The Multistate Tax Commission held its annual conference in Albuquerque, New Mexico, last week, and according to Amy Hamilton, the state and local tax community will be talking about the goings on there for quite some time (coverage begins on p. 308 ). Most notably, the MTC approved changes to parts of section 18 of the Uniform Division of Income for Tax Purposes Act and will send to a survey of states Professor Richard Pomp’s recommendations to other subsections.

Both Edward Kleinbard and Lee Sheppard wondered why the states aren’t being more aggressive about base erosion, with Kleinbard calling on the states to “throw off the Reagan-era shackles and adopt worldwide combined reporting for unitary businesses.” Sheppard called on the MTC to take a lesson from New York, which in 2015 will aggressively define apportionable income in creative ways that stay within limits set by the U.S. Supreme Court.

What other limits the Court might set is weighing on the SALT community, with a whopping three SALT cases pending before the justices. The MTC says it will file briefs in support of the three states preparing to do battle before the Court, with MTC General Counsel Helen Hecht saying the commission plans to support Maryland even though it’s not a compact member state. In related news, Maryland has filed its merit brief with the Court, arguing that it has the right to tax 100 percent of its residents’ income despite the tax policies of other states (p. 316 ).

Federal inversions are making plenty of waves here in the nation’s capital. David Brunori says the furor over corporate inversions is misplaced and that states should not get involved in the debate (p. 335 ). He also questions taxes on soda and menthols and points out that incentives can’t reliably be cited as causing economic growth.

William Weissman compares the federal corporate inversions with the situation in California, which is losing companies that have long done business there, purportedly because of the state’s high tax burden (p. 331 ). Weissman catalogs many of the “little burdens” the state imposes on its citizens, arguing that it seems that successful citizens are paying for the less successful ones.
States are more concerned with taxes on purchases made over the Internet, or on access to the Internet itself, than inversions. Billy Hamilton writes that MITFA, the Marketplace and Internet Tax Fairness Act, which essentially mashes together the Internet Tax Freedom Act and the Marketplace Fairness Act, would help level the playing field for Internet and bricks-and-mortar retailers (p. 337).

Richard Ainsworth examines zappers, focusing on a New York City-based sting operation targeting how retailers use those products (p. 343). It seems industries have moved from using sales suppression devices to signing up for sales suppression as a service. Ainsworth reports that the preferred way to suppress sales wasn’t to provide the proprietor with a zapper or phantom-ware to be added to a system, but to erase, crash, or physically destroy a client’s hard drive and then replace it -- a service included in the price of the system.

This week kicks off State Tax Notes’ publication of winning papers from Tax Analysts’ inaugural student paper competition. Michael Giaquinto, a JD candidate at George Washington University Law School, discusses why New York City should find a way to tax lodging services such as Airbnb (p. 355). He says the city must address the sharing economy quickly because its plan will serve as a model for other metropolitan areas around the country.

References

Subject Area:  
Politics of taxation;  
Apportionment;  
Sales and use taxation;  
Tax avoidance and evasion