

This is the fourth edition of the Eversheds Sutherland SALT Scoreboard for 2025. For an entire decade, we have tallied the results of what we deem to be significant taxpayer wins and losses and analyzed those results. Our entire SALT team hopes that you have found the SALT Scoreboard's content useful. This edition includes discussion of exemption certificates and domicile, as well as a spotlight on Washington cases.

4th quarter 2025

In the fourth quarter of 2025, taxpayers prevailed in 51.4% (18 out of 35) of the significant cases.* In comparison, taxpayers have won 40.2% (49 out of 122) of the significant cases for 2025.



*Some items may have been decided in a prior quarter but included in the quarter in which we summarized them.

Year-to-date

Taxpayers prevailed in **15** out of **39** significant corporate income and franchise tax cases across the country.

Taxpayers prevailed in **13** out of **34** significant sales and use tax cases across the country.

SIGNIFICANT MULTISTATE DEVELOPMENTS

Exemption Certificate

CASE: *Baldwin County Sewer Service, LLC v. State of Alabama Department of Revenue*, No. S. 23-654-JP (Ala. Tax Trib. Oct. 21, 2025).

SUMMARY: The Alabama Tax Tribunal determined that a wastewater treatment facility was entitled to a sales and use tax exemption for equipment purchased for use in its wastewater treatment business because the equipment was used primarily for exempt pollution control purposes. The Alabama Department of Revenue had only partially granted a request for an exemption certificate, denying the exemption for certain materials that transported wastewater from homes and other properties to sewer lines. The Tribunal concluded that the taxpayer met the requirements to obtain the full exemption certificate because: 1) wastewater is a form of water pollution; and 2) the taxpayer's wastewater treatment plants were built for the sole purpose of treating wastewater. View more [here](#).

Property Tax Valuation

CASE: *Madison County Assessor v. Kohl's Indiana, LP*, No. 24T-TA-00009 (Ind. Tax Ct. Nov. 17, 2025).

SUMMARY: The Indiana Tax Court held that the Indiana Board of Tax Review misapplied the law by applying a "per-se" burden-of-proof standard to property tax appraisals. The Board had deemed the taxpayer to have satisfied its burden of proof merely by offering an appraisal that was prepared by an expert in accordance with generally accepted appraisal principles. On appeal to the Tax Court, the Assessor argued that the Board erred by concluding that the taxpayer's appraisal satisfied the burden of proof. The Tax Court agreed, stating that for an appraisal to satisfy the taxpayer's burden of proving that the assessment is incorrect, the appraisal's "analysis and conclusions of value must stand on their own." View more [here](#).

SIGNIFICANT MULTISTATE DEVELOPMENTS CONT'D

Standing

CASE: *City of Jefferson v. Sprint Communications, Inc.*, No. ED113433 (Mo. Ct. App. Dec. 2, 2025).

SUMMARY: The Missouri Court of Appeals held that Jefferson City could not proceed with its collection action against telecommunications company affiliates for delinquent business license taxes. The court held the city lacked standing because, under Missouri law, suits against telecommunications companies must be brought by a "person" or "corporation," and a municipality did not qualify as either. Furthermore, the court held the city did not follow the proper statutory procedure required under Missouri law to notify the companies of the alleged tax underpayments before initiating a lawsuit. Missouri law requires an assessment of back taxes due and a formal notification to the delinquent taxpayer. Although the city claimed it conducted a tax assessment, nothing in the city's petition indicated the city notified the companies of such assessment. View more [here](#).

Subpoenas

CASE: *In re 123 LINDEN, LLC*, Nos. 830249, 830866 (N.Y. Tax App. Trib. Oct. 30, 2025).

SUMMARY: The New York Tax Appeals Tribunal upheld an ALJ's issuance of a subpoena requiring three Department employees to testify, and for the Department to produce documents for in-camera review, which included third-party tax information. The Tribunal rejected the Department's request for re-argument

because the Department presented no new issues, only re-asserting that the Tribunal misapplied its legal authority in compelling the testimony of the Department employees and ordering the production of privileged documents. While the documents and testimony include third-party tax information, the Tribunal found that ALJs have historically allowed in-camera review of materials and documents when determining if the Department's claim of privilege is warranted. View more [here](#).

Domicile

CASE: *Matter of the Petition of John J. Hoff and Kathleen Ocorr-Hoff*, DTA No. 850209 (Oct. 9, 2025).

SUMMARY: The New York Tax Appeals Tribunal held that taxpayer individuals, originally residing in New York, were subject to New York income tax because they "failed to establish by clear and convincing evidence" that they had changed their domicile to Florida during the tax periods at issue. The taxpayers had presented evidence of registering as Florida voters, declared themselves domiciled in Florida, and obtained Florida drivers' licenses. However, the Tribunal found convincing that the taxpayers still maintained connections with New York, including having two country club memberships and spending a significant amount of time in New York. Plus, one of the taxpayers still owned and collected a salary from a business located in New York. The Tribunal thus upheld the assessment, finding that the taxpayers had not completed their change of domicile during the tax periods at issue. View more [here](#).

Spotlight on Washington Cases



CASE: *Betts Patterson & Mines, PS v. Washington Department of Revenue*, No. 86756-3-I (Wash. Ct. App. Nov. 3, 2025) (unpublished).

SUMMARY: The Washington Court of Appeals held that, for purposes of the Business and Occupation (B&O) Tax, a law firm's gross income from insurance litigation services were properly sourced to the state where litigation occurred. In 2010, the Washington legislature changed the method of apportioning gross income from services from where the services were performed to where the customers received the services' benefit. The court held that the gross income related to Washington litigation was properly sourced to "where the case is litigated" (i.e., Washington) because the benefit of the litigation is "immediately realized upon disposition of the case," not "once the legal department of the insurance company is made aware of the results." View more [here](#).

CASE: *Guild Mortgage Co. v. Washington Department of Revenue*, Docket No. 20-122 (Wash. Bd. of Tax Appeals Aug. 29, 2025).

SUMMARY: The Washington Board of Tax Appeals upheld the Department's determination that certain fees and credits related to mortgage sales to government-sponsored enterprises are included in the lender's gross income for B&O Tax purposes. Specifically, the Board concluded that guaranty fees and loan-level price adjustment fees are part of the lender's cost of doing business and cannot be deducted because they are required payments to participate in a

mortgage-backed securities program. The Board, however, reversed the Department's determination on lender credits (amounts paid toward borrower closing costs in exchange for higher interest rates). These credits were deemed part of the lender's capital investment in the loan and therefore excluded from gross income. View more [here](#).

CASE: *Valente Solutions, LLC v. Washington Department of Revenue*, No. 87280-0-1 (Wash. Ct. App. Dec. 22, 2025) (unpublished).

SUMMARY: The Washington Court of Appeals held that a Washington-based consulting firm was not entitled to a refund of Washington B&O Tax because the taxpayer failed to show that the benefit of services provided to its client were received outside of Washington. The taxpayer sought a refund, arguing that the Department failed to apportion its gross income properly. The taxpayer argued that its localization services provided to a Washington-based client were properly sourced to the countries where the client's products were marketed. The Washington Court of Appeals disagreed, holding that the taxpayer failed to show where its client received the benefit of its services. Further, even if the client received the benefit of the taxpayer's services in more than one state, the taxpayer also failed to show where the client primarily received the benefit of the taxpayer's services. View more [here](#).

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