

Tax Update (Vol. 2022, Issue 3)

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As we head into 2023, Troutman Pepper's Tax Team would like to wish you a joyous holiday season and a happy new year.

NATIONAL ATTENTION FALLS ON PHILADELPHIA WAGE TAX DISPUTE; FEDERAL CONSTITUTIONAL RESTRAINTS IMPLICATED

By: Randy Varner

Over seven years after the United States Supreme Court issued its opinion in *Comptroller of Maryland v. Wynne*, 575 U.S. 542 (2015), the Pennsylvania Supreme Court is dealing with a very similar case involving the federal constitutional restrictions on state and local taxation. In *Diane Zilka v. Tax Review Board City of Philadelphia*, 20 and 21 EAP 2022, a case which is garnering national attention, the issue once again involves how out-of-state credits are treated in the face of restrictions required by the Commerce Clause of the United States Constitution. Despite the plain language of *Wynne* that requires state and local taxes to be viewed as a collective burden for purposes of constitutional analysis, the courts below in *Zilka* did not apply that standard. Due to the national importance of the issue involved, the American College of Tax Counsel filed an *amicus curiae* brief, authored by the Troutman Pepper tax team, in support of the taxpayer.

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The Clean Vehicle Tax Credit Under Section 30D

By: Brittany Johnson* and Anne Loomis

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The Inflation Reduction Act of 2022 (IRA) created several new incentives for clean vehicles. Under prior law, taxpayers could claim a credit for purchasing and placing in service "new qualified plug-in electric drive motor vehicles" The IRA revised Section 30D into a new "clean vehicle credit," wherein taxpayers, both individuals and businesses, may claim a credit worth up to \$7,500 for vehicles placed in service between 2023 and 2032. For clean vehicles used in a trade or business, the credit is part of the general business credit under Section 38.

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