



TWIST-Q | Summary of developments - 2nd Quarter 2019

This checklist includes developments for the second calendar quarter of 2019 that have occurred prior to the date of publication. Please note that certain Quarter 2 items are dated earlier. These items were released after our Quarter 1 checklist or were first made publicly available during the second quarter of 2019. Please note that there may be developments that occur or legislation that will be enacted after we release this checklist. Please stay tuned to our [TWIST weekly podcast series](#) for additional updates.

IRC Conformity ¹	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Legislation has been enacted updating the state's conformity to certain IRC provisions as of January 1, 2019, including IRC §§ 162 and 274. IRC §§ 118, 174 and 280C as in effect on January 1, 2019 are newly incorporated into Arkansas law. These provisions are effective for tax years beginning on or after January 1, 2019. House Bill 1953 (signed April 10, 2019).	AR				
For the purposes of computing income tax for taxable years beginning from and after December 31, 2017 through December 31, 2018, "Internal Revenue Code" means the Code as in effect on January 1, 2018, including the Tax Cuts and Jobs Act provisions that became effective in 2017 and 2018. For taxable years beginning from and after December 31, 2018, "Internal Revenue Code" means the Code as amended and in effect on January 1, 2019. House Bill 2757 (signed May 31, 2019).	AZ				

¹ Note that conformity legislation was enacted in several additional fixed-date conformity states that had already advanced their conformity to the Code last year to capture tax reform.

IRC Conformity ¹	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
The general definition of the “Internal Revenue Code” (used for purposes of computing the Minnesota corporate income tax) is advanced from the Internal Revenue Code as amended through December 16, 2016 to the Code as amended through December 31, 2018. For corporate taxpayers, federal changes made to the Code, including changes made by the Tax Cuts and Jobs Act, are effective for Minnesota purposes at the same time they went into effect federally (i.e. retroactively). House File 5 (signed May 30, 2019).	MN				

Tax rates	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning on or after January 1, 2021, the maximum corporation income tax rate imposed on income exceeding \$100,000 is reduced to from 6.5 percent to 6.2 percent. Effective for tax years beginning on or after January 1, 2022, the maximum corporation income tax is further reduced to 5.9 percent on income exceeding \$25,000. Senate Bill 576 (signed April 9, 2019).	AR				
The ten percent corporate surtax is extended through tax years beginning prior to January 1, 2021. The surtax does not apply to taxpayers that pay the \$250 minimum tax or that have less than \$100 million in gross income for the tax year. However, taxpayers filing combined returns are subject to the surtax regardless of income level. House Bill 7424 (pending signature).	CT				
Effective contingent upon voter approval of a constitutional amendment allowing the state to impose income taxes at graduated rates, the Illinois corporate income tax rate will increase from 7.0 percent to 7.99 percent (or 10.49 percent including the 2.5 percent replacement tax) for taxable years beginning on or after January 1, 2021. Senate Bill 687 (signed June 5, 2019).	IL				

Tax rates	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
<p>Qualified New York manufacturers are subject to tax on entire net income at a rate of zero percent, and are subject to a reduced capital tax. The definitions of a "qualified New York manufacturer" make reference to companies that have property in New York with a certain adjusted federal basis. The reference to federal basis has been amended to refer to the basis for "New York state tax" purposes. This reflects that the federal and New York bases may be different due to enhanced federal expensing. Assembly Bill 2009C and Senate Bill 1509C (signed April 10, 2019).</p>	NY				

Nexus and Public Law 86-272	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
<p>Effective for tax years beginning after December 31, 2019, a person lacking physical presence in Hawaii is presumed to be "systematically and regularly engaging in business in the State" if, during the current or preceding calendar year, "the person engaged in [200] or more business transactions...or the sum of the value of the person's gross income attributable to sources in [the] State equals or exceeds \$100,000, or for a person that does business within and without the State the numerator of the person's sales factor for the State equals or exceeds \$100,000." Senate Bill 495 (pending enactment).</p>	HI				
<p>The corporate income tax law has been revised to provide that "income derived from Indiana shall be taxable to the fullest extent permitted by the Constitution of the United States and federal law, regardless of whether the taxpayer has a physical presence in Indiana." Senate Bill 563 (signed May 1, 2019).</p>	IN				

Nexus and Public Law 86-272	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Kentucky's sales and use tax economic nexus thresholds (200 or more sales or \$100,000 or more in gross receipts for sales into the state) do not apply to the corporate income tax or limited liability entity tax. A company must file a corporate or limited liability entity tax return if it has any amount of sales, property, or payroll in the state. Corporation and Pass-through Entity Taxes FAQs (Commonwealth of Ky. March 2019).	KY				
A taxpayer's wholesalers were not "independent contractors" under P.L. 86-272 but were independent contractors under Oregon state law because they performed services (accepting returns) and in turn received remuneration (cash payments and credits under the agreements). As such, the wholesalers were independent contractors acting on behalf of the taxpayer when they accepted returns and caused the taxpayer to lose P.L. 86-272 protection. <i>Santa Fe Natural Tobacco Company v. Department of Revenue</i> (Or. Tax Ct. Feb. 26, 2019).	OR				
Effective retroactively to tax years beginning on or after January 1, 2019, "doing business" in Utah, for corporate income tax purposes, includes a taxpayer that is selling or performing services in Utah or that is earning income from the use of intangibles in Utah. Senate Bill 28 (signed March 27, 2019).	UT				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning after December 31, 2019, the definition of net income for purposes of the Alabama Financial Institution Excise Tax has been significantly revised. In general, the definition is changed from gross income with numerous modifications to federal taxable income before the federal NOL deduction with numerous Alabama modifications. House Bill 419 (signed May 22, 2019).	AL				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
<p>For purposes of the Alabama Financial Institution Excise Tax, a subtraction from federal taxable income is allowed for interest not deductible for federal purposes under IRC §§ 163(j)(1), 265, or 291 (related to tax-exempt securities), effective for tax years beginning after December 31, 2019. An addition is required for any interest that was treated as paid or incurred in the current taxable year under IRC § 163(j) (2). House Bill 419 (signed May 22, 2019).</p>	AL				
<p>Effective for tax years beginning after December 31, 2019, for purposes of the Alabama Financial Institution Excise Tax, a subtraction from federal taxable income is allowed for the amount of GILTI included in gross income under IRC § 951A and amounts treated as dividends under IRC § 78. An addition is required for the amount of FDII and GILTI deducted under IRC § 250. House Bill 419 (signed May 22, 2019).</p>	AL				
<p>For purposes of the Alabama Financial Institution Excise Tax, NOLs incurred in tax years beginning after December 31, 2019 may be carried forward and deducted during the 15 consecutive years immediately following the tax year in which the loss arose and no NOL carrybacks are permitted (current law allows an eight-year carryforward and a two-year carryback). House Bill 419 (signed May 22, 2019).</p>	AL				
<p>The NOL carryforward period is increased from five to eight years for losses occurring in tax years beginning on or after January 1, 2020. A ten-year carryforward period applies to losses occurring in tax years beginning on or after January 1, 2021. Senate Bill 576 (signed April 9, 2019).</p>	AR				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning from and after December 31, 2018, the current subtraction for foreign dividends is expanded to include IRC § 78 gross-up income, GILTI as defined under IRC § 951A, and subpart F income under IRC § 952, meaning Arizona will continue its current policy of generally not taxing foreign income. The current addition for dividend income received from corporations and allowed as a deduction under IRC §§ 243 and 245 is expanded to include amounts deducted under IRC §§ 245A and 250(a)(1)(B) (GILTI deduction). House Bill 2757 (signed May 31, 2019).	AZ				
IRC § 965(a) income is considered a foreign dividend and may be subtracted to the extent it is included in Arizona's starting point for corporations. Any related federal deduction would need to be added back on the Arizona return. Income Tax Notice for Corporate Taxpayers (Az. Dep't of Rev. June 4, 2019).	AZ				
The current limitation on the use of credits and excess credits (limiting use of these credits to 65 percent of the taxpayer's Corporation Business Tax liability) is repealed, effective for tax years beginning on or after January 1, 2019. House Bill 7424 (pending enactment).	CT				
A current subtraction for amounts included in taxable income under IRC §§ 78 and 951 is expanded to include all amounts included in taxable income under IRC § 951A (GILTI). The IRC § 951A subtraction is allowed only to the extent such amount was not deductible in determining federal taxable income. House Bill 7127 (pending enactment).	FL				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
If a taxpayer has no gross income effectively connected with the conduct of a trade or business in the United States due to the Canada-U.S. tax treaty, then it would have no taxable income for federal purposes. However, the taxpayer could still be subject to Georgia income taxes by having positive taxable net income as a result of any addition modifications required under Georgia law. Ltr. Rul. IT 2018-01 (Ga. Dep't of Rev. June 20, 2018).	GA				
Effective for tax years beginning after December 31, 2019, IRC § 857(b)(2)(B) is added to the list of federal Code provisions that are inoperative for Hawaii purposes, and certain REITs are not allowed a deduction for dividends paid. Senate Bill 301 (pending enactment).	HI				
Effective retroactively to tax years beginning on or after January 1, 2017, Idaho adopts the deduction allowed under IRC § 965(c); and effective retroactively to tax years beginning on or after January 1, 2018, Idaho adopts the deductions allowed under IRC §§ 245A and 250. Previously, an addback was required for amounts deducted under IRC §§ 245A, 250, and 965. House Bill 183 (signed April 3, 2019).	ID				
Effective for taxable years beginning after December 31, 2018, an addback is required for the amount deducted under IRC § 250(a)(1)(A), which represents the FDII portion of the IRC § 250 deduction. Senate Bill 689 (signed June 5, 2019).	IL				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
<p>Extensive provisions addressing the computation of a combined group member's NOL carryover confirm that a NOL carryover incurred by a taxpayer member of the group in a tax year after which a unitary combined return has been filed may be shared with other taxpayer members of the group, assuming the other taxpayer members were members of the group in the year the loss was incurred. If the loss carryover was from a pre-tax reform year or from a year in which the member incurring the loss was not a taxable member of the combined group, the loss can be shared but may not reduce any other taxpayer member's Kentucky apportioned taxable income by more than 50 percent in any tax year. If the taxpayer member is deducting its own NOL carryover from a pre-tax reform year or from a year in which it was not a taxable group member, the only limit that applies is the general 80 percent limit under IRC § 172, which Kentucky adopts. House Bill 458 (signed April 9, 2019).</p>	KY				
<p>Certain publicly traded companies whose deferred tax positions are negatively affected as a direct result of the change to combined reporting may claim a deduction in an amount necessary to fully offset the financial statement impact that results from the change. To preserve the deduction the company must file Schedule DTD by July 1, 2019, and no extensions are permitted. House Bill 458 (signed April 9, 2019).</p>	KY				
<p>For all tax years beginning on and after January 1, 2020, carried over losses are applied beginning with the loss for the earliest taxable year first. Currently, the most recent loss is applied first. House Bill 263 (signed June 11, 2019).</p>	LA				
<p>For corporate taxpayers, GILTI is not treated as a dividend or deemed dividend and therefore is not eligible for Maryland's dividend subtraction. Thus, Maryland taxable income will include GILTI as adjusted by the IRC § 250 deduction. Income Tax Alert 04-19 (Md. Comptroller April 17, 2019).</p>	MD				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
A subtraction is required for amounts included in income under IRC § 965 ("deferred foreign income") effective retroactively to when the federal provisions became effective. House File 5 (signed May 30, 2019).	MN				
Effective for tax years beginning after December 31, 2017, a subtraction applies to the amount of GILTI included in gross income under IRC § 951A. An addition is required for the amount of any special deduction allowed under IRC § 250. House File 5 (signed May 30, 2019).	MN				
Effective for tax years beginning after December 31, 2017, the amount of the Minnesota NOL deduction "must not exceed 80 percent of taxable net income in a single taxable year." House File 5 (signed May 30, 2019).	MN				
The net income of a domestic corporation included pursuant to IRC § 951 (Subpart F income) is eligible for Minnesota's dividends received deduction. House File 5 (signed May 30, 2019).	MN				
Effective for taxable years beginning after December 31, 2017, the limitation under IRC § 163(j) must be computed using the combined report entities included in the unitary group. The limitation must be aggregated between combined report entities consistent with the application to a consolidated group for federal income tax purposes. House File 5 (signed May 30, 2019).	MN				
Combined group members may claim an "unreasonable exception" for expenses paid to CFCs that may be subject to New Jersey's related party addback rules if they can show (1) "the related party is not included on the combined return," (2) "the members of the combined group have GILTI from the related party," and (3) the related party was the entity that generated the GILTI amount included in the member's entire net income. Technical Bulletin 88 (N.J. Div. of Tax. April 23, 2019).	NJ				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
<p>For privilege periods beginning after December 31, 2017, IRC § 163(j) applies on a “pro-rata basis to interest paid to both related and unrelated parties,” regardless of the state’s addback rules. A taxpayer filing separate New Jersey tax returns will determine its portion of the overall § 163(j) limitation of the consolidated group based on the interest income and interest expense allocation provisions in the federal proposed § 163(j) regulations. Technical Bulletin 87 (N.J. Div. of Tax. April 12, 2019).</p>	NJ				
<p>Members of the combined group will be treated as one taxpayer for purposes of applying the IRC § 163(j) limitation even if some of the New Jersey combined group members were not included on the same federal consolidated return. Conversely, taxpayers included on the same federal consolidated return, but not in the same New Jersey combined return, will still be treated as one taxpayer for purposes of computing the limitation. Technical Bulletin 87 (N.J. Div. of Tax. April 12, 2019).</p>	NJ				
<p>Effective for tax years beginning on or after January 1, 2020, a deduction is allowed for an amount equal to 100 percent of the income of the corporation under IRC § 951A (GILTI) after allowing the deduction provided in IRC § 250. House Bill 6 (signed April 4, 2019).</p>	NM				
<p>Effective for tax years beginning on or after January 1, 2020, a taxpayer’s “net operating loss deduction” means the portion of the NOL carryover that may be deducted from the taxpayer’s apportioned net income under the Code for the taxable year in which the deduction is taken, including the 80 percent limitation under IRC § 172(a) calculated on the basis of the taxpayer’s apportioned net income. House Bill 6 (signed April 4, 2019).</p>	NM				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Effective for each of ten consecutive tax years beginning on or after January 1, 2026, a filing group may claim a deduction to offset the financial statement impact of moving to combined or consolidated reporting and market-based sourcing, assuming the group members are part of a publicly traded company. A filing group may not claim a deduction unless it files a preliminary notice with the Secretary prior to January 1, 2023. House Bill 6 (signed April 4, 2019).	NM				
Under former New York law, a taxpayer could deduct royalty payments received from a related member to the extent included in the taxpayer's federal taxable income unless the related member was not required to add back those payments under New York's statutory add back rules. This now-repealed income exclusion provision required the related member to be a New York taxpayer for the royalty recipient to qualify for the royalty income exclusion. <i>In the Matter of The Walt Disney Company and Consolidated Subsidiaries</i> (N.Y. Div. Tax App. May 30, 2019).	NY				
An exclusion from entire net income applies to any contributions to the capital of a corporation by any governmental entity or civic group effective for tax years beginning on or after January 1, 2018. Assembly Bill 2009C and Senate Bill 1509C (signed April 10, 2019).	NY				
A corporate taxpayer was not entitled to deduct premiums paid to a captive insurance subsidiary in computing New York entire net income for the tax years at issue (2006 through 2009). <i>Matter of Stewart's Shops Corp. v. New York State Tax Appeals Tribunal</i> (N.Y. Sup. Ct. App. Div. May 23, 2019).	NY				

Tax base	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
If a federal consolidated group reports an interest limitation under IRC § 163(j), then each member with a Pennsylvania corporate net income tax filing obligation will need to determine its own limitation, if any, by performing a calculation on a separate company basis. Corporation Tax Bulletin 2019-03 (Penn. Dep't of Rev. April 29, 2019).	PA				
Taxpayers subject to Pennsylvania related party addback rules will need to allocate their interest limitation under IRC § 163(j) on a pro-rata basis between interest subject to and not subject to addback based on proscribed steps. Corporation Tax Bulletin 2019-03 (Penn. Dep't of Rev. April 29, 2019).	PA				
For tax periods beginning on or after January 1, 2018, a subtraction is allowed for amounts included in federal taxable income under IRC §§ 951A and 965(a) (to the extent included in net earnings). An addition is required for five percent of GILTI before the IRC § 250 deduction and five percent of the amount included under IRC § 965(a) (before the § 965(c) deduction). Senate Bill 558 (signed May 8, 2019).	TN				

Apportionment changes and developments	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Under current law, corporations and financial institutions use a double-weighted sales factor formula to apportion business income to Arkansas. For tax years beginning on or after January 1, 2021, all business income of both general corporations and financial institutions will be apportioned to Arkansas using a single-sales or receipts factor method. Senate Bill 576 (signed April 9, 2019).	AR				

Apportionment changes and developments	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning after December 31, 2019, market-based sourcing rules apply under which receipts from intangibles are sourced to where the intangible property is used, and service receipts are sourced to Hawaii to the extent the service was used or consumed in the state. Senate Bill 394 (signed June 7, 2019).	HI				
The definition of “sales” for purposes of the receipts factor is revised to include only net gains from (1) the maturity, redemption, sale, exchange, loan, or other disposition of stocks, bonds, notes, options, forward contracts, future contracts, and similar instruments or securities, and (2) the maturity, sale, or exchange of two or more contracts, instruments, or securities as part of a hedging or substantially similar transaction. Senate Bill 563 (signed May 1, 2019).	IN				
Effective for tax years beginning after December 31, 2018, receipts are attributed to Indiana if the taxpayer’s market for the sale is in Indiana. Service receipts will be attributed to Indiana to the extent the benefit of the service is received in Indiana. Receipts that cannot be sourced using the statutory rules will be excluded from the denominator of the receipts factor. Telecommunications and broadcasting service receipts will continue to be sourced using the costs of performance approach. Senate Bill 563 (signed May 1, 2019).	IN				
For apportionment purposes, GILTI will be treated as income attributable to intangibles. As such, the total amount of GILTI will be included in the denominator, and the numerator will include GILTI based on the average of the taxpayer’s in-state property and payroll factors. Income Tax Alert 04-19 (Md. Comptroller April 17, 2019).	MD				

Apportionment changes and developments	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning on or after January 1, 2020, New Mexico adopts market-based sourcing rules. Service receipts will be sourced to New Mexico to the extent the service is delivered in New Mexico. If the taxpayer is not taxable in the state to which a sale is assigned under the statutory rules or the state of assignment cannot be determined or reasonably approximated, then the receipts at issue are excluded from the sales factor entirely. House Bill 6 (signed April 4, 2019).	NM				
A bulletin providing additional guidance on the water's-edge, worldwide and affiliated group filing methods, confirms that groups filing on a water's-edge or worldwide basis will use the so-called <i>Joyce</i> apportionment method, while taxpayers making an affiliated group election will use the <i>Finnigan</i> method. Technical Bulletin 89 (N.J. Div. of Tax. May 21, 2019).	NJ				
Effective for tax years beginning on or after January 1, 2018, net GILTI is added to a taxpayer's receipts factor denominator, but no GILTI is added to the numerator. "Net GILTI" is the amount required to be included in the taxpayer's federal gross income under IRC § 951A(a) less the amount of the deduction allowed under IRC § 250(a)(1)(B)(i). Assembly Bill 2009C and Senate Bill 1509C (signed April 10, 2019).	NY				
A corporate member of two SMLLCs was not entitled to use the broker-dealer customer-based sourcing provisions to source the receipts of the investment adviser SMLLC because the status of the registered broker-dealer SMLLC did not carry over to the receipts of the investment adviser SMLLC. In the <i>Matter of the Petition of BTG Pactual NY Corporation</i> (N.Y. Tax App. Trib. March 7, 2019).	NY				

Apportionment changes and developments	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
The special apportionment method for broadcasters based on the state of domicile of customers is extended through 2019 and expires for tax years beginning on or after January 1, 2020. Senate Bill 193 (signed June 13, 2019).	OR				
Effective for tax years beginning on or after January 1, 2020, sales, other than sales of tangible personal property, will be sourced to Vermont if the taxpayer's market for the sale is in Vermont. Specific rules apply to certain types of receipts; service receipts will be sourced to Vermont to the extent the service is delivered to a location in Vermont. House Bill 514 (signed June 10, 2019).	VT				

Filing methods	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
The stock ownership test for purposes of filing an Alabama Financial Institution Excise Tax consolidated return is revised to require at least 80 percent direct or indirect ownership, applying the attribution rules of IRC § 318, effective for tax years beginning after December 31, 2019. House Bill 419 (signed May 22, 2019).	AL				
A domestic holding company that had no property and payroll could not be required to be included in a Colorado combined report with its affiliates because a company with no property or payroll by definition cannot have 20 percent of its property and payroll in the U.S. Furthermore, the Department could not use the state's IRC § 482-equivalent statute to include the domestic holding companies in their respective combined groups. <i>Dep't of Revenue v. Agilent</i> and <i>Dep't of Revenue v. Oracle</i> (Colo. May 28, 2019).	CO				
Domestic corporations with no property and payroll or minimal property or payroll may be included in the unitary combined group. Senate Bill 233 (signed May 31, 2019).	CO				

Filing methods	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
Effective January 1, 2021, all financial institutions are subject to corporate income tax and limited liability entity tax, rather than the bank franchise tax. House Bill 458 (signed April 9, 2019).	KY				
Effective for tax years beginning on or after January 1, 2019, members of a unitary business group must file a unitary combined report or make a binding election to file a consolidated return with all affiliated group members included. Certain changes have been made to the combined reporting law. First, the consolidated group election is now binding for 48, rather than 96, months. Second, a combined group only includes corporations the voting stock of which is more than 50 percent owned, directly or indirectly, by a common owner or owners. In addition, a "tax haven" does not include a jurisdiction that has entered into a comprehensive income tax treaty with the United States, which the Secretary of the Treasury has determined is satisfactory for purposes of IRC § 1(h)(11)(C)(i)(II). House Bill 354 (signed March 26, 2019) and House Bill 458 (signed April 9, 2019).	KY				
REITs, RICs, and Investment Companies must report on a separate entity basis because the Corporation Business Tax law does not specifically include or exclude such entities from the combined group. If these entities have nexus with New Jersey, they will be subject to the statutory minimum tax and income tax. Technical Bulletin-86 (Revised) (N.J. Div. of Tax. May 15, 2019).	NJ				

Filing methods	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
For all original returns filed for tax years beginning on or after January 1, 2020, corporations that are part of a unitary group must file a worldwide combined return unless the group elects to file on a water's-edge or consolidated group basis. Corporations electing to file on a consolidated basis must file on the same basis for federal income tax purposes. House Bill 6 (signed April 4, 2019).	NM				

Franchise tax developments	State	Potential Impact on Current Tax?	Potential Impact on Deferred Taxes?	Potential Impact on ASC 740-10?	Other/ Comments
The capital stock tax rate, currently three and one-tenth mills per dollar of taxable basis, is incrementally reduced beginning with income years commencing on or after January 1, 2021. The tax is phased out entirely for income years commencing on or after January 1, 2024. House Bill 7424 (pending signature).	CT				
The Illinois franchise tax imposed on domestic and foreign corporations is phased out incrementally, commencing with the franchise tax period beginning on or after January 1, 2020. Senate Bill 689 (signed June 5, 2019).	IL				

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