



# STATES OF AFFAIR

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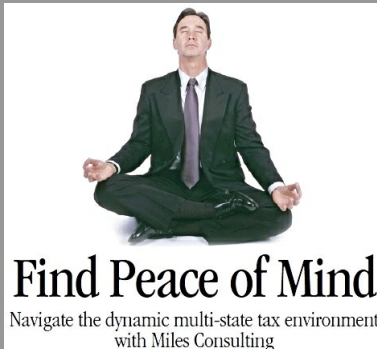
Issue 8

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Greetings!

The calendar may say August, and it still feels like summer, but it's also "back to school" time.

In our practice, it seems that this time of year also coincides with "acquisition season." Many of our clients have either recently been acquired or are looking at acquiring. Keep in mind that state tax issues are always something to think about in an M&A deal. Check out our article this month on "Companies Looking to Acquire: Why Worry About Sales Tax?"

Tax extension deadlines are also approaching!! As you are finalizing your extended federal returns, don't forget that state income tax returns on extension are also due- and it might be a good time to have a discussion about your company's multi-state activities. Let us know if we can help with that! Also specifically, if you have operations in Nevada or Pennsylvania, the articles below will be of interest to you. This month, we also share some cool facts about the mighty state of Vermont.

In other news, I will be speaking about Rainmaking again this year at the Accounting and Financial Women's Alliance Annual Conference in Denver in October. Come join me and learn how you can solidify those long-lasting relationships with clients and maintain them for years to come, and build your sales pipeline.

Finally, enjoy the remainder of your summer. I know it will fly by!

If you want to know more about any of the items in this month's e-newsletter or what we do at Miles Consulting, please [contact us](#).

All the best,  
Monika Miles  
Miles Consulting Group, Inc.

**Address:** 3150 Almaden  
Expressway, Suite 234

**Phone:** 408.266.2259

**Fax:** 408.266.6284

**Email:**

[info@milesconsultinggroup.com](mailto:info@milesconsultinggroup.com)

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## **Hot State Tax News**

### **COMPANIES LOOKING TO ACQUIRE: WHY WORRY ABOUT SALES TAX?**

A couple of weeks ago we took a look at what controllers and CFOs need to think about prior to their company being acquired. But what if you're on the acquiring side?



#### **How Sales Tax Affects Mergers & Acquisitions**

Because sales tax is a gross tax, it can't be offset by net operating losses like income tax can. This is why larger acquirers begin the process by analyzing the target company's potential outstanding tax liabilities they'd be taking on. If the business they're looking to acquire hasn't thought through the ramifications of multistate sales tax issues, it can either completely derail the deal or negatively impact the final purchase price.

[Click here to read more.](#)

### **Pennsylvania Tax Law Changes**

Pennsylvania, like many other states, is adjusting its tax statutes to include more goods and services within the taxable definitions. Following recent changes to its somewhat confusing new legislation, the state issued a 'clarifying' bulletin for use in interpreting the new requirements. In this blog, we will discuss a few areas of this clarification as well as an amnesty program available to some businesses.



#### **Electronically or Digitally Delivered Items (i.e., Digital Downloads)**

This new Sales, Use & Hotel Occupancy Tax Bulletin 16-001, was drafted on July 21, 2016 and became effective on August 1, 2016. This bulletin clarifies recently enacted legislation related to digital products. The legislation applies a tax regime to many of the newly created revenue streams developed by the digital industry. Unlike the traditional taxes on things we can touch and feel (i.e.

tangible property) lawmakers want to expand the tax revenue base to 'new age' things. As you might expect, the attempt to do so has resulted initially in some confusion. The bulletin is an attempt to clarify the new legislation. It explains that a state sales and use tax is imposed on electronically or digitally delivered, streamed or accessed video, photographs, books, any other taxable printed matter, applications (i.e., "apps"), games, music, any other audio, including satellite radio service, canned software, or any other otherwise taxable tangible personal property. Additionally, updates or support on these items are also taxable.

[Click here to read more.](#)

## NEVADA TAX LAW CHANGES

In 2015, Nevada's legislature was busy enacting controversial legislation aimed at raising revenue in the state. These laws are yet another challenge for businesses.

Last year, Senate Bill (SB) 483 was signed into law by Governor Sandoval and became known as the "Commerce Tax." This new law went into effect on July 1, 2015 and applies to businesses whose Nevada gross revenue in a taxable year exceeds \$4,000,000. Under the law, a "business entity" is defined as a corporation (both S and C), partnership, LLC and sole proprietorship (i.e., those who file schedule C), just to name a few. For a complete list of the business entities subject to the Commerce Tax, [click here](#). Note that out of state companies are also subject to the Commerce Tax to the extent that they have nexus in Nevada.

[Click here to read more.](#)



## STATE OF THE MONTH- VERMONT

The gold standard for fall foliage takes us to Vermont. With 75% of the state covered in forest and having the most land coverage of maple trees per capita, Vermont's foliage season is the most vibrant. With its thousands of acres of alpine terrain, it is a popular destination for snowboarders and skiers. Trout fishing, lake fishing, ice fishing and hunting are also popular pastimes for residents and tourists alike. In the



fall, hikers can catch some unforgettable views.

Vermont is attractive for more than just its environment. Vermont is also known for the manufacture and sale of artisan foods, fancy foods and novelty items such as Cabot Cheese, the Vermont Teddy Bear Company (where visitors can build their own Teddy Bear), Burton Snowboards and Ben and Jerry's Ice Cream (where tours end by tasting your favorite flavor).

[Click here to read more.](#)

## REVISITING THE CA COMPETES TAX CREDIT PROGRAM

Do you operate a business in California? Have you taken advantage of the state's tax credits offered through the California Competes program? The truth is, this program is showing itself to be very difficult for companies to actually receive benefits from.

### California Competes Tax Credit



[Check out our latest "take" on the credit.](#)

## What's Up at Miles Consulting?

### Speaking:

Monika will be presenting a workshop at the annual conference for the Accounting and Financial Women's Alliance in October in Denver. It will be about Jumpstart Your Rainmaking.

[For more information about the conference, click here.](#)

Monika will be giving a webinar on Monday, November 14 through CPA Academy, titled "Sales Tax Hot Topics for CPAs- SALT Issues Affecting your Clients Today." [Click here to find out how to register for the event.](#)

### Networking:

[NAWBO SV](#) - As the National Association of Women Business Owners President, Monika invites you to their invigorating networking session on September 13th. [Click here for more details.](#)

[AFWA](#) - As a member of the Accounting & Financial Women's Alliance, Monika invites you to participate in the next membership meeting on Tuesday, September 27. Walter Edmondson of Team Logic will be speaking about internet security and security services.

[Click here for more information about the meeting.](#)

### Community:

This year marks Monika's 18th year with fundraising for Making Strides Against Breast Cancer. To date, she has raised over \$175,000. With your help, let's see if we can get up to \$200,000 this year. [Please donate to this worthy cause or join Monika's team here.](#)

**Educating:**

Don't forget - We do customized multi-state tax presentations for local accounting firms; invite us to do one at your firm! Stay tuned for upcoming webinars!

For more information, please call us at 408-266-2259.

**About Miles Consulting**

*Miles Consulting Group is a professional services firm specializing in multi-state tax solutions. We address state and local tax issues for our clients, including general state tax consulting, nexus reviews, credits and incentives maximization, income tax and sales/use tax planning, and other special projects. We also specialize in California tax credits and incentives. For more information visit, [www.milesconsultinggroup.com](http://www.milesconsultinggroup.com).*