



State Tax Matters

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Administrative / Amnesty

Georgia – New Law Says Administrative Agencies are Not Entitled to Deference from Reviewing Courts or Hearing Officers

H.B. 1247, signed by gov. 5/12/26. Effective immediately, newly enacted legislation modifies Georgia's standard for review of a state agency's interpretation of Georgia law. Specifically, the legislation provides that in interpreting Georgia's constitution, statutes, or published rules, "a court, or an officer hearing an administrative action, shall not defer to a state agency's determination or interpretation of such authorities, whether such determination or interpretation is written or unwritten." The legislation also states that this provision "shall not be construed to alter any standards of judicial review expressly established by statute." Please contact us with any questions.

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Indiana – DOR Says "Double Penalties" May Apply for Failing to Participate in Upcoming Amnesty Program

Tax Amnesty 2026: Frequently Asked Questions, Ind. Dept. of Rev. (5/26); *LSA Document #26-1*, Ind. Dept. of Rev. (5/6/26); *May Tax Bulletin*, Ind. Dept. of Rev. (5/11/26). Answers to "frequently asked questions" (FAQs) posted on the Indiana Department of Revenue's (Department) website on the tax amnesty program that is scheduled to take place between July 15, 2026 and September 9, 2026 [see *H.B. 1001 (2025)*, and *State Tax Matters, Issue 2025-18*; and *S.B. 243 (2026)*, and *State Tax Matters, Issue 2026-10*, for more details on the state tax legislation authorizing this upcoming amnesty program], state that those eligible to participate, but that choose not to participate, "may incur double penalties on eligible periods." The Department also released a proposed interim rule that implements this upcoming tax amnesty program, and it similarly provides for added nonparticipation penalties. Comments on the proposed interim rule are due by June 5, 2026.

The upcoming amnesty program applies to most taxes that the Department administers (e.g., the state adjusted gross income tax, financial institutions tax, and gross retail and use tax) and offers eligible participants a potential waiver of all underlying penalties and interest. Outstanding tax liabilities for tax periods ending prior to January 1, 2024, generally are eligible for this program. According to the Department, a tax amnesty eligibility “lookup tool” will be available as of May 18, and it will allow persons to “look up if they have any eligible liabilities.” Please contact us with any questions.

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Income/Franchise

Arkansas – New Law Provides Another Corporate Income Tax Rate Reduction by Lowering Top Rate to 4.1%

H.B. 1001, signed by gov. 5/6/26; *S.B. 1*, signed by gov. 5/6/26; *Newsroom: Bills Signed: HB1001, SB1*, Office of Ark. Governor (5/6/26). Applicable for tax years beginning on or after January 1, 2027, recently signed legislation lowers the top Arkansas corporate income tax rate (*i.e.*, on net income exceeding \$11,000) for both domestic and foreign corporations from 4.3% to 4.1% [see *H.B. 1001(2024)*, and *State Tax Matters, Issue 2024-26*, for details on earlier Arkansas corporate income tax rate reductions that were enacted in 2024]. The legislation also lowers some Arkansas individual income tax rates, applicable for tax years beginning on or after January 1, 2026. Please contact us with any questions.

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Georgia – New Law Lowers Corporate Income Tax Rate and Contingently Phases in Additional Tax Rate Reductions

H.B. 463, signed by gov. 5/11/26. Effective immediately and applicable to all taxable years beginning on or after January 1, 2026, new law lowers Georgia's corporate income tax rate from 5.19% to 4.99%. Subject to certain contingencies, Georgia's corporate income tax rate would be reduced further by 0.125% annually beginning on January 1, 2027, until the tax rate reaches 3.99%.

Note that Georgia also enacted state corporate income tax rate reductions in the past two prior years [see [State Tax Matters, Issue 2025-15](#), and [State Tax Matters, Issue 2024-16](#), for details on the tax rate changes enacted in 2025 and 2024]. Please contact us with any questions.

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New Jersey – Updated CBT Bulletin Reflects OBBBA's Changes from GILTI and FDII to NCTI and FDDEI

Tax Bulletin No. TB-110(R): Corporation Business Tax Net Controlled Foreign Corporation Income (formerly known as GILTI) Treatment, N.J. Div. of Tax. (rev. 5/6/26). The New Jersey Division of Taxation (Division) posted an updated New Jersey corporation business tax (CBT) bulletin referencing its previously issued statement – "[Federal Renaming for GILTI and FDII Under the One Big Beautiful Bill Act for Corporation Business Tax](#)," [see [State Tax Matters, Issue 2025-47](#), for details on this earlier statement] – which essentially reiterates that despite federal income tax terminology changes under the federal One Big Beautiful Bill Act (commonly referenced as "OBBBA" and more formally as P.L. 119-21) that respectively "rename" global intangible low-taxed income (GILTI) as net controlled foreign corporation tested income (NCTI), and foreign-derived intangible income (FDII) as foreign-derived deduction eligible income (FDDEI), the "treatment of these concepts for New Jersey Corporation Business Tax purposes is unchanged and remains as set forth in the published guidance and regulations." Accordingly, the bulletin has been updated for these "renamed concepts" and addresses the CBT treatment for NCTI, FDDEI, and the IRC section 250(a) deduction.

The bulletin was initially issued in 2023, and reflects significant CBT changes that were enacted pursuant to 2023 legislation [see [A.B. 5323 \(P.L. 2023, c. 96\)](#) and [previously issued Multistate Tax Alert](#) for more details on these CBT law changes], applicable for privilege periods ending on and after July 31, 2023. Please contact us with any questions.

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Sales/Use/Indirect Florida – New Law Addresses Penny Shortage and Rounding in Cash Transactions

[S.B. 1074](#), signed by gov. 5/11/26. Addressing the federal government’s decision to end production of the penny, recently enacted Florida legislation provides dealers with precise rules for rounding to the nearest nickel in certain cash transactions. While the legislation provides a rounding method for purposes of completing certain cash transactions, it specifies that these rounding rules do *not* alter the sales price, the amount of tax collected under applicable state law, or any surcharges, assessments, or fees imposed on the sale. Please contact us with any questions.

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Georgia – New Law Addresses Penny Shortage and Rounding in Cash Transactions

[H.B. 1112](#), signed by gov. 5/11/26. Addressing the federal government’s decision to end production of the penny, recently enacted Georgia legislation provides merchants with precise rules for rounding to the nearest five cents in certain cash transactions. While the legislation provides a rounding method for purposes of completing certain cash transactions, it specifies that these rounding adjustments “shall not be interpreted as impacting the sales price of the purchase” under applicable state law, or “the calculation of any other tax.” Please contact us with any questions.

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Illinois – Proposed New Rule Implements Remote Retailer Amnesty Program that Begins August 1

Proposed New 86 Ill. Adm. Code 131.185, Ill. Dept. of Rev. (5/8/26). The Illinois Department of Revenue (Department) is proposing a new rule to implement its upcoming “Remote Retailer Amnesty Program,” which was enacted in 2025 and is scheduled to run from August 1, 2026 through October 31, 2026 [see *H.B. 2755 (Public Act 104-0006)* and *previously issued Multistate Tax Alert* for more details on the enacted 2025 Illinois legislation]. The program provides potential amnesty for certain unpaid Illinois state and local retailers’ occupation tax (ROT) imposed on the sale of tangible personal property sold to an Illinois customer by a remote retailer during the period January 1, 2021, through June 30, 2026. Remote retailers participating in the program must report and remit, at a simplified ROT rate, state and local ROTs due on eligible transactions. In exchange for participation, the proposed new rule explains that qualifying remote retailers potentially may receive full abatement of any underlying penalties and interest on eligible transactions. The proposed new rule also explains that the amnesty program generally is *not* open to servicepersons or Illinois retailers with an in-state physical presence. The proposed new rule includes relevant definitions and details eligibility and requirements for participating in the program. Comments on the proposed new rule are due no later than 45 days after its May 8 publication. Please contact us with any questions.

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Maryland – New Law Creates Exemption for Intercompany Sales of Digital Products & Info Tech Services, and Addresses Penny Shortage

H.B. 898 / S.B. 388, signed by gov. 5/12/26. New law provides that Maryland’s sales and use tax does *not* apply to certain intercompany sales of information technology services and digital codes and digital products in situations where both the vendor and buyer are members of the same affiliated group. For such purposes, an “affiliated group” has the same meaning as provided under Internal Revenue Code (IRC) section 1504, and includes related parties as described under IRC sections 267(B)(10), (11), or (12).

H.B. 1026 / S.B. 893, signed by gov. 5/12/26. Addressing the federal government’s decision to end production of the penny, recently enacted Maryland legislation provides merchants with suggested rules for rounding to the nearest five cents in certain cash transactions. While the legislation permits rounding for purposes of completing certain cash transactions, it provides that the rounding “may not be construed to authorize a merchant to round a price for a good or service in a manner that alters the calculation of any tax or fee applicable to the transaction.” Please contact us with any questions.

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Ohio – On Remand, BTA Says True Object of Electronic Accounting Transactions are Taxable Computer Services

Case No. 2018-2247, Ohio Bd. of Tax App. (5/11/26). On remand from the Ohio Supreme Court’s 2022 decision involving a bank that unsuccessfully claimed it was providing nontaxable “personal or professional services” rather than taxable “automatic data processing” [see *Slip Opinion No. 2022-Ohio-725*, Ohio (3/15/22) and *State Tax Matters, Issue 2022-11*, for more details on this 2022 decision], the Ohio Board of Tax Appeals (BTA) held that based on the provided facts, the “true object” of certain service charges at issue was accessing taxable computer services (specifically, taxable automatic data processing (ADP) and taxable electronic information services (EIS)), rather than nontaxable customized software. That is, it provided daily, real-time, immediate access to stored business data “without cognitive involvement of personal or professional services.” In doing so, the Board noted that the Ohio Supreme Court has reasoned that “a transaction is taxable only when the consumer’s true object is to obtain the work performed by computer systems – ADP or EIS – rather than to obtain personal or professional services that are coupled with the work that is performed by computer services.” Please contact us with any questions.

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Miscellaneous

New York City – Payments for Posting and Maintaining Billboard Advertising Deemed Not Subject to Commercial Rent Tax

TAT(H)20-15(CR), TAT(H)20-16(CR), TAT(H)20-17(CR), TAT(H)20-13(CR), TAT(H)20-14(CR), TAT(H)20-25(CR), TAT(H)20-26(CR), TAT(H)20-29(CR), TAT(H)20-30(CR), N.Y.C. Tax App. Trib., ALJ Div. (4/22/26). In a ruling involving four Broadway productions entering into agreements through their respective agents with third parties (*i.e.*, billboard entities) for advertising services on billboards located in New York City (City), an administrative law judge with the City Tax Appeals Tribunal (Tribunal) held that their payments made to the billboard entities for posting and maintaining the advertisements constituted payments for advertising services, rather than the use of billboards, and thus were *not* subject to the City’s commercial rent tax (CRT) as payments for the license to use, or use of, taxable premises in the City. Agreeing with one of the Broadway production company’s claims, the judge highlighted that the underlying advertising agreements at issue did not grant access to the billboards “of any kind,” and the production companies (including their agents) had no means for actual, physical, or even virtual access to the billboards. The Tribunal emphasized that to be a licensee or a user of property subject to the CRT as a “tenant,” one must have access to that property – which was not the case here. Under the provided facts, the billboard entities generally placed the production companies’ advertising copy on the billboards; if there was any issue or problem with the display of that advertising copy, the production companies’ only recourse was to go to the billboard entities for resolution. Please contact us with any questions.

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