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Subject: New Jersey Appellate Division – Lanco, Inc.
Date: August 25, 2005

To Our Clients and Friends:

Attached for your information is a copy of the recently decided Lanco decision (Lanco, Inc. v. Director, Division of Taxation, New Jersey Superior Court, Appellate Division, Docket No. A-3285-03T1, 08/24/2005). In Lanco, the New Jersey Superior Court, Appellate Division, ruled that the corporation business tax may be imposed on a corporation with no physical presence in New Jersey that derives income from a New Jersey source pursuant to a license agreement. Reversing the Tax Court, the Appellate Division held that the physical presence requirement set forth in Quill Corp v. North Dakota (1992) 504 US 298 is not applicable to the corporation business tax.

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