

In The News

David C. Blum Quoted in Law360 on New Jersey Tax Court's Internet Activity Tax Ruling

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David C. Blum, chair of Akerman's Tax Practice Group, was quoted in *Law360*'s article "NJ Tax Court Axes Challenge To Internet Activity Tax Rules," discussing a ruling that upheld New Jersey's regulations on when out-of-state companies' internet activities exceed the protections of P.L. 86-272.

The New Jersey Tax Court dismissed a trade group's challenge to regulations addressing when an out-of-state company's internet activities trigger state income tax. The rules specify that certain activities, such as providing postsale customer support through electronic chat or email, can subject a business to tax. Judge Mark Cimino ruled that the regulations were not preempted by P.L. 86-272, finding that such activity has an in-state component and does not depend on a company's physical presence in New Jersey.

David noted that the ruling offered useful insight into how certain modern technologies function, but said the court's decision to dismiss the case still leaves businesses without clear direction on how the rules apply to more nuanced technology. Calling the ruling "ripe for appeal," he said, "This decision works in uncertainty and judgment that makes it too hard to administer uniformly among taxpayers. It does

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not create a bright line for which taxpayers and the government can follow.”

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