



# TaxNewsFlash

United States

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## KPMG reports: Georgia (income tax rate changes); Illinois (retailer's occupation tax); New Jersey (sourcing for corporation business tax)

KPMG This Week in State Tax—produced weekly by the KPMG State and Local Tax practice—focuses on recent state and local tax developments.

- **Georgia:** Legislation permanently matching the corporate income tax rate to the individual income tax rate in effect for the corresponding tax year was enacted. House Bill 1015, which accelerates already enacted individual income tax cuts (assuming revenue targets are met) and reduces the individual income tax rate to 5.39% effective for 2024, was also enacted. As such, Georgia's corporate income tax rate has been retroactively reduced from 5.75% to 5.39% for the 2024 tax year.
- **Illinois:** Senate Bill 3662, which would require retailers with some physical presence in Illinois making sales into the state from outside of the state to collect retailer's occupation tax at the destination rate, has passed the Illinois Senate. Currently, these retailers collect use tax.
- **New Jersey:** The New Jersey Tax Court held in a recent unpublished opinion that a service provider was entitled to a refund of corporation business tax based on the taxpayer's use of market-based sourcing. For the tax years at issue, the statutory method was cost-of-performance sourcing. The court held that it was "unpersuaded" that market-based sourcing was forbidden prior to 2019 when the law was changed to specifically adopt market-based sourcing. Although receipts from sales of services performed in the state were required to be included in the sales factor numerator for the tax years at issue, in the court's view, other sourcing methods could be considered if they better reflected the economic realities of the taxpayer's business.

Read an [April 2024 report](#) prepared by KPMG LLP

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