

State Tax Quick Reference Card

1 Findability
Search by keyword or citation to take full advantage of our state-centric analysis, news, regulations, and developments.

2 GO TO States
The **GO TO** section offers easier, faster access to contextual search of a selected state's content, including statutes, codes, cases, and developments.

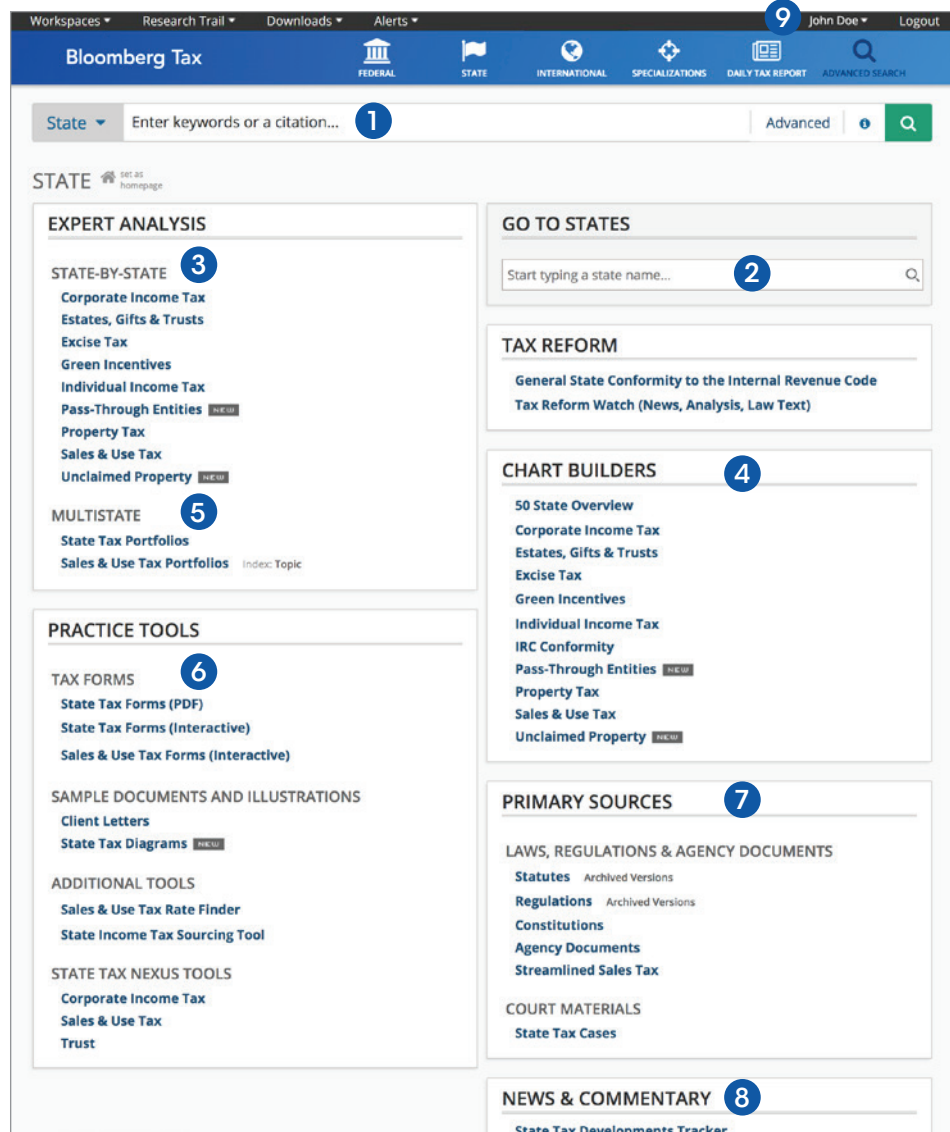
3 State-by-State Content
Benefit from comprehensive **navigators** and **state-by-state tax research** for unparalleled expertise and in-depth analysis across all tax types, industries, and state tax topics for all 50 states, D.C., and New York City.

4 Chart Builders
Nearly all state-by-state analysis is chartable, with over **1,700 Pass-Through Entity topics**, **850 Sales & Use Tax topics**, and more than **800 Corporate Income Tax topics**, specifying criteria on a state-by-state basis. Plus, you can toggle between long and short answers.

5 Multistate Analysis
Get practical analysis for developing and implementing **complex state and multistate tax strategies**.

6 Practice Tools
We **save you time** with self-calculating forms, pre-written client letters, sourcing tools, and nexus tools.

7 Primary Sources
Comprehensive access to statutes and regulations, rulings and official material, full text of state court cases, and more.



8 News & Commentary
Access ongoing news and insights from **leading state practitioners** and our award-winning editors and reporters from **Daily Tax Report: State**. You can also track and summarize daily state tax developments across a full range of tax topics with the **State Tax Developments TrackerSM**.

9 Email Updates
Click your name in the banner and select the **Sign up for Email Updates** link in order to receive customized email notifications of state tax developments.

State Tax

Chart Builders

State Tax Navigators combine state tax law information with comprehensive explanations, links to the relevant primary sources, and supporting information.

1 Access from the State Tax Front Page.

2 Select a **Chart Builder** and create a customized chart by making selections in each frame.

3 Select your **jurisdiction** and **topics** and click **Create Chart**.

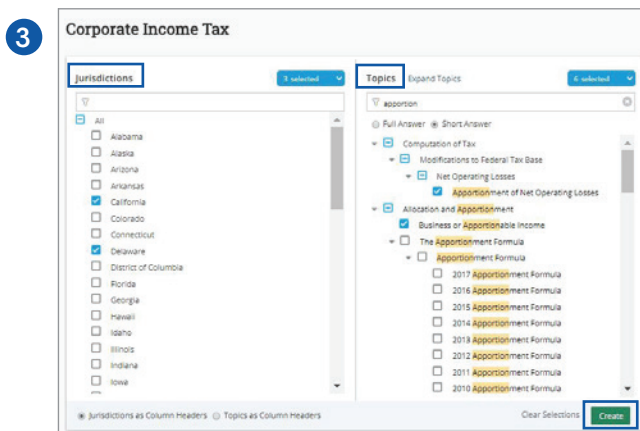
4 Display a linked chart comparing the relevant legislation in all other selected states.

5 Quickly toggle between a complete long answer and a shorter summary answer.

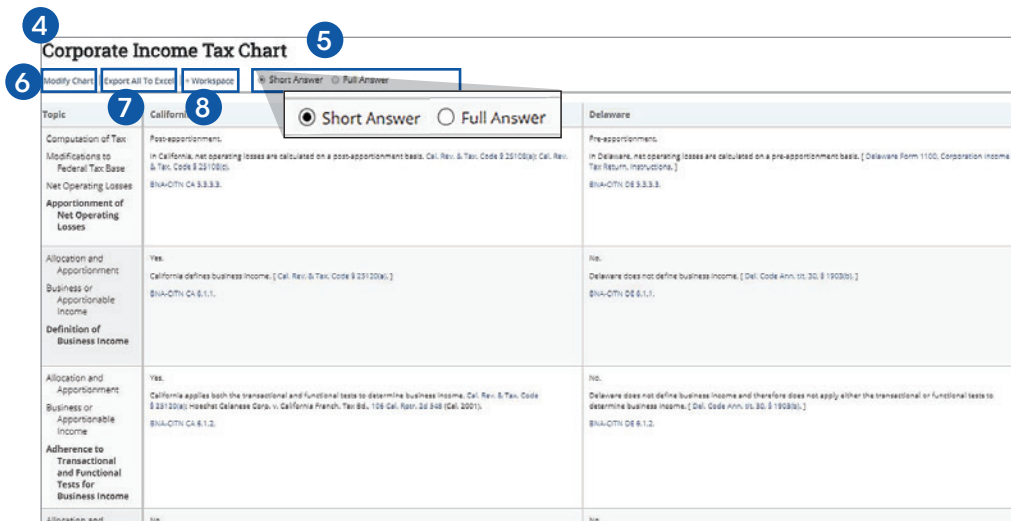
6 Click **Modify** to further customize the chart.

7 Export to Excel for further analysis.

8 Save to a **personal or shared workspace** so you can save time not having to recreate the chart and share data with other users.



*Note: The 50 State Overview Chart compares high-level topics.

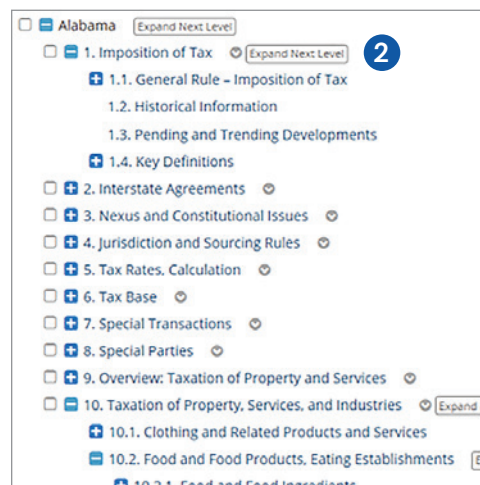
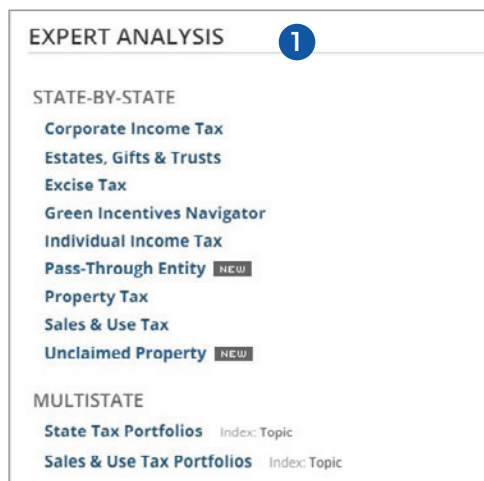


Expert Analysis

State Tax content is organized both topically and by individual state. The information combines state tax law information with comprehensive explanations, links to the relevant primary sources, and supporting information.

1 Access under **Expert Analysis**.

2 Navigate to the state or expand to browse topics.



3 Access full text of analysis with direct links to source documents.

4 Explore **BNA Picks** for shortcuts for further analysis and quick comparison charts.

9. Overview: Taxation of Property and Services

(1) **Taxation of Property** —
The sale or use of tangible personal property in Arizona is generally subject to transaction privilege tax under the retail classification and to the corresponding use tax.⁴³⁴
⁴³⁴ Ariz. Rev. Stat. Ann. §42-5010(A)(1)(3); Ariz. Rev. Stat. Ann. §42-5011(A); Ariz. Rev. Stat. Ann. §42-5150(A).

(2) **Taxation of Services** —
Services performed under certain business classifications are subject to Arizona's transaction privilege tax.⁴³⁷
⁴³⁷ See e.g., Ariz. Rev. Stat. Ann. §42-5062 (transportation classification).
Arizona's transaction privilege tax applies to services performed under any of the following business classifications:
• transporting⁴³⁸
• utilities⁴³⁹
• telecommunications⁴³⁹
• publication⁴⁴¹
• job printing⁴⁴²
• pipeline⁴⁴³
• private car line⁴⁴⁴
• mining⁴⁴⁵

BNA PICKS

General Taxability of Property and Services - Compare States

OVERVIEW: TAXATION OF PROPERTY AND SERVICES
Taxation of Property

Sales & Use Tax Chart

Generated on Feb 6, 2019 10:44

Jurisdiction	Overview: Taxation of Property and Services	Taxation of Services
Alabama	Non-taxable	Generally, the rendering of services within Alabama is not subject to sales or use tax. Ala. Code §40-13-2(1). Service providers are generally responsible for paying sales or use tax on items purchased or used in rendering their services. Ala. Admin. Code 1-101-01-15. §40-13-11 AL 5.2.
Alaska	No Tax	Alaska does not impose a state sales and use tax. BNA-UTN AL 5.2.
Arizona	Taxable	Services performed under certain business classifications are subject to Arizona's transaction privilege tax. See e.g., Ariz. Rev. Stat. Ann. §42-5062 (transportation classification). Arizona's transaction privilege tax applies to services performed under any of the following business classifications: • transporting, Ariz. Rev. Stat. Ann. §42-5062; • utilities, Ariz. Rev. Stat. Ann. §42-5065.

State Tax Developments Tracker

Track and summarize daily state tax developments across a full range of tax topics. Selectively filter by jurisdiction, topic, type of tax, and date range to easily track developments. The tracker offers a customized email feature that allows users to receive notifications by preferred topic, jurisdiction, and/or type of tax.

1 Click **State Tax Developments Tracker** in the **News & Commentary** frame.

2 Use any or all of the filters to create a customized listing.

3 Sort by **Date Added** or **Date of Development**.

4 Subscribe to email updates.

NEWS & COMMENTARY

State Tax Developments Tracker

BNA Insights - State

Daily Tax Report Index

Daily Tax Report: State

Sales & Use Tax Monitor

State Tax Special Reports

State Tax Department Survey **NEW**

State Tax Developments Tracker

FILTER TRACKER Clear All

Add Selections to Workspace

Headline

GO

Summary

GO

State

Maryland x

California x

Illinois x

Massachusetts x

Type of Development

executive action x

regulation x

Type of Tax

sales and use tax x

corporate income tax x

trust income tax x

Topic

Date of Development

No Date Selection **GO**

Date Added

No Date Selection **GO**

9 of 9 Results

Filters Applied: Maryland x California x sales and use tax x corporate income tax x

1. California Franchise Tax Board Proposal Concerning Market Based Sourcing Rules

Event: California, 01/01/2017

Summary: The California Franchise Tax Board proposed amendments to its market-based sourcing rules. The amendments are based on the 2017, and previously notified, the issues to be discussed at the Interest Group Meeting on January 20, 2017. The amendments are based on the 2017, and previously notified, the issues to be discussed at the Interest Group Meeting on January 20, 2017. The amendments are based on the 2017, and previously notified, the issues to be discussed at the Interest Group Meeting on January 20, 2017.

Development Type: regulation

Tax Type: corporate income tax

Topic: allocation and apportionment of income

Reference: View Source Document, Franchise Tax Board, 01/01/2017, 6.3.2.2.2. For a discussion of the amendments, see the Corporate Income Tax discussion on California Franchise Tax Board's website.

2. Illinois Department of Revenue Proposal Concerning Market Based Sourcing Rules

Event: Illinois, 12/27/2016

Summary: The Illinois Department of Revenue proposed amendments to its market-based sourcing rules. The amendments are based on the 2016, and previously notified, the issues to be discussed at the Interest Group Meeting on January 20, 2017. The amendments are based on the 2016, and previously notified, the issues to be discussed at the Interest Group Meeting on January 20, 2017. The amendments are based on the 2016, and previously notified, the issues to be discussed at the Interest Group Meeting on January 20, 2017.

Development Type: regulation

Tax Type: corporate income tax

Topic: allocation and apportionment of income

Reference: View Source Document, Illinois Department of Revenue, 12/27/2016, 6.3.2.2.2. For a discussion of the amendments, see the Corporate Income Tax discussion on Illinois Department of Revenue's website.

State Client Letters

- 1 Click **Client Letters** under **Practice Tools**.
- 2 Find customizable **Client Letters** for excise, income, property, and sales and use taxes.
- 3 View **Sample Letter**.
- 4 **Print, Download, Email, or Save** to a shared workspace.
- 5 Enter notes on **Notepad**.

PRACTICE TOOLS

TAX FORMS

- State Tax Forms (PDF)
- State Tax Forms (Interactive)
- Sales & Use Tax Forms (Interactive)

1 SAMPLE DOCUMENTS AND ILLUSTRATIONS

Client Letters

ADDITIONAL TOOLS

Unclaimed Property REGUL

PRIMARY SOURCES

LAWS, REGULATIONS & AGENCY DOCUMENTS

- Statutes Archived Versions
- Regulations Archived Versions
- Constitutions
- Agency Documents
- Streamlined Sales Tax

Bloomberg Tax

FEDERAL STATE INTERNATIONAL SPECIALIZATIONS DAILY TAX REPORT ADVANCED SEARCH

2 State Client Letters Sales and Use Tax

State Client Letters, Sales and Use Tax, Sales and Use Tax on Drop Shipments

4

3

5 **NOTEPAD**

Sales and Use Tax on Drop Shipments

Dear Client,

The rise of Internet sales has created many confusing situations for retailers and wholesalers, and one of the more confusing situations is the drop shipment rule. The drop shipment rule is a question of whether a wholesaler is responsible for collecting sales and use taxes when there is a sale by a retailer to a consumer where the item sold is purchased from, and delivered by, a wholesaler that is registered to collect sales and use taxes in the state where the consumer is located.

Drop shipments occur when a retailer takes an order and has a wholesaler directly ship the product to a customer. The wholesaler will invoice the retailer and the retailer will invoice the customer. When the wholesaler is registered to collect sales and use taxes in the state of purchaser, this can result in the wholesaler being required to collect sales and use tax from the either the customer, or retailer. However, if a common carrier is used to ship the product from wholesale to purchaser, the wholesaler may not be required to collect sales and use taxes because title is assumed to pass from the wholesaler to the retailer upon delivery to the carrier.

The responsibility to collect taxes on drop shipments vastly differs depending on the individual state. For example, California takes a very broad definition of the drop shipment rule, and on sales and use tax collection responsibilities, in general. In a transaction involving multiple sales to a California resident, the first registered California retailer is responsible for collecting sales and use tax. This means that even if a common carrier is used, the registered wholesaler would be responsible for collecting sales and use taxes. While Florida, following a narrower version of the rule, only requires a registered wholesaler to collect sales and use tax if the property sold is located in Florida, but not if the property that is drop shipped is located outside of the state at the time of the sale.

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