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The power of knowing
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State Tax Matters

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Multistate/Indirect Tax Alert
California - Unclaimed Property Voluntary Compliance Program outreach and education letters

The California State Controller's Office, Unclaimed Property Division (UPD) will soon launch a holder outreach campaign to highlight California's relatively new Voluntary Compliance Program, whereby letters were mailed to some companies that may be non-compliant with California's unclaimed property reporting requirements. The UPD issued approximately 4,000 letters in December 2025 to companies in the initial mailing.

For additional information and background, see the "Navigating the abandoned and unclaimed property environment" article, which discusses risks associated with non-compliance with state unclaimed property laws.

URL: https://www.deloitte.com/content/dam/assets-zone3/us/en/docs/services/tax/2026/california-voluntary-compliance-program-outreach-and-education-letters.pdf
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Income/Franchise
Maryland – Comptroller Addresses State Income Tax Implications of OBBBA and Decoupling for TY 2025

Tax Alert: Maryland Impacts of the One Big Beautiful Bill Act (PL 119-21), Md. Comptroller (eff. 1/6/26). Referencing the Maryland Bureau of Revenue Estimates' "60-Day Report" released in September 2025 that analyzed the Maryland revenue implications of the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21) [see *State Tax Matters, Issue 2025-35*, for details on the 60-Day Report], a Maryland Comptroller newsletter similarly states that Maryland automatically decoupled from some OBBBA business income provisions as they apply to a taxable year beginning in calendar year 2025, specifically those pertaining to:

- new Internal Revenue Code (IRC) section 174A on full expensing of domestic research and experimental (R&D) expenditures;
- IRC section 163(j)(8)(A) on the modification of the limitation on business interest; and
- new IRC section 168(n) on the special depreciation allowance for qualified production property.

Using several illustrative examples, the Comptroller's newsletter explains the various decoupling adjustments that must be made for Maryland corporate income tax purposes for tax years beginning in calendar year 2025, related to IRC sections 174A, 163(j)(8)(A), and 168(n). Please contact us with any questions.

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North Carolina – DOR Addresses State Income Tax Implications of OBBBA and Current Decoupling for TY 2025

Important Notice: Impact of Federal Law on North Carolina Individual and Corporate Income Tax Returns for Tax Year 2025, N.C. Dept. of Rev. (1/8/26). Referencing the federal One Big Beautiful Bill Act enacted in 2025 (commonly referenced as "OBBBA" and more formally as P.L. 119-21) and its provisions that made changes to "domestic research and experimentation expenditures" and "bonus depreciation," a North Carolina Department of Revenue (Department) notice provides guidance to North Carolina taxpayers on how differences in the federal code in effect for tax year 2025 may impact the filing of their 2025 North Carolina corporate and individual income tax returns given that current state law generally only conforms to the Internal Revenue Code (IRC) as in effect as of January 1, 2023. The notice states that, for now, individuals cannot include in their adjusted gross income (AGI) and corporations cannot include in their federal taxable income (FTI) the federal tax law changes under both the OBBBA and federal Disaster Tax Relief Act of 2023.

The Department also explains that the North Carolina General Assembly potentially may enact legislation in 2026 to reference the IRC in effect for tax year 2025, but that the General Assembly is not scheduled to convene until after April 15, 2026. Furthermore, the Department notes that even if the General Assembly updates state law in 2026 to reference the most recent version of the IRC, "it may choose not to follow (i.e., decouple from) certain provisions" of the OBBBA and federal Disaster Tax Relief Act of 2023. In this respect, the Department advises that a calendar year-end taxpayer required to file a North Carolina income tax return for tax year 2025 and whose AGI or FTI is impacted by the OBBBA or federal Disaster Tax Relief Act of 2023 may *either* i) file an extension to obtain additional time to determine the resulting implications of any state tax legislation enacted in 2026; or ii) file a return under current state law for possible subsequent amendment pursuant to state tax legislation enacted in 2026. Please contact us with any questions.

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Oklahoma – Proposed Rule Changes Would Treat "GILTI" or "NCTI" as Dividend Income

Proposed Amended Reg. section 710:50-17-51, Okla. Tax Comm. (11/13/25). The Oklahoma Tax Commission has proposed changes to its administrative rule on adjustments required to calculate Oklahoma taxable income for corporations, including the proper reporting of net controlled foreign corporation tested income (NCTI) under the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21). Under the proposal, to calculate Oklahoma taxable income, "foreign income inclusions under 26 U.S.C. § 951A (Global Intangible Low- Taxed Income, prior to repeal, or Net CFC Tested Income) shall be considered dividend income and shall be allocated to the domiciliary situs of the taxpayer." A related public hearing was scheduled for January 6, 2026, and written comments were due on the same date. Please contact us with any questions.

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Gross Receipts
Ohio – State High Court Affirms that Lack of Sufficient Sourcing Documentation Bars CAT Refund Claims

Case No. 2023-1288, Ohio (1/14/26). In a case involving a global designer, marketer, and wholesaler of fashion merchandise that ships products to Ohio-based distribution centers of major retailers and claims to have erroneously paid Ohio commercial activity tax (CAT) on receipts for these goods, the Ohio Supreme Court (Court) affirmed a 2023 Ohio Board of Tax Appeals (Board) ruling [see *Case No. 2020-53, 2020-54*, Ohio BTA (9/13/23 and *State Tax Matters, Issue 2023-38*, for more details on the 2023 ruling] by denying the company's underlying CAT refund claims and concluding that its documentation failed to adequately show the goods at issue ultimately were received outside of Ohio. In doing so, the Court explained that applicable Ohio refund claim statutes contemplate that a taxpayer must make a "quantitative showing of the amount of the claimed refund with documentary evidence that justifies the issuance of a refund." In this case, the Court reasoned that the company needed to provide "documentary evidence of the amount of the gross receipts that should not have been sitused to Ohio"—which it failed to do. That is, the company failed to sufficiently establish the *amount* of gross receipts for the merchandise that was actually transported outside of Ohio, and thus the Court held it was ineligible for the CAT refund claims. While the Court agreed with the Board that the company did not provide sufficient documentation to substantiate the amount of gross receipts that should have been sitused outside Ohio for purposes of its CAT refund claim, it—unlike the Board—concluded that Ohio statutes do *not* impose an additional requirement that the documentation be created contemporaneously. A dissenting opinion follows. Please contact us with any questions.

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Sales/Use/Indirect
California – Jan 28 IPM to Address Rule on Required Information Disclosure of Localities' Sales Tax Sharing Agreements with Retailers

Discussion Paper on the proposed adoption of Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication, Cal. Dept. of Tax & Fee Admin. (1/6/26). The California Department of Tax and Fee Administration (CDTFA) released a discussion paper on the proposed adoption of an administrative rule that would follow its earlier adoption of a corresponding emergency regulation [see *State Tax Matters, Issue 2025-10*, for details on this emergency regulation], with some amendments, addressing the local tax revenue sharing agreement reporting and publication requirements under legislation enacted in 2024 [see *A.B. 2854 (2024)*, *signed by. gov. 9/28/24*, and *State Tax Matters, Issue 2024-40*, for more details on this 2024 legislation] that requires California cities and counties to annually provide specified information to the CDTFA relating to certain sales and use tax rebate agreements made with retailers, or else face possible penalties. In doing so, the CDTFA states that it:

- welcomes any comments, suggestions, and input on this discussion paper and draft proposed rule changes;
- invites interested parties to participate in its upcoming January 28, 2026, interested parties meeting (IPM), which may be attended in-person or virtually; and
- provides a February 13, 2026, deadline for interested parties to provide their written comments regarding this discussion paper and draft proposed rule changes.

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New Jersey – Division of Taxation Guidance Addresses Terminated Penny Production and Resulting Rounding Implications

Cash Transaction Rounding Guidance Due to Penny Supply Changes, N.J. Div. of Tax. (1/9/26). Referencing the federal government's decision to end production of the penny, the New Jersey Division of Taxation (Division) explains the resulting New Jersey sales tax implications for sellers that choose to round the amount collected on cash transactions—generally concluding that "the rounding of a transaction only should be applied to the final transaction total after all taxes and/or fees have been added and payment is made in cash," and that such sellers must collect sales tax based on the purchase price—"regardless of whether the consumer or seller provided exact change." The Division explains that in rounding this final total up or down, the full amount of sales tax on the purchase price must be remitted to the Division.

Regarding any resulting New Jersey corporation business tax (CBT) or gross (individual) income tax (GIT) implications, the same guidance notes that businesses that pay CBT or GIT "must use exact accounting when determining gross receipts or total income," and that if a business rounds up on a transaction, that revenue is treated as additional income to the seller. Correspondingly, "when a business rounds down, it reduces the gross receipt, or total income figure."

Furthermore, the Division states that pursuant to information released from the New Jersey Division of Consumer Affairs, a business or seller may choose—but is not required—to implement a policy of rounding cash transactions up or down to the nearest nickel; however, "the rounding must be disclosed clearly and conspicuously prior to the consumer incurring any charge for the goods or services purchased." Please contact us with any questions.

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New Mexico – Out-of-State Service Provider Deemed Eligible for GRT Exemption Under Substance-Over-Form Analysis

Case No. 22.07-038A, D&O 25-08, N.M. Administrative Hearings Office (10/27/25). In a ruling involving an out-of-state company providing certain services in connection with oilfield consulting engagements, the New Mexico Administrative Hearings Office (AHO) held that, based on the provided facts and submitted documentation, the company's receipts from independent contractor transactions qualified for statutory exemption from New Mexico's gross receipts tax under New Mexico Stat. Ann. 1978, section 7-9-13.1 (pre-2021) as "receipts from performing a service outside New Mexico, the product of which is initially used in New Mexico." Specifically, the AHO held that the company successfully showed that i) the services it performed were conducted outside New Mexico, and ii) the product of those services was initially used in New Mexico. In doing so, the AHO explained that "New Mexico law requires that the substance of a transaction, not its labels, controls for tax purposes," and that based on the provided facts, the company's services constituted administrative and risk-management functions performed for independent contractors, rather than oilfield consulting services provided to extraction companies. The AHO also concluded that the New Mexico Taxation and Revenue Department's "reliance on contract forms is unpersuasive when the credible testimony of [the company's] witnesses expands on the actual substance of its business." Please contact us with any questions.

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Oklahoma – Inventory Storage at Third Party's In-State Warehouse Did Not Create Nexus for Online Retailer

File No. LR-25-005, Okla. Tax Comm., Office of the General Counsel (1/7/26). A letter ruling issued by the Oklahoma Tax Commission's Office of the General Counsel involving an online retailer making sales through its own website and third-party marketplaces concluded that, based on the provided facts, it did *not* have nexus with Oklahoma as its only in-state physical presence was inventory stored at warehouses owned and operated by third-party marketplace facilitators over which it had no control or management authority. The ruling explains that pursuant to Oklahoma law, if a seller's only physical presence in Oklahoma is inventory owned by that seller stored in a third party's warehouse over which the seller has no control, the seller does not have physical nexus in Oklahoma.

Under the provided facts, the online retailer also did not have economic nexus with Oklahoma, because its direct sales through its own website fell below Oklahoma's annual $100,000 sales threshold; and the marketplace facilitators collected and remitted sales tax on the retailer's marketplace sales on its behalf. In this respect, the online retailer was not required to collect and remit Oklahoma sales or use tax on sales made through its own website; and sales made through marketplace facilitator platforms remained the responsibility of those facilitators for Oklahoma sales tax collection and remittance purposes. The ruling notes that so long as the marketplace facilitators in this situation are collecting Oklahoma tax on the online retailer's behalf, those marketplace facilitator sales are *not* included in its economic nexus threshold calculation; however, if a marketplace facilitator is *not* collecting Oklahoma tax on its behalf, those marketplace sales must be included in its threshold calculation—which, in turn, potentially may impart it with economic nexus in Oklahoma. Please contact us with any questions.

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Wisconsin – Appellate Court Holds that Online Platform's Secondary Ticket Sales are Taxable

Case No. 2024AP455, Wis. Ct. App. (1/13/26). The Wisconsin Court of Appeals (Court) reversed a 2024 circuit court opinion [see *State Tax Matters, Issue 2024-19* for details on the 2024 decision] that had set aside the Wisconsin Tax Appeals Commission's 2023 decision [see *Case No. 16-S-268*, Wis. Tax. App. Comm. (2/28/23) and *State Tax Matters, 2023-11*, for more details on this 2023 ruling] to hold that an out-of-state company operating an online marketplace where tickets to sporting events, concerts, theater and other live entertainment services were bought and sold did in fact owe Wisconsin sales tax on the purchase price of tickets sold to events in Wisconsin during the prior periods at issue. In doing so, the Court explained that the company constituted a person selling within the meaning of applicable Wisconsin statutes and "dictionary definitions"—that is, a person that "effected the sale by transferring the tickets in exchange for payment"—and therefore was subject to Wisconsin's sales tax. The Court also held that the company was subject to underlying negligence penalties for its failure to pay the sales tax—reasoning that existing guidance published by the Wisconsin Department of Revenue had clearly explained what is meant by a "ticket broker" subject to Wisconsin sales tax. Please contact us with any questions.

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Property
Ohio – Taxpayer Successfully Shows COVID-19 Pandemic Contributed to Reduced Shopping Plaza Valuation

Case No. 2022-263, Ohio Bd. of Tax App. (1/7/26). In a case involving the property tax valuation of a shopping plaza anchored by a former movie theater for tax year 2020, the Ohio Board of Tax Appeals (Board) sided with the owner's lower valuation emphasizing the COVID-19 pandemic impact and agreed with the testimony and report of the owner's appraiser showing "a general decrease in values for strip centers and movie theaters between January 1, 2020, and October 1, 2020." In this respect, the owner successfully established a reduced shopping plaza valuation pursuant to Ohio legislation enacted in 2021 [see *S.B. 57 (2021)* and *State Tax Matters, Issue 2021-17*, for more details on this pandemic-related legislation]. According to the Board, the owner's appraisal "does summarize market evidence to support the idea that strip center values decreased during the relevant period," and it rejected for lack of supporting evidence a locality's argument that "difficulties affecting the former movie theater space predated the pandemic and therefore cannot justify a reduced valuation for tax year 2020." Please contact us with any questions.

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Oregon – U.S. Supreme Court Denies Reviewing Whether Statute Taxing Intangible Property is Valid

Docket No. 25-611, US (*cert. denied 1/12/26*). In a case addressing Oregon Rev. Stat. section 308.515(1) involving the taxation of intangible property held by centrally assessed businesses and challenging its validity, the U.S. Supreme Court denied the taxpayer's request to review whether the Equal Protection Clause of the Fourteenth Amendment prohibits a state from "singling out a few businesses for taxation of their intangible property, because it is administratively convenient, when identical intangible property of all other taxpayers is exempt from taxation." In 2025, the Oregon Supreme Court held that the Oregon statute permitting such taxation is constitutional [see *Case No. S070564*, Or. (9/18/25), and *State Tax Matters, Issue 2025-37*, for more details on the Oregon Supreme Court's 2025 decision in this case]. Please contact us with any questions.

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Texas – Inventories of Crude Oil Deemed Exempt under U.S. Constitution's Import-Export Clause

Case No. 13-24-00590-CV, Tex. App., 13th Dist. (1/8/26). In a case challenging the ad valorem taxation of crude oil inventories held in a locality's coastal tank farms, the Texas Thirteenth Court of Appeals (Court) affirmed the district court's ruling and held "the subject oil was in the stream of export and therefore enjoyed 'bright-line' immunity from taxation under the Import-Export Clause of the United States Constitution." Citing the Texas Supreme Court's related construction and application of relevant U.S. Supreme Court caselaw, the Court explained that goods which are "in transit" outside the country or are "in the stream of export" enjoy "bright-line" immunity from taxation, and based on the provided facts, concluded that the subject oil had a "precommitted foreign destination" at the time of appraisal. Upon concluding the oil entered the stream of export, the Court considered whether the "continuity of transit" was broken by its storage in tanks within the locality—and held that the oil's temporary stoppage in this situation was "attributable to an exportation, not a business, purpose" and thus "the continuity of transit was not interrupted, and the oil is exempt from taxation." Please contact us with any questions.

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