

28th ANNUAL

**PAUL J. HARTMAN**  
STATE AND LOCAL TAX FORUM

VANDERBILT UNIVERSITY LAW SCHOOL

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# **Pandemic Pandemonium – Part 1**

# The Panel

- **Joe Garrett**, Tax Managing Director, Deloitte Tax LLP; Auburn, AL
- **Brian Kirkell**, Principal, RSM US LLP; Upper Marlboro, MD
- **Dr. Robert Patterson**, Director, Tax & Trade Controller, Microsoft Corporation; Redmond, WA
- **Jéanne Rauch-Zender**, Editor In Chief, Tax Notes State, Tax Analysts; Falls Church, VA

# Agenda

## COVID / Pandemic Multistate Tax Issues / Challenges

- Income Tax Nexus / Apportionment Issues
- Other State Taxes
- Credits and Incentives
- Local (City / County) Tax Issues
- Compliance and Controversy in Remote Work Environment
- State Budget Whiplash
- Federal Relief Programs

# Income Tax Nexus / Apportionment

- **Will a remote employee always trigger an income tax filing obligation?**
- **What about PL 86-272?**
- **Apportionment issues?**

# Other State Taxes

- **Sales Tax nexus?**
- **Other Sales/Use Tax Issues?**
- **Property Tax Issues?**
- **Gross Receipts Taxes?**

# State Tax Impact of Federal Aid

- CARES
  - PPP, NOLs, 163(j), QIP and ERC
- Pre- or Post-CARES conformity and retroactivity
- ARP
  - Limits on tax cuts?

# Credits and Incentives

## Credits & Incentives Considerations

- Location specific payroll or headcount obligations
- Negotiating with state and local authorities during COVID
- COVID-specific incentives
- Incentives to attract remote workers

# Local (City / County) Tax Issues

## Potential Impact on Local Taxes

- Localities impose a range of taxes that may be impacted by remote work – sales tax, property tax, business / occupational taxes
- Some local taxes have payroll as a base
- Substantial liabilities possible
- Substantial compliance complexity is a certainty



# Compliance and Controversy in Remote Work Environment

## COVID disruptions to Compliance and Controversy Practice

- Due dates?
- Wet signature requirements?
- In person hearings?
- Mailing delays?
- Missed deadlines?

# State Budget Whiplash

- **In Spring / Summer of 2020 state and local governments were facing unprecedented revenue and budget disruptions.**
- **Today most state and local budgets (revenues) are either stable or facing moderate revenue challenges.**
  - **Federal aid puts most states in favorable budget position**

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