

## Multistate Tax Alerts

Throughout the week, we highlight selected developments involving state tax legislative, judicial, and administrative matters. The alerts provide a brief summary of specific multistate developments relevant to taxpayers, tax professionals, and other interested persons. Read the recent alerts below or visit the archive.

**Archive:** <https://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive.html?id=us:2em:3na:stm:awa:tax>

### California OTA – Deducted foreign dividends includible in sales factor

On July 27, 2023, the California Office of Tax Appeals (“OTA”) issued its opinion in which it concluded that gross foreign dividend amounts attributable to foreign earnings and profits were includible in the California sales factor for the tax year ending June 30, 2018. In doing so, the OTA rejected the California Franchise Tax Board’s (“FTB”) longstanding position under FTB Legal Ruling 2006-01 that qualifying dividends, to the extent deducted from the tax base under California Revenue and Taxation Code section 24411, are not includible in the sales factor. On February 14, 2024, the OTA issued an opinion denying FTB’s petition for rehearing.

**URL:** <https://ota.ca.gov/wp-content/uploads/sites/54/2024/04/Microsoft-Corporation-Subidiaries.pdf>

**URL:** <https://ota.ca.gov/wp-content/uploads/sites/54/2024/04/Microsoft-Corporation-Subidiaries-PFR.pdf>

This Multistate Tax Alert summarizes the decision and provides some taxpayer considerations.

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**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-california-ota%E2%80%93deducted-foreign-dividends-includible-in-sales-factor.pdf>

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