex. Comptroller of Public Accounts (3/28/25). In a ruling involving a company providing clients access to its marketing software applications on a subscription basis wherein these applications provide various services – including the creation of a customized website, automated order and reservation management, and scheduled posts to the client’s social media platforms – the Texas Comptroller of Public Accounts (Comptroller) concluded that, based on the provided facts, these bundled services collectively are subject to Texas sales and use tax as data processing services. In doing so, the Comptroller noted that the company’s bundled services included taxable data processing, as well as various other nontaxable marketing services (*e.g.*, additional nontaxable social media posts and text message campaigns), offered for a single charge, and this lump-sum charge for each bundle was therefore taxable. Please contact us with any questions.

URL: <https://star.comptroller.texas.gov/view/202503024L>

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Sales/Use/Indirect:

Wisconsin DOR Reminds Businesses that Imposed Credit Card Fees Are Part of Taxable Sales Price

Wisconsin Tax Bulletin 229, Wis. Dept. of Rev. (4/25). The Wisconsin Department of Revenue (Department) released a bulletin reminding businesses and individuals that any additional “credit card fee” charged by retailers is considered part of the sales price of taxable products or services sold to the consumer – therefore, “if the product or service sold is taxable, the additional fee charged to the consumer for using a credit card is taxable.” However, “if the credit card is used to pay for both taxable and nontaxable products or services, the retailer may allocate the credit card fee between the taxable and nontaxable purchases and charge tax on the taxable portion of the credit card fee.” The bulletin states that businesses and individuals may inform the Department when sales tax is improperly being charged on credit card fees in a retailer’s receipt or invoice by “emailing a copy of a receipt or invoice that shows sales tax is not properly charged on credit card fees.” Please contact us with any questions.

URL: <https://www.revenue.wi.gov/WisconsinTaxBulletin/229-04-30-WTB.pdf>

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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>

Kansas enacts single sales factor apportionment and market-based sourcing

On April 24, 2025, Kansas House Bill 2231 (“H.B. 2231”) was enacted into law and is effective for tax years beginning on or after January 1, 2027. H.B. 2231 switches Kansas from an equally weighted three-factor apportionment formula to a single sales factor method for apportioning business income. The law also adopts market-based sourcing for sales other than tangible personal property. H.B. 2231 further provides for a deferred tax deduction and a decrease in corporate income tax rates if certain conditions are met.

URL: https://www.kslegislature.gov/li/b2025_26/measures/HB2231/

This Multistate Tax Alert summarizes some of the provisions in H.B. 2231.

[Issued April 30, 2025]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-edits-impairments-and-disposals.pdf>

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