



TaxNewsFlash

United States

No. 2024-052
February 8, 2024

KPMG report: State and local tax, technology-related developments (table, fourth quarter 2023)

A report of U.S. state and local tax developments concerning technology-related tax issues, for the fourth quarter of 2023, provides updates in table format and covers topics such as access to telecommunications services, web-based services, software, and streaming services.

Read the [KPMG report](#) [PDF 208 KB] of state and local technology-related tax developments for the fourth quarter of 2023.

Highlights

- **Florida:** In a Technical Assistance Advisement, the state Department of Revenue determined that a customized digital video messaging service was subject to the communications service tax (CST). The taxpayer's service offered customers the ability to customize and transmit messages pre-recorded by entertainers, musicians, athletes, or other social media personalities. In the Department's view, the services involved the "transmission of video, audio, or other programming services to a purchaser," which are included in the definition of taxable video services.
- **Missouri:** The state Supreme Court held that a retailer's subsidiary was exempt from use tax for its purchase and use of IT equipment that was intended to be resold to other subsidiaries. The state Department of Revenue argued that the subsidiary's actions of installing, testing, and repackaging the equipment indicated it was not solely for resale. The court disagreed, holding that the subsidiary's exchange of ownership of the equipment within its regular business qualified as a "sale" and "resale" for purposes of the tax exemption.
- **New Mexico:** The state Taxation and Revenue Department finalized amendments to regulations regarding the application of gross receipts tax to digital advertising services. The amendments provide definitions and specify that the "receipts of a provider of a digital platform that displays digital advertising services, whose digital platform may be accessed or viewed within New Mexico, from the sale of advertising services to advertisers within and without New Mexico are subject to the gross receipts tax."
- **Utah:** A State Tax Commission judge held that a taxpayer must pay sales tax on subscription fees for streaming services. Although streaming services are not taxable in Utah, the bundling of the streaming services with an offline download feature made the entire service taxable as a bundled transaction.

kpmg.com/socialmedia



The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533 3712, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)