



TaxNewsFlash

United States

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KPMG reports: Colorado (combined reporting changes); Nevada (proposed changes for marketplace facilitators); Tennessee (franchise tax refunds)

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

- **Colorado:** House Bill 24-1134, which has passed both chambers of the legislature, would repeal the current “three out of six test” for combination. Under this test, the combined group includes only those members of an affiliated group of C corporations as to which any three of six enumerated criteria have been in existence in the tax year and the two preceding tax years. From the effective date forward, an affiliated group of C corporations, wherever incorporated or domiciled, that are members of a unitary business would file a combined report as a combined group. (Note that Colorado has not adopted worldwide combined reporting.) Another section of the law that is not revised provides that a combined report does not include any C corporation that conducts business outside the United States if 80% or more of the C corporation’s property and payroll is assigned to locations outside the United States. There are certain exceptions if tax avoidance is implicated.
- **Nevada:** The Nevada Tax Commission has proposed a new regulation addressing the requirements for remote sellers and marketplace facilitators to collect sales and use tax that have been in place since October 1, 2019. The proposed regulation provides guidance on certain things not addressed by statute and defines several key terms that are not defined in the law.
- **Tennessee:** The Department of Revenue issued Notice #24-05 addressing the franchise tax property measure repeal. A webinar was also held to educate practitioners and businesses on the processes and procedures for filing amended franchise tax returns and refund claims. A playback of the webinar is posted on the Department’s website, and the Department has also started a list of “frequently asked questions” (FAQs). Taxpayers may need to review the notice, view the playback of the webinar, and read the FAQs for specific details as to the filing of amended returns and refund claims. It has been “strongly recommended” that such filings occur electronically in the Department’s TN TAP system. The notice provides additional guidance on the documentation that may be required, the process for filing any lawsuits related to the franchise tax, and other important details.

Read a [May 2024 report](#) prepared by KPMG LLP

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