

# Corporate Income Tax Questionnaire

Multistate Corporate Tax Guide, 2026 Edition

July 2025

## Instructions

- All new questions are highlighted in red font. **To save time, please respond only to the new questions and to the prior year questions that require a change.** All unanswered questions will be considered to have the same response as last year, unless otherwise noted.
- Provide answers based on the state laws in effect on July 1, 2025.
- Please list the state employee(s) to contact if we have a question regarding a response:

	Name	Email	Phone
1	Brian Fliflet	EMAIL	<b>PHONE</b>
2			
3			

- Please email the completed questionnaire to EMAIL1 by **August 29, 2025.**
- If you have any questions, contact NAME1 at EMAIL2.

**Thank you for your assistance on this project!**

**Questions are Organized by Location of Chart in 2025 Multistate Corporate Tax Guide**

**New questions are highlighted in red font.**

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## Part 1. OVERVIEW (No Questions)

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## Part 2. NEXUS

**[1] Activities in State.** Is an out-of-state corporation subject to your state's income-based tax if its only activity in your state is the activity described below (check each activity that would, by itself, create nexus)?

**[a] Property in State**

<input type="checkbox"/> Ownership of real estate	<input type="checkbox"/> Ownership of display racks
<input type="checkbox"/> Ownership of stock of goods in a public warehouse	<input type="checkbox"/> Ownership of stock of goods on consignment
<input type="checkbox"/> Tooling, molds or dies located at in-state manufacturer	<input type="checkbox"/> Operation of mobile stores
<input type="checkbox"/> Company-owned trucks regularly used to make deliveries to in-state customers	
<input type="checkbox"/> Company-owned trucks occasionally (1-3 times per year) used to make deliveries to in-state customers	
<input type="checkbox"/> Company-owned cars used by salespersons soliciting sales of tangible personal property	
<input type="checkbox"/> Raw materials or finished goods located at in-state printer and occasional (1-3 times per year) quality control visitations by employees	
<input type="checkbox"/> Temporary presence of inventory for purposes of processing by an unrelated third party	
<input type="checkbox"/> Leasing of tangible personal property used regularly by lessee in state	
<input type="checkbox"/> Leasing of tangible personal property used occasionally (1-3 times per year) by lessee in state	
<input type="checkbox"/> Leasing of mobile assets (e.g., trucks, airplanes) used occasionally (1-3 times per year) by lessee in state	
<input type="checkbox"/> Ownership of limited interest in a limited partnership doing business in state	
<input type="checkbox"/> Ownership of general interest in a partnership doing business in state	
<input type="checkbox"/> Ownership of interest in an LLC doing business in state	
<input type="checkbox"/> Ownership of interest in a board-managed LLC doing business in state (member is not on board)	
<input type="checkbox"/> Holding title to electricity flowing through power lines (transmission does not originate or terminate in state) <ul style="list-style-type: none"> <li>▪ For purposes of P.L. 86-272, is electricity considered tangible personal property? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<input type="checkbox"/> Holding title to natural gas flowing through pipelines (transport does not originate or terminate in state) <ul style="list-style-type: none"> <li>▪ For purposes of P.L. 86-272, is natural gas considered tangible personal property? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	

**[b] Employees in State**

<input type="checkbox"/> Solicit sales of tangible personal property	<input type="checkbox"/> Solicit sales of real estate
<input type="checkbox"/> Solicit sales of services (e.g., computer consulting)	<input type="checkbox"/> Solicit sales of intangibles (e.g., securities)
<input type="checkbox"/> Inspect customer installations of products (goods)	<input type="checkbox"/> Inspect customer's inventory
<input type="checkbox"/> Set up promotional items related to products (goods)	<input type="checkbox"/> Perform consulting services for customers
<input type="checkbox"/> Perform non-solicitation activities (i.e., administration) in home offices	
<input type="checkbox"/> Attend trade shows for 14 days or less per year, and products are tangible personal property	
<input type="checkbox"/> Attend trade shows for 14 days or less per year, and products are <b>not</b> tangible personal property	
<input type="checkbox"/> Perform repairs and maintenance of the taxpayer's products	
<input type="checkbox"/> Perform engineering or design services related to sales of taxpayer's customized products	
<input type="checkbox"/> Occasionally (1-3 times per year) provide training seminars for customers	
<input type="checkbox"/> Occasionally (1-3 times per year) attend meetings at customer's location	
<input type="checkbox"/> Occasionally (1-3 times per year) attend training seminars sponsored by unrelated parties	

Present for 20 days or less solely to purchase goods from in-state vendors

**[c] Other Activities in State**

<input type="checkbox"/> Hire unrelated third party to install products	<input type="checkbox"/> Hire unrelated third party to repossess property
<input type="checkbox"/> Hire unrelated third party to collect accounts	<input type="checkbox"/> Lease employees to in-state company
<input type="checkbox"/> Maintain telephone answering service	<input type="checkbox"/> Listing in phone book
<input type="checkbox"/> Hire unrelated third party to perform warranty repairs (customer is not separately charged for service)	
<input type="checkbox"/> Hire unrelated third party to perform warranty repairs (customer is separately charged for service)	
<input type="checkbox"/> In-state fulfillment company fills orders from taxpayer-owned inventory located at fulfillment company	
<input type="checkbox"/> Occasionally (1-3 times per year) hold board of director meetings	
<input type="checkbox"/> Maintain a web site that is accessible in, but not located on a server in state	
<input type="checkbox"/> Maintain a web site that is accessible and located on a server in state	
<input type="checkbox"/> Maintain a security interest in property sold until contract price has been paid	

**[2] Financial Institutions** Is an out-of-state financial institution subject to your state's income-based tax if its only activity in your state is the activity described below (check each activity that would, by itself, create nexus)??

<input type="checkbox"/> State residents hold credit cards issued by the financial institution	
<input type="checkbox"/> Make mortgage loans to state residents secured by in-state real property	
<input type="checkbox"/> Make unsecured consumer loans to state residents	<input type="checkbox"/> Make commercial loans to state residents
<input type="checkbox"/> Make consumer loans to state residents secured by in-state tangible personal property	
<input type="checkbox"/> Purchase, in secondary market, mortgages on in-state real property	
<input type="checkbox"/> Purchase, in secondary market, consumer loans to state residents secured by in-state tangible personal property	
<input type="checkbox"/> Purchase, in secondary market, credit card receivables of state residents	
<input type="checkbox"/> Hire in-state telemarketing firm to market credit cards or loans	
<input type="checkbox"/> Hire in-state unrelated party to service loans	<input type="checkbox"/> Hire in-state related party to service loans
<input type="checkbox"/> Hire in-state unrelated party to close mortgages	<input type="checkbox"/> Foreclose on property in state
<input type="checkbox"/> Solicit loans or credit cards through the mail	
<input type="checkbox"/> Solicit loans or credit cards via Internet web site	

**[3] Trucking Companies.** Is an out-of-state trucking company subject to your state's income-based tax if its only activity in your state is the activity described below (check each activity that would, by itself, create nexus)?

▪ Company-owned trucks pass through your state, but do **not** deliver or pick-up goods in state:

<input type="checkbox"/> More than six times per year	<input type="checkbox"/> More than twelve times per year	<input type="checkbox"/> Other, explain:
<input type="checkbox"/> Company-owned trucks are used to deliver or pick-up goods in state		
<input type="checkbox"/> Company-owned trucks are used to backhaul goods originating in state		
<input type="checkbox"/> Taxpayer hires unrelated trucking company to deliver or pick-up goods in state		

**[4] Franchisers.** Is an out-of-state franchiser subject to your state's income-based tax if its only in-state activity is performing this service for the benefit of an in-state franchisee (check each activity that would, by itself, create nexus)?

<input type="checkbox"/> In-state management training courses	<input type="checkbox"/> In-state regional meetings
<input type="checkbox"/> Bookkeeping that is sent out of state for processing	<input type="checkbox"/> Central purchasing
<input type="checkbox"/> Field operations evaluations	<input type="checkbox"/> Field training
<input type="checkbox"/> Frequent visits to advise on business matters	<input type="checkbox"/> Licensing of trademarks or trade names
<input type="checkbox"/> Occasional (1-3 times per year) visits to advise on business matters	
<input type="checkbox"/> Occasional (1-3 times per year) "secret shopper" visits by employees for quality control purposes	
<input type="checkbox"/> Occasional (1-3 times per year) "secret shopper" visits by unrelated third parties for quality control purposes	

Providing supplies or equipment for special events (e.g., outside displays), free-of-charge  
 Delivery of products via company-owned vehicles

**[5] Qualified to Do Business.** For a corporation that is qualified to do business in your state: Yes No

▪ Does the mere holding of a certificate of authority to do business subject the corporation to:

- Income-based tax?
- Flat dollar amount minimum tax?

▪ Must the corporation file a tax return, even if it has not yet begun to do business in your state?

▪ Must the corporation file a tax return, even if its activities are protected by P.L. 86-272 (i.e., the corporation must file a return noting that it is protected by P.L. 86-272)?

▪ If employees of a foreign corporation enter your state to solicit sales of tangible personal property which are approved and shipped from outside your state, does P.L. 86-272 protect the foreign corporation from income tax nexus in your state?  Yes  No

**[6] De Minimis Presence** Yes No

▪ Has your state defined occasional or de minimis in-state activity that does not create income tax nexus?

- If YES, what is definition?

▪ If a taxpayer establishes nexus during the year, is it taxable for the entire year, i.e., must the taxpayer file a full-year return and include in the sales factor sales that occurred prior to establishing nexus?

▪ Has your state developed an income tax nexus questionnaire that is sent to taxpayers which the state believes may be doing business?

**[7] Factor Presence Nexus**

▪ Is an out-of-state corporation subject to your state's income-based tax if its only activity in your state is IN-STATE SALES that exceed a certain threshold amount?  Yes  No

- If YES, what is the threshold amount of sales?
- If YES, what amounts are treated as in-state sales (check all that apply)?
  - Sales of real property located in your state
  - Rents or royalties from leasing or licensing real property located in your state
  - Sales of tangible personal property for delivery or shipment to a purchaser in your state
  - Rents from leasing tangible personal property located in your state
  - Sales of services used by a purchaser in your state
  - Sales of intangible property used by a purchaser in your state
  - Royalties from licensing intangible property used by a purchaser in your state
  - Other, explain:

▪ Is an out-of-state corporation subject to your state's income-based tax if its only activity in your state is IN-STATE PAYROLL that exceeds a certain threshold amount?  Yes  No

- If YES, what is the threshold amount of payroll?

▪ Is an out-of-state corporation subject to your state's income-based tax if its only activity in your state is IN-STATE PROPERTY that exceeds a certain threshold amount?  Yes  No

- If YES, what is the threshold amount of property?

▪ If the taxpayer is a member of a combined group of corporations engaged in a unitary business, does the taxpayer include the sales, property and payroll of the other group members when determining whether a threshold is met?  Yes  No

■ If the taxpayer is a partner in a partnership, does the taxpayer include its distributive share of the sales, property and payroll of the partnership when determining whether a threshold is met?  Yes  No

**[8] Economic Nexus**

■ Assume an out-of-state corporation does not have any tangible property, employees, representatives or any other type of physical presence in your state. Is that out-of-state corporation subject to your state's income-based tax if its only activity in your state is the activity described below (check each activity that would, by itself, create nexus)?

Licensing of trademarks or trade names to related entities located in state  
 Licensing of trademarks or trade names to unrelated entities located in state  
 Licensing of software to entities located in state  
 Licensing of franchises (e.g., fast-food franchises) to entities located in state  
 Licensing of other intangibles (e.g., patents or copyrights) to entities located in state  
 Other, explain:

**[9] PL 86-272 and Internet Activities.** Assume that an out-of-state corporation operates a website offering for sale only items of tangible personal property and its only activity in your state is the activity described below. Orders are sent outside your state for approval or rejection, and if approved, are shipped from a point outside your state. For each independent scenario, determine if the out-of-state corporation would be subject to your state's income-based tax.

Yes No

■ The website enables in-state customers to search for items, read product descriptions, select items for purchase, choose among delivery options, and pay for the items.	<input type="checkbox"/> <input type="checkbox"/>
■ The business provides post-sale assistance to in-state customers by posting a list of static FAQs with answers on the business's website.	<input type="checkbox"/> <input type="checkbox"/>
■ The business provides post-sale assistance to in-state customers via either electronic chat or email that customers initiate by clicking on an icon on the business's website.	<input type="checkbox"/> <input type="checkbox"/>
■ The business places internet cookies onto the electronic devices of in-state customers that are only used for purposes entirely ancillary to the solicitation of orders for tangible personal property.	<input type="checkbox"/> <input type="checkbox"/>
■ The business places internet cookies onto the electronic devices of in-state customers <b>that</b> gather customer search information that will be used to adjust production schedules and inventory amounts, develop new products, or identify new items to offer for sale.	<input type="checkbox"/> <input type="checkbox"/>
■ The business remotely fixes or upgrades products previously purchased by its in-state customers by transmitting code to those products via the internet.	<input type="checkbox"/> <input type="checkbox"/>
■ The business offers and sells extended warranty plans via its website to in-state customers who purchase the business's products.	<input type="checkbox"/> <input type="checkbox"/>
■ The business solicits and receives online applications for its branded credit card via the business's website.	<input type="checkbox"/> <input type="checkbox"/>
■ The business's website invites in-state viewers to apply for non-sales positions with the business.	<input type="checkbox"/> <input type="checkbox"/>
■ The business contracts with a marketplace facilitator that facilitates the sale of the business's products on the facilitator's online marketplace. The marketplace facilitator stores an inventory of the business's products at fulfillment centers in your state.	<input type="checkbox"/> <input type="checkbox"/>

**[7] Presence of Remote Workers.** Assume an out-of-state corporation has no facilities in your state, but one or more employees of the corporation work from their homes located within the state ("remote workers").

Assume the remote workers limit their business activities in your state to the solicitation of orders for sales of tangible personal property that are sent outside the state for approval and, if approved, are filled by shipment or delivery from a point outside the state. Does the presence of the remote workers create corporate income tax nexus for the out-of-state corporation?

Yes  No

Now assume the remote workers engage in business activities in your state other than the solicitation of orders for sales of tangible personal property. Which of the following factors are relevant for purposes of determining whether the remote workers' presence in your state creates corporate income tax nexus for the out-of-state employer (check all that apply)?

- Number of remote workers in the state
- Whether the remote workers are residents of the state
- Whether the remote workers use company-owned equipment
- Whether the employer reimburses the remote workers for expenses related to their home offices
- Whether the employer requires the remote workers perform their work activities in your state
- Other, explain:

#### [10] Foreign (non-U.S.) Corporations

▪ If a foreign (non-U.S.) corporation has income tax nexus in your state but is exempt from federal income tax pursuant to an income tax treaty, is the foreign corporation:

- Required to file an income tax return in your state?  Yes  No
- Subject to income tax in your state?  Yes  No
- If YES, what is the starting point for computing state taxable income?
  - Federal taxable income computed as if the corporation was subject to federal income tax
  - Other, explain:

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## Part 3. TAX BASE AND RATES

Note: SAF means "Same as Federal"

#### [1] Conformity to Federal Tax Base

- Does the computation of your state's corporate taxable income start with an amount from federal Form 1120?
  - Yes, Line 28 of Form 1120 (taxable income before the NOL deduction and special deductions)
  - Yes, Line 30 of Form 1120 (taxable income)
  - No, explain:
- If the federal rules for computing gross income and deductions are followed, what is the state's date of adoption of the Internal Revenue Code?

#### [2] Tax Rates

- What is your state's corporate income tax rate schedule?
- Are there any temporary income tax surcharges?  Yes  No
  - If YES, applicable tax years and surcharge rate?

#### [3] Minimum Tax

- Does your state impose a flat-dollar minimum tax or annual filing fee on C corporations?  Yes  No
  - If YES, amount?
- Does your state impose a minimum tax on the income of C corporations?  Yes  No
  - If YES, rate schedule?
  - If YES, what are the tax preferences and adjustments to regular taxable income (check all that apply)?

<input type="checkbox"/> Depreciation	<input type="checkbox"/> Mining exploration and development costs
<input type="checkbox"/> Gain or loss on sale of depreciable property	<input type="checkbox"/> Adjusted current earnings (ACE)
<input type="checkbox"/> Completed contract method	<input type="checkbox"/> Depletion
<input type="checkbox"/> Pollution control facility amortization	<input type="checkbox"/> Bad debt reserves of financial institutions
<input type="checkbox"/> Installment method for dealer sales	<input type="checkbox"/> Intangible drilling costs
<input type="checkbox"/> Tax-exempt private activity bond interest	

**[4] Addition Modifications.** For corporate taxpayers, what addition modifications are required to convert federal taxable income into state taxable income (check all that apply)?

<b>Income</b>	<input type="checkbox"/> Interest income from state or local bonds issued by your state <input type="checkbox"/> Interest income from state or local bonds issued by other states <input type="checkbox"/> Gain or loss difference (due to lower state basis) on sale of depreciable property <input type="checkbox"/> Refund of federal income tax previously deducted on state return
<b>Taxes</b>	<input type="checkbox"/> Foreign country income taxes deducted for federal purposes <input type="checkbox"/> State income taxes <input type="checkbox"/> Local income taxes (e.g., city or county) <input type="checkbox"/> State or local corporate franchise taxes based on income <input type="checkbox"/> State or local corporate franchise taxes based on capital or net worth
<b>Depreciation</b>	<input type="checkbox"/> Federal MACRS depreciation in excess of state allowed depreciation <input type="checkbox"/> Federal Section 168(k) first-year bonus depreciation <input type="checkbox"/> Federal Section 179 asset expensing <input type="checkbox"/> Federal depletion in excess of state allowed depletion <input type="checkbox"/> Federal amortization in excess of state allowed amortization
<b>Carryovers</b>	<input type="checkbox"/> Federal NOL carryover deduction <input type="checkbox"/> Federal net capital loss carryover deduction <input type="checkbox"/> Federal contribution carryover deduction
<b>Other</b>	<input type="checkbox"/> IRC §250 deduction for foreign-derived intangible income (FDII) <input type="checkbox"/> IRC §250 deduction for global intangible low-taxed income (GILTI) <input type="checkbox"/> Certain royalties and intangible expenses paid to related parties <input type="checkbox"/> Certain interest expenses paid to related parties <input type="checkbox"/> Expenses related to state tax credits (e.g., jobs credit) <input type="checkbox"/> Federal dividends-received deduction <input type="checkbox"/> Expenses related to federal income amounts excluded from state income <input type="checkbox"/> R&D expenditures amortized over 5 years for federal tax purposes <input type="checkbox"/> Other, explain:

**[5] Subtraction Modifications.** For corporate taxpayers, what subtraction modifications are required to convert federal taxable income into state taxable income (check all that apply)?

<b>Income</b>	<input type="checkbox"/> Interest income from Federal debt obligations <input type="checkbox"/> Gain or loss difference (due to higher state basis) on sale of depreciable property <input type="checkbox"/> Capital gain exclusion or deduction allowed by state <input type="checkbox"/> State income tax refunds included in federal return
<b>Depreciation</b>	<input type="checkbox"/> Subtraction for prior year addback of federal first-year bonus depreciation

<input type="checkbox"/> Subtraction for prior year addback of IRC §179 asset expensing	
<b>Foreign</b>	<input type="checkbox"/> IRC §951 Subpart F income <input type="checkbox"/> IRC §951A inclusion for global intangible low-taxed income (GILTI) <input type="checkbox"/> IRC §965 one-time Subpart F inclusion for deferred foreign income (last tax year that begins before 2018) <input type="checkbox"/> IRC §78 gross up income <input type="checkbox"/> Other foreign-source income, explain: <input type="checkbox"/> Foreign income taxes for which a credit was taken for federal purposes
<b>Other</b>	<input type="checkbox"/> Expenses related to federal tax credits (e.g., research credit) <input type="checkbox"/> R&D expenditures immediately expensed for state tax purposes <input type="checkbox"/> State dividends-received deduction <input type="checkbox"/> State NOL carryover deduction <input type="checkbox"/> Federal income taxes <input type="checkbox"/> Business interest expense deductions denied by IRC §163(j) <input type="checkbox"/> Other, explain:

**[6] Depreciation.** Does your state conform to the following federal depreciation rules (check all that apply)?

<input type="checkbox"/> MACRS system, post-1986 IRC §168	▪ Effective date of conformity? <input type="checkbox"/> SAF <input type="checkbox"/> Other:
<input type="checkbox"/> ADS system, IRC §168[g]	▪ Effective date of conformity? <input type="checkbox"/> SAF <input type="checkbox"/> Other:
▪ If state does not conform, what depreciation methods are available?	
▪ Does your state have a special form for computing the state depreciation deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No	
▪ If YES, Form:	

**[7] Federal Bonus Depreciation**

<b>▪ Does your state conform to the IRC §168(k) first-year bonus depreciation provisions? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</b>	
<b>▪ If NO, Explain: 35 ILCS 5/203(a)(2)(D-15), 203(b)(2)(E-10), 203(c)(2)(G-10), 203(d)(2)(D-5) required the bonus depreciation deduction under IRC section 168(k) be added back</b>	
▪ 2021? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, explain:	
▪ 2022? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, explain:	
▪ 2023? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, explain:	
▪ 2024? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, explain:	
▪ Does your state require a special adjustment for the 100% federal bonus depreciation for property acquired and placed in service after September 27, 2017, and on or before December 31, 2017? <input type="checkbox"/> Yes <input type="checkbox"/> No	
▪ If YES, explain:	
▪ Does your state conform to the CARES Act of 2020 provision which reduces the MACRS recovery period of qualified improvement property from 39 years to 15 years? <input type="checkbox"/> Yes <input type="checkbox"/> No	
▪ If YES, does your state apply this provision retroactively to property placed in service after December 31, 2017? <input type="checkbox"/> Yes <input type="checkbox"/> No	
▪ If YES, does your state allow bonus depreciation on this property? <input type="checkbox"/> Yes <input type="checkbox"/> No	

**[8] Section 179 Asset Expensing**

<b>▪ Does your state conform to the IRC §179 asset expensing provisions? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</b>	
<b>▪ If NO, Explain:</b>	
▪ 2021? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, explain:	

~~2022?  Yes  No  If YES, explain:~~

~~2023?  Yes  No  If YES, explain:~~

~~2024?  Yes  No  If YES, explain:~~

### [9] NOL Deductions

▪ Does your state allow an NOL *carryback* deduction?  Yes  No

- If YES, number of years?  SAF  Other, explain:
- If YES, does your state impose a percentage limitation on the amount of the carryback deduction?
  - Yes, SAF  Yes, other (Explain: )  No
- If YES, does your state impose a flat-dollar limitation on the amount of the carryback deduction?  Yes  No
  - If YES, what is the limitation amount?
- If YES, can a taxpayer elect to forgo a carryback?  Yes  No
  - If YES, if a federal election is made, is a separate state election also required?

▪ Does your state allow an NOL *carryforward* deduction?  Yes  No

- If YES, number of years?  SAF  Other, explain:
- If YES, does your state impose a percentage limitation on the amount of the carryforward deduction?
  - Yes, SAF  Yes, other (Explain: )  No
- If YES, does your state impose a flat-dollar limitation on the amount of the carryforward deduction?  Yes  No
  - If YES, what is the limitation amount?

▪ Does your state allow an NOL carryover deduction for an NOL that was generated in a tax year that the corporation was not doing business in the state?  Yes  No

▪ Does your state conform to IRC §381, which permits NOLs carryovers in reorganizations?  Yes  No

▪ Does your state conform to IRC §382, which restricts the use of NOLs carryovers in reorganizations?  Yes  No
 

- If YES, does the state limitation amount match the IRC §382 limitation amount?  Yes  No

▪ Is the amount of the NOL carryover deduction determined by the apportionment percentage in the year of the loss, or the apportionment percentage in the carryover year?  Loss year apportionment %  Carryover year apportionment %

▪ Does your state conform to the *CARES Act of 2020* provision which temporarily provides for a five-year carryback for NOLs arising in tax years beginning in 2018, 2019 and 2020?  Yes  No

▪ Prior to the *CARES Act of 2020*, did your state conform to the federal 80% of taxable income limitation on deductions for NOLs arising in tax years beginning after 2017?  Yes  No
 

- If YES, does your state conform to the *CARES Act of 2020* provision that postpones the 80% limitation until 2021 for NOLs arising in tax years beginning in 2018, 2019 and 2020?  Yes  No

**[10] NOL Carryovers in Mergers.** Assume Q, a corporation with NOL carryforwards, is merged into R, a profitable corporation that currently is doing business in your state. In each of the following independent fact patterns, indicate whether your state allows the surviving entity (R) to deduct the NOL carryforwards of the merged entity (Q).

Case 1: Q was doing business in your state prior to the merger  Yes  No
 

- If YES, what limitations apply?  SAF  Other, explain:

Case 2: Q was **not** doing business in your state prior to the merger  Yes  No
 

- If YES, what limitations apply?  SAF  Other, explain:

Case 3: R was doing business in your state prior to the merger  Yes  No
 

- If YES, what limitations apply?  SAF  Other, explain:

Case 4: R was **not** doing business in your state prior to the merger  Yes  No
 

- If YES, what limitations apply?  SAF  Other, explain:

**[11] Dividends.** For corporate taxpayers:

▪ Is an addition modification required for the federal dividends-received deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ What type of adjustment does your state allow for dividends received from other U.S. corporations? <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other subtraction modification <input type="checkbox"/> No adjustment <input type="checkbox"/> Other, explain: ▪ What is the schedule for computing your state's dividends-received deduction or subtraction modification? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Are dividends from foreign (non-U.S.) corporations treated differently than dividends from U.S. corporations? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, explain difference:
▪ What type of adjustment does your state allow for IRC §951 Subpart F income? <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other subtraction modification <input type="checkbox"/> No adjustment <input type="checkbox"/> Other, explain:
▪ What type of adjustment does your state allow for IRC §78 gross up income? <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other subtraction modification <input type="checkbox"/> No adjustment <input type="checkbox"/> Other, explain:

**[12] State and Local Taxes.** For corporate taxpayers, does your state allow a *deduction* for the following state and local taxes (check all that apply)?

<input type="checkbox"/> State income taxes – Other states	<input type="checkbox"/> Washington business and occupation tax
<input type="checkbox"/> State income taxes – Your state	<input type="checkbox"/> Franchise taxes on net worth or capital – Your state
<input type="checkbox"/> Local income taxes – Other states	<input type="checkbox"/> Texas franchise tax on margin
<input type="checkbox"/> Local income taxes – Your state	<input type="checkbox"/> Kentucky limited liability entity tax
<input type="checkbox"/> Franchise taxes on net worth or capital – Other states	<input type="checkbox"/> New Hampshire business enterprise tax
<input type="checkbox"/> Ohio commercial activity tax	

**[13] Section §163(j) Limitation**

▪ Does your state conform to the IRC §163(j) limitation on business interest expense deductions? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, does your state permit any disallowed interest to be carried forward indefinitely? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, does your state provide an exception for small businesses? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, at what level is the limitation applied? <input type="checkbox"/> Separate company basis <input type="checkbox"/> State consolidated group <input type="checkbox"/> State combined unitary group <input type="checkbox"/> Federal consolidated group <input type="checkbox"/> Other, explain:
▪ If YES, does your state conform to the CARES Act of 2020 provision that temporarily increases the adjusted taxable income percentage from 30% to 50% for tax years beginning in 2019 and 2020? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, can taxpayers elect to use the lower 30% limitation threshold? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, can taxpayers elect to base the 2020 limitation on 2019 adjusted taxable income? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If the state consolidated or combined group differs from the federal group, how is the §163(j) limitation recalculated for, or the allowable deduction allocated to, the members included in the state filing group?
▪ Has your state provided any legislative or administrative guidance regarding how the §163(j) limitation impacts the calculation of state taxable income? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, please provide citation(s):

**[14] Related Party Interest Expense**

▪ Does your state require an addition modification for interest expenses paid to a related member? <input type="checkbox"/> Yes <input type="checkbox"/> No
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- If YES, how does your state define a “related member” (check all that apply)?
  - Component member of a controlled group under IRC §1563
  - Shareholder that owns 50% or more of the taxpayer
  - Corporation that is 50% or more owned by the taxpayer
  - Other, explain:
- If YES, under what circumstances is an addback not required (check all that apply)?
  - Recipient’s income is taxed by a foreign country
    - Specific requirements:
    - Recipient’s income is taxed by a U.S. state
    - Specific requirements:
    - Recipient pays the amount to an unrelated person in same tax year
      - Specific requirements:
      - Adjustment is unreasonable
      - Agree to alternative adjustment
      - Other, explain:
- If YES, is an addback required only if the interest expense is related to intangible property?  Yes  No
- If YES, explain:

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- If a portion of a taxpayer’s interest expense deduction is disallowed for federal tax purposes due to the IRC §163(j) limitation, how does your state determine the portion of the federal interest expense deduction that is related-party interest as opposed to third-party interest?
  - Pro-rata based on the percentage of the taxpayer’s total interest expense (before applying the §163(j) limitation) that is related-party interest expense versus third-party interest expense
  - Other, explain:

### [15] Related Party Intangibles Expense

- Does your state require an addition modification for intangible expenses paid to a related member?  Yes  No
  - If YES, how does your state define “intangible expenses”?
  - If YES, how does your state define a “related member” (check all that apply)?
    - Component member of a controlled group under IRC §1563
    - Shareholder that owns 50% or more of the taxpayer
    - Corporation that is 50% or more owned by the taxpayer
    - Other, explain:
  - If YES, under what circumstances is an addback not required (check all that apply)?
    - Recipient’s income is taxed by a foreign country
      - Specific requirements:
      - Recipient’s income is taxed by a U.S. state
      - Specific requirements:
      - Recipient pays the amount to an unrelated person in same tax year
        - Specific requirements:
        - Adjustment is unreasonable
        - Agree to alternative adjustment
        - Other, explain:

### [16] Other Related Party Expenses

■ Does your state require an addition modification for related party expenses other than interest expenses or intangible expenses?  Yes  No  
 ■ If YES, explain:

### [17] Section 250 FDII Deduction

■ Does your state conform to the IRC §250, which allows a corporation to claim a deduction equal to 37.5% of its foreign-derived intangible income (FDII)?  Yes  No  
 ■ If YES, what is the deduction percentage?  SAF  Other, explain:

■ At what level does a taxpayer compute the federal FDII deduction?  
 Separate company basis  State consolidated group  State combined unitary group  
 Federal consolidated group  Other, explain:

■ Does your state conform to the federal consolidated group rule for allocating the federal FDII deduction to specific members of the group?  Yes  No

■ If a taxpayer is not eligible to claim a federal FDII deduction because the taxpayer is a member of a federal consolidated group that is in a consolidated loss position, can the taxpayer claim a state FDII deduction if that taxpayer has both qualified FDII and taxable income on a separate company basis?  Yes  No

■ Has your state provided any legislative or administrative guidance regarding how the federal FDII deduction impacts the calculation of state taxable income?  Yes  No  
 ■ If YES, please provide citation(s):

**[18] Federal Bonds.** For corporate taxpayers, does your state tax interest income received on debt obligations issued by the following federal departments or agencies (check all that apply)?

<input type="checkbox"/> U.S. Treasury Department	<input type="checkbox"/> Federal Farm Credit Bank System
<input type="checkbox"/> Federal National Mortgage Assn. (Fannie Mae)	<input type="checkbox"/> Federal Home Loan Bank System (FHLBS)
<input type="checkbox"/> Government National Mortgage Assn. (Ginnie Mae)	<input type="checkbox"/> Student Loan Marketing Assn. (Sallie Mae)
<input type="checkbox"/> Federal Agricultural Mortgage Corp. (Farmer Mac)	<input type="checkbox"/> Federal Home Loan Mortgage Corp. (Freddie Mac)
<input type="checkbox"/> Dividends from mutual fund which invests <i>solely</i> in U.S. Treasury obligations	
<input type="checkbox"/> Dividends from mutual fund to the extent the income is related to U.S. Treasury obligations	

■ How is a premium or discount on a federal debt obligation amortized?  SAF  Other, explain:  
 ■ Does your state tax a gain or loss on the sale of a debt obligation issued by a U.S. federal department or agency?  
 Yes  No

**[19] Municipal Bonds.** For corporate taxpayers, does your state tax the following (check all that apply)?

■ Interest income from state or local bonds issued by:  Your state  Other states  
 ■ If an exemption is available, must a municipal bond be registered to be tax exempt?  Yes  No  
 ■ How is a premium or discount on municipal bonds amortized?  SAF  Other, explain:  
 ■ Gain or loss on the sale of state or local bonds issued by:  Your state  Other states

### [20] Capital Gains and Losses

■ For corporate taxpayers, does your state provide a lower tax rate for long-term capital gains?  Yes  No  
 ■ If YES, rate:  
 ■ For corporate taxpayers, does your state provide an exclusion or deduction for long-term capital gains?  Yes  
 No  
 ■ If YES, explain:

▪ What is requisite holding period for “long-term” status? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Does your state allow corporate taxpayers to deduct a net capital loss against ordinary income? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, is there a dollar limitation?
▪ Does your state provide corporate taxpayers with a net capital loss <i>carryback</i> deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, number of years? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Does your state provide corporate taxpayers with a net capital loss <i>carryforward</i> deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, number of years? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Can a capital loss carryforward deduction be claimed for a net capital loss that was generated in a tax year that the corporation was not doing business in the state? <input type="checkbox"/> Yes <input type="checkbox"/> No

**[21] R&D Expenditures.** Starting in 2022, IRC §174 requires taxpayers to amortize R&D expenditures over five years.

▪ Does your state conform to IRC §174, which requires taxpayers to amortize R&D expenditures over five years? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If NO, does your state allow immediate expensing of R&D expenditures? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If NO, explain how your state treats R&D expenditures?

**[22] Cryptocurrency.** For federal income tax purposes, cryptocurrency is treated as property [IRS Notice 2014-21 and Rev. Rul. 2019-24].

▪ Does your state conform to the federal tax treatment of cryptocurrency as property? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If NO, explain:
▪ For purposes of applying Public Law 86-272 to an out-of-state company that sells cryptocurrency to customers in your state, is the transaction treated as a sale of intangible property? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If NO, explain:
▪ For apportionment purposes, is the sale of cryptocurrency treated as a sale of intangible property for purposes of computing your state’s sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If NO, explain:
▪ If an employee is paid with cryptocurrency, is the fair market value of the cryptocurrency paid as wages subject to your state’s income tax withholding and payroll taxes? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If NO, explain:
▪ Is a payment made using cryptocurrency subject to information reporting requirements to the same extent as any other payment made in property? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If NO, explain:

**[23] Passive Loss Limitations.** For corporate taxpayers, does your state:

Yes  No

▪ Conform to the IRC §469 limitations on passive activity <i>losses</i> ? <input type="checkbox"/> <input type="checkbox"/>
▪ Conform to the IRC §469 limitations on passive activity <i>credits</i> ? <input type="checkbox"/> <input type="checkbox"/>
▪ If YES, which types of corporations are subject to the limitations? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Conform to the federal carryforward rules for suspended passive losses or credits? <input type="checkbox"/> <input type="checkbox"/>

**[24] Depletion.** Does your state conform to the IRC §§611 to 613 rules for computing depletion on the following types of property (check all that apply)?

<input type="checkbox"/> Cost depletion on in-state property	<input type="checkbox"/> Cost depletion on out-of-state property
<input type="checkbox"/> Percentage depletion on in-state property	<input type="checkbox"/> Percentage depletion on out-of-state property
▪ Does your state allow the use of other methods of computing depletion? <input type="checkbox"/> Yes <input type="checkbox"/> No ▪ If YES, explain:	

**[25] Section 338 Elections**

▪ Does your state conform to the federal treatment of an IRC §338 transaction?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Does your state require the filing of a one-day return to report the gain from the deemed asset sale?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ How does your state apportion the gain from the deemed asset sale?	<input type="checkbox"/> Standard short-period apportionment formula  <input type="checkbox"/> Prior-year apportionment percentages <input type="checkbox"/> Other, explain:

*Section 338(h)(10) Elections*

▪ Does your state conform to the federal treatment of an IRC §338(h)(10) transaction?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Specifically, if an IRC §338(h)(10) election is made, how does your state:	
▪ Tax the selling parent corporation on the gain from the sale of the Target corporation's stock?	<input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Tax the Target corporation on the gain from the deemed asset sale?	<input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Treat the tax attributes (e.g., NOL carryforwards) of the Target corporation?	<input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:
▪ Does your state conform to the federal treatment of an IRC §338(h)(10) election if the sellers are shareholders of an S corporation (rather than a selling consolidated group)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ How does your state treat the gain from the deemed asset sale?	<input type="checkbox"/> Apportionable income <input type="checkbox"/> Allocable nonbusiness income <input type="checkbox"/> Other, explain:
▪ What amount from the deemed asset sale is included in the sales factor?	<input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net gain <input type="checkbox"/> None (\$0) <input type="checkbox"/> Other, explain:
▪ How does your state apportion the gain from the deemed asset sale?	<input type="checkbox"/> Standard short-period apportionment formula  <input type="checkbox"/> Prior-year apportionment percentages <input type="checkbox"/> Other, explain:
▪ Do the Target corporation's state filing periods conform to the federal filing periods?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Can a corporation that makes an IRC §338(h)(10) election choose not to so elect for state purposes?	<input type="checkbox"/> Yes <input type="checkbox"/> No  ▪ If YES, explain:
▪ Does your state require a separate IRC §338(h)(10) election for state tax purposes?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**[26] Cancellation of Debt Income**

Yes No

▪ Does your state conform to the IRC §108(a) exclusion for cancellation of debt (COD) income when the taxpayer is bankrupt or insolvent?	<input type="checkbox"/> <input type="checkbox"/>
▪ If NO, explain:	
▪ If YES, is the exclusion available only if the taxpayer reduces its NOLs and other tax attributes by the excluded amount, as required by IRC §108(b)?	<input type="checkbox"/> <input type="checkbox"/>
▪ If NO, explain:	
▪ If YES, can the taxpayer elect to reduce the basis of its depreciable property, rather than its tax attributes, as provided by IRC §108(b)(5)?	<input type="checkbox"/> <input type="checkbox"/>
▪ If NO, explain:	

**[27] Paycheck Protection Program (PPP) Loans**

▪ Does your state conform to the CARES Act of 2020 exclusion from gross income for forgiveness of a PPP loan?
<input type="checkbox"/> Yes <input type="checkbox"/> No

<ul style="list-style-type: none"> <li>▪ If NO, explain:</li> </ul>
<ul style="list-style-type: none"> <li>▪ How does your state treat the funds received and expenses incurred with respect to forgiven PPP loans?           <ul style="list-style-type: none"> <li><input type="checkbox"/> SAF – Exclude forgiven PPP loans from taxable income and allow deductions for the related business expenses</li> <li><input type="checkbox"/> Exclude forgiven PPP loans from taxable income but deny deductions for the related business expenses</li> <li><input type="checkbox"/> Treat forgiven PPP loans as taxable income and allow deductions for the related business expenses</li> <li><input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>▪ Was your state's tax treatment of the funds received or expenses incurred with respect to forgiven PPP loans different in prior years? <input type="checkbox"/> Yes <input type="checkbox"/> No           <ul style="list-style-type: none"> <li>▪ If YES, explain:</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>▪ Does your state conform to Rev. Proc. 2021-20, which provides that PPP loan recipients who relied on prior IRS guidance and did not deduct eligible business expenses may deduct these eligible business expenses in a subsequent tax year instead of filing an amended return? <input type="checkbox"/> Yes <input type="checkbox"/> No           <ul style="list-style-type: none"> <li>▪ If NO, explain:</li> </ul> </li> </ul>

## Part 4. GROUP FILING METHODS

### [1] Combined Reporting Options

<ul style="list-style-type: none"> <li>▪ Regarding your state's tax reporting requirements, which filing options are available to a group of corporations engaged in a unitary business (check all that apply)?           <ul style="list-style-type: none"> <li><input type="checkbox"/> Combined unitary reporting is mandatory</li> <li><input type="checkbox"/> Combined unitary reporting is not allowed under any circumstances</li> <li><input type="checkbox"/> State may require combined unitary reporting if certain conditions are met</li> <li><input type="checkbox"/> State may grant permission to file a combined unitary report if certain conditions are met</li> <li><input type="checkbox"/> Taxpayer may elect combined unitary reporting if certain conditions are met</li> <li><input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>
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### [2] Combined Reporting Group. If combined unitary reporting is required or permitted:

<ul style="list-style-type: none"> <li>▪ How does your state define a "unitary business"?</li> </ul>										
<ul style="list-style-type: none"> <li>▪ What factors are considered in determining whether companies are engaged in a unitary business (check all that apply)?           <table border="0"> <tr> <td><input type="checkbox"/> Functional integration</td> <td><input type="checkbox"/> Economies of scale</td> </tr> <tr> <td><input type="checkbox"/> Centralized executive force</td> <td><input type="checkbox"/> Centralized administrative services</td> </tr> <tr> <td><input type="checkbox"/> Same type or line of business</td> <td><input type="checkbox"/> Steps in a vertical enterprise or process</td> </tr> <tr> <td><input type="checkbox"/> Operations are dependent upon or contribute to one another</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other, explain:</td> <td></td> </tr> </table> </li> </ul>	<input type="checkbox"/> Functional integration	<input type="checkbox"/> Economies of scale	<input type="checkbox"/> Centralized executive force	<input type="checkbox"/> Centralized administrative services	<input type="checkbox"/> Same type or line of business	<input type="checkbox"/> Steps in a vertical enterprise or process	<input type="checkbox"/> Operations are dependent upon or contribute to one another		<input type="checkbox"/> Other, explain:	
<input type="checkbox"/> Functional integration	<input type="checkbox"/> Economies of scale									
<input type="checkbox"/> Centralized executive force	<input type="checkbox"/> Centralized administrative services									
<input type="checkbox"/> Same type or line of business	<input type="checkbox"/> Steps in a vertical enterprise or process									
<input type="checkbox"/> Operations are dependent upon or contribute to one another										
<input type="checkbox"/> Other, explain:										
<ul style="list-style-type: none"> <li>▪ Are taxpayers required to complete a questionnaire to determine whether a unitary relationship exists? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>										
<ul style="list-style-type: none"> <li>▪ What is the stock ownership percentage for inclusion in the combined reporting group?           <ul style="list-style-type: none"> <li><input type="checkbox"/> 50% or more <input type="checkbox"/> More than 50% <input type="checkbox"/> 80% or more <input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>										
<ul style="list-style-type: none"> <li>▪ If unitary, are the following types of companies included in the combined reporting group (check all that apply)?           <ul style="list-style-type: none"> <li><input type="checkbox"/> Transportation companies <input type="checkbox"/> Insurance companies <input type="checkbox"/> Financial services companies</li> </ul> </li> </ul>										
<ul style="list-style-type: none"> <li>▪ What is your state's policy regarding worldwide versus water's-edge combined reporting?           <ul style="list-style-type: none"> <li><input type="checkbox"/> Water's-edge is mandatory <input type="checkbox"/> Worldwide is required, unless taxpayer makes a water's-edge election</li> </ul> </li> </ul>										

<input type="checkbox"/> Worldwide is mandatory	<input type="checkbox"/> Water's-edge is required, unless taxpayer makes a worldwide election
<input type="checkbox"/> Other, explain:	
■ If water's-edge combined reporting is used, which corporations are excluded from the combined reporting group?	
<input type="checkbox"/> Corporations organized in a foreign country <input type="checkbox"/> 80/20 companies, defined as: <input type="checkbox"/> Other, explain:	
■ Is a unitary "check-the-box" foreign branch (i.e., a 100%-owned foreign country corporation that is treated as a disregarded entity for U.S. tax purposes) included in the combined reporting group? <input type="checkbox"/> Yes <input type="checkbox"/> No	
■ If a member of the combined reporting group is a partner in a partnership that is unitary with the partner, is the distributive share of the partnership's income included in the combined report? <input type="checkbox"/> Yes <input type="checkbox"/> No	

**[3] Combined Group's Income Tax.** If combined unitary reporting is required or permitted:

■ When apportioning the income of a combined reporting group, the income of the group members is combined:	
<input type="checkbox"/> Before applying the state's apportionment percentage <input type="checkbox"/> After each member individually apportions its income	
■ What adjustments are made for income derived from transactions between members of the combined reporting group?	
<input type="checkbox"/> No adjustments are made for intercompany transactions <input type="checkbox"/> Same as those required by Treas. Reg. §1.1502-13 for federal consolidated return purposes <input type="checkbox"/> Same as Treas. Reg. §1.1502-13, with exceptions. Explain: <input type="checkbox"/> Other, explain:	
■ Are gross receipts arising from transactions between members of the combined reporting group eliminated for purposes of computing the sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No	
■ Are dividends paid by one group member to another group member eliminated from the income of the recipient? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Only if paid from E&P of unitary business included in combined report	
■ Can a tax credit earned by one group member be used to reduce the tax liability of another group member? <input type="checkbox"/> Yes <input type="checkbox"/> No	
■ Is each group member with nexus in your state separately responsible for the tax on its income apportioned to the state? <input type="checkbox"/> Yes <input type="checkbox"/> No	

**JOYCE versus FINNIGAN.** The *Joyce* method treats each individual member of a combined reporting group as a taxpayer that separately apportions the group's combined income using an apportionment formula based on the member's numerators and the group's denominators. In contrast, the *Finnigan* method treats all the group members as a single taxpayer that apportions the group's combined income using a single apportionment formula.

■ Which method of combined unitary reporting has your state adopted?	
<input type="checkbox"/> <i>Finnigan</i> method <input type="checkbox"/> <i>Joyce</i> method <input checked="" type="checkbox"/> Other, Explain: For tax years ending before December 31, 2025, 86 Ill. Admin. Code 100.9720(f) applied the <i>Joyce</i> method. For tax years ending on or after December 31, 2025, 35 ILCS 5/304(e) adopts the <i>Finnigan</i> method.	
■ Are in-state sales made by members of the combined reporting group that do not have nexus in the state included in the numerator of the state's sales factor?	
<input type="checkbox"/> Yes ( <i>Finnigan</i> method) <input type="checkbox"/> No ( <i>Joyce</i> method) <input checked="" type="checkbox"/> Other, Explain: For tax years ending before December 31, 2025, no. For tax years ending on or after December 31, 2025, yes.	

**[4] NOLs of Combined Group**

■ If a combined reporting group has a taxable loss, is the resulting NOL carried forward at the group-level or the member-level? <input type="checkbox"/> NOL carryforward of group <input type="checkbox"/> NOL carryforward attributed to specific members	
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▪ If NOL carryforwards are attributed to specific members, can an NOL carryforward attributable to one group member offset the income of other group members?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ When a combined reporting group acquires a new member that has NOL carryforwards in your state, can those carryforwards offset the income of other group members?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, are there SRLY-type restrictions on the use of the new member's NOL carryforwards?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, explain:	

#### [5] Elective Combination or Consolidation

▪ Does your state permit a corporation doing business in the state to elect to file a combined unitary report with other related corporations?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what are the eligibility requirements for making the election?	
▪ If YES, what corporations are included in an elective combined unitary report?	
▪ If YES, is the election binding on subsequent tax years?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, how many years is the election binding?	
▪ Does your state permit a corporation doing business in the state to elect to file a consolidated return with other related corporations?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what are the eligibility requirements for making the election?	
▪ If YES, what corporations are included in an elective consolidated return?	
▪ If YES, is the election binding on subsequent tax years?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, how many years is the election binding?	

#### [6] Consolidated Returns. Regarding your state's tax reporting requirements:

▪ What filing options are available to a group of commonly controlled corporations (check all that apply)?
<input type="checkbox"/> Consolidated return is mandatory
<input type="checkbox"/> Consolidated return is not allowed under any circumstances
<input type="checkbox"/> State may require consolidated return if certain conditions are met
<input type="checkbox"/> State may grant permission to file consolidated return if certain conditions are met
<input type="checkbox"/> Taxpayer may elect to file a consolidated return if certain conditions are met
<input type="checkbox"/> Other, explain:

#### [7] Consolidated Group. If consolidated returns are required or permitted:

▪ What is the stock ownership percentage for inclusion in the consolidated return?
<input type="checkbox"/> 50% or more <input type="checkbox"/> More than 50% <input type="checkbox"/> 80% or more <input type="checkbox"/> Other, explain:
▪ In addition to stock ownership, what other requirements must an affiliate satisfy to be included in a consolidated return (check all that apply)?
<input type="checkbox"/> Must be included in federal consolidated return <input type="checkbox"/> Must have nexus in state
<input type="checkbox"/> Must derive all its income from sources within state <input type="checkbox"/> Other, explain:
▪ Must the affiliated group file a federal consolidated return to be eligible to file a state consolidated return? <input type="checkbox"/> Yes
<input type="checkbox"/> No
▪ If YES, must the state consolidated return include all the affiliates included in the federal return? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Are the following types of companies includable in a state consolidated return (check all that apply)?
<input type="checkbox"/> Transportation companies <input type="checkbox"/> Insurance companies <input type="checkbox"/> Financial services companies
▪ Can a foreign (non-U.S.) corporation be included in a state consolidated return? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Can a "check-the-box" foreign branch (i.e., a 100%-owned foreign country corporation that is treated as a disregarded entity for U.S. tax purposes) be included in a state consolidated return? <input type="checkbox"/> Yes <input type="checkbox"/> No

▪ Must the year-end used for the state consolidated return be the same as that used for the federal consolidated return?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Must an affiliated group continue to file a consolidated state return, once it has elected to do so?
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other, explain:

**[8] Consolidated Group's Income Tax**

▪ When apportioning the income of a consolidated group, the income of the group members is consolidated:
<input type="checkbox"/> Before applying the state's apportionment percentage <input type="checkbox"/> After each member individually apportions its income
▪ What adjustments are made for income derived from transactions between members of the consolidated group?
<input type="checkbox"/> No adjustments are made for intercompany transactions
<input type="checkbox"/> Same as those required by Treas. Reg. §1.1502-13 for federal consolidated return purposes
<input type="checkbox"/> Same as Treas. Reg. §1.1502-13, with exceptions. Explain:
<input type="checkbox"/> Other, explain:
▪ Are gross receipts arising from transactions between members of the consolidated group eliminated for purposes of computing the sales factor?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Are dividends paid by one group member to another group member eliminated from the income of the recipient?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Can a tax credit earned by one group member be used to reduce the tax liability of another group member?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Is each group member with nexus in your state separately responsible for the tax on its income apportioned to the state? <input type="checkbox"/> Yes <input type="checkbox"/> No

**[9] NOLs of Consolidated Group**

▪ If a consolidated group has a taxable loss, is the resulting NOL carried forward at the group-level or the member-level?
<input type="checkbox"/> NOL carryforward of group <input type="checkbox"/> NOL carryforward attributed to specific members
▪ If NOL carryforwards are attributed to specific members, can an NOL carryforward attributable to one group member offset the income of other group members?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ When a consolidated group acquires a new member that has NOL carryforwards in your state, can those carryforwards offset the income of other group members?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, are there SRLY-type restrictions on the use of the new member's NOL carryforwards?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, explain:

**[10] Operations in Tax Havens**

▪ Does your state require that a water's-edge combined unitary report include the income of a member of the unitary group that is incorporated or doing business in a tax haven country?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, are the apportionment factors of the tax haven member also included in the water's-edge combined unitary report?
<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, how does your state define a "tax haven" country?
▪ If YES, is it possible to exclude the tax haven member from the combined unitary report if certain requirements are met?
<input type="checkbox"/> Yes <input type="checkbox"/> No

**[11] Provisions that Limited Related Party Planning.** Briefly describe the circumstances under which your state uses the following methods in dealing with related party transactions (e.g., a licensing arrangement between an in-state operating company and a related out-of-state intangible property holding company).

▪ Forced combination of the related entities:
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▪ Reallocation of income among the related entities (e.g., IRC Section 482-type provision):
▪ Denial of deductions for intercorporate payments:
▪ Assert that the out-of-state entity has income tax nexus (e.g., economic or attributional nexus):
▪ Disregard the existence of the related party transactions (e.g., economic substance/business purpose doctrines):
▪ Require alternative apportionment method (e.g., UDITPA Section 18-type equitable relief provision):
▪ Other, explain:

## Part 5. APPORTIONMENT

### [1] Apportionment Formula

▪ What amount of weight (0-100%) does your state's general-purpose apportionment formula place on each of the factors?
▪ Sales factor ____% ▪ Property factor ____% ▪ Payroll factor ____% ▪ Other, explain:
▪ If a corporation establishes nexus during the tax year, are the taxpayer's in-state sales made prior to establishing nexus included in the numerator of the sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No

### Zero Numerator or Denominator

▪ If the numerator of an apportionment factor is zero, is the factor eliminated from the computation? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If the denominator of an apportionment factor is zero, is the factor eliminated from the computation? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what are the requirements for excluding the tax haven member from the combined unitary report?

### [2] Use of Alternative Methods

▪ If your state's standard apportionment formula does not fairly represent the extent of the taxpayer's business activity in the state, is there a procedure by which the TAXPAYER may request the use of an alternative apportionment method?
□ Yes <input type="checkbox"/> No
▪ If YES, what are the requirements for obtaining an alternative apportionment (check all that apply)?
<input type="checkbox"/> Prove that standard formula does not fairly represent the taxpayer's in-state activity
<input type="checkbox"/> Prove that alternative method fairly represents the taxpayer's in-state activity
<input type="checkbox"/> Other, explain:
▪ If YES, what types of alternative apportionment methods are permissible (check all that apply)?
<input type="checkbox"/> Separate accounting
<input type="checkbox"/> Exclusion of one or more of the factors
<input type="checkbox"/> Inclusion of one or more additional factors that fairly represent the taxpayer's in-state activity
<input type="checkbox"/> Other, explain:
▪ If YES, is the taxpayer required to obtain approval for the use of the alternative method in advance of its use? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If your state's standard apportionment formula does not fairly represent the extent of the taxpayer's business activity in the state, can the STATE TAX AUTHORITIES require the use of an alternative apportionment method? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what are the requirements for mandating an alternative apportionment (check all that apply)?

<input type="checkbox"/> Prove that standard formula does not fairly represent the taxpayer's in-state activity <input type="checkbox"/> Prove that alternative method fairly represents the taxpayer's in-state activity <input type="checkbox"/> Other, explain:
--

<ul style="list-style-type: none"> <li>▪ If YES, what types of alternative apportionment methods are permissible (check all that apply)?</li> </ul> <table> <tr> <td><input type="checkbox"/> Separate accounting</td> </tr> <tr> <td><input type="checkbox"/> Exclusion of one or more of the factors</td> </tr> <tr> <td><input type="checkbox"/> Inclusion of one or more additional factors that fairly represent the taxpayer's in-state activity</td> </tr> <tr> <td><input type="checkbox"/> Other, explain:</td> </tr> </table>	<input type="checkbox"/> Separate accounting	<input type="checkbox"/> Exclusion of one or more of the factors	<input type="checkbox"/> Inclusion of one or more additional factors that fairly represent the taxpayer's in-state activity	<input type="checkbox"/> Other, explain:
<input type="checkbox"/> Separate accounting				
<input type="checkbox"/> Exclusion of one or more of the factors				
<input type="checkbox"/> Inclusion of one or more additional factors that fairly represent the taxpayer's in-state activity				
<input type="checkbox"/> Other, explain:				

[3] Reserved

**[4] Specialized Industry Formulas**

▪ Does your state require an AIRLINE to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> <li>▪ If YES, what is the definition of a company in this industry?</li> </ul>	
▪ Does your state require a CONSTRUCTION CONTRACTOR to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> <li>▪ If YES, what is the definition of a company in this industry?</li> </ul>	
▪ Does your state require a FINANCIAL INSTITUTION to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> <li>▪ If YES, what is the definition of a company in this industry?</li> </ul>	
▪ Does your state require a PIPELINE COMPANY to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> <li>▪ If YES, what is the definition of a company in this industry?</li> </ul>	
▪ Does your state require a PROFESSIONAL SPORTS TEAM to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> <li>▪ If YES, what is the definition of a company in this industry?</li> </ul>	
▪ Does your state require a PUBLISHER to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> <li>▪ If YES, what is the definition of a company in this industry?</li> </ul>	
▪ Does your state require a RAILROAD to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> <li>▪ If YES, what is the definition of a company in this industry?</li> </ul>	
▪ Does your state require a SHIP TRANSPORTATION COMPANY to use a special apportionment formula?	<input type="checkbox"/> Yes <input type="checkbox"/> No
No	
<ul style="list-style-type: none"> <li>▪ If YES, what is the formula?</li> <li>▪ If YES, how are any specialized factors computed?</li> </ul>	

<ul style="list-style-type: none"> <li>■ If YES, what is the definition of a company in this industry?</li> </ul>
<ul style="list-style-type: none"> <li>■ Does your state require a TELECOMMUNICATIONS COMPANY to use a special apportionment formula? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>No</li> <li>■ If YES, what is the formula?</li> <li>■ If YES, how are any specialized factors computed?</li> <li>■ If YES, what is the definition of a company in this industry?</li> </ul>
<ul style="list-style-type: none"> <li>■ Does your state require a TRUCKING COMPANY to use a special apportionment formula? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>■ If YES, what is the formula?</li> <li>■ If YES, how are any specialized factors computed?</li> <li>■ If YES, what is the definition of a company in this industry?</li> </ul>
<ul style="list-style-type: none"> <li>■ Does your state require a TV AND RADIO BROADCASTER to use a special apportionment formula? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>■ If YES, what is the formula?</li> <li>■ If YES, how are any specialized factors computed?</li> <li>■ If YES, what is the definition of a company in this industry?</li> </ul>
<ul style="list-style-type: none"> <li>■ Are there any other industries for which the use of a special apportionment formula is required? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>■ If YES, what industries?</li> <li>■ If YES, what formula(s) are required?</li> </ul>

#### **[5] Nonbusiness Income.**

<ul style="list-style-type: none"> <li>■ How does your state define <i>business income</i>?</li> </ul>
<ul style="list-style-type: none"> <li>■ How does your state define <i>nonbusiness income</i>?</li> </ul>
<ul style="list-style-type: none"> <li>■ Which of the following factors are considered in determining whether an item of income is treated as <i>business income</i> (check all that apply)?</li> </ul>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Transactional test <input type="checkbox"/> Functional test <input type="checkbox"/> Whether income is apportionable under the U.S. Constitution</li> <li><input type="checkbox"/> Other, explain:</li> </ul>
<ul style="list-style-type: none"> <li>■ What terminology does your state use to refer to an item of income that is apportioned?</li> </ul>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Business income <input type="checkbox"/> Apportionable income <input type="checkbox"/> Other, explain:</li> </ul>
<ul style="list-style-type: none"> <li>■ What terminology does your state use to refer to an item of income that is allocated?</li> </ul>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Nonbusiness income <input type="checkbox"/> Non-apportionable income <input type="checkbox"/> Other, explain:</li> </ul>

#### **[6] Allocating Nonbusiness Income**

Indicate how your state allocates items of nonbusiness income, using the following codes. For example, enter "C" if the item is allocated based on the corporation's commercial domicile.

L—Physical location of income-producing property    C—Commercial domicile of taxpayer  
 U—Where income-producing property is used    S—Situs of income-producing property    O—Other, explain:

Item of Nonbusiness Income	Allocation Method
■ Gain or loss from sale of real property	
■ Gain or loss from sale of tangible personal property	
■ Gain or loss from sale of stocks, bonds, and other securities	
■ Gain or loss from sale of intangible property	
■ Rents and royalties from leasing or licensing real property	
■ Rents from leasing tangible personal property	
■ Royalties from licensing intangible property	
■ Dividends	

## ■ Interest

**[7] Property Factor.** Check this box and skip to [7] if your state's apportionment formula does not use a property factor

<ul style="list-style-type: none"> <li>■ What method is used to value real and tangible personal property?           <p><input type="checkbox"/> Cost <input type="checkbox"/> Net book value <input type="checkbox"/> Federal adjusted basis <input type="checkbox"/> State adjusted basis <input type="checkbox"/> Other, explain:</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ What method is used to value depletable assets?           <p><input type="checkbox"/> Cost <input type="checkbox"/> Net book value <input type="checkbox"/> Federal adjusted basis <input type="checkbox"/> State adjusted basis <input type="checkbox"/> Other, explain:</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ What averaging method is used to determine the annual value of property?           <p><input type="checkbox"/> Beginning and end of year <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Other, explain:</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ Which types of property are specifically excluded (check all that apply)?           <p><input type="checkbox"/> Intangible assets <input type="checkbox"/> Property used to produce nonbusiness income <input type="checkbox"/> Construction in progress  <input type="checkbox"/> Custom software <input type="checkbox"/> Canned software <input type="checkbox"/> Other, explain:</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ If rented or leased assets are included in the property factor, how is the amount of the inclusion determined?           <p><input type="checkbox"/> N/A, rental assets are excluded <input type="checkbox"/> Eight times annual rental <input type="checkbox"/> Other, explain:</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ If rental property is subleased, what is the property factor inclusion based on, assuming the sub-rents are:           <ul style="list-style-type: none"> <li>■ Business income? <input type="checkbox"/> Gross rents <input type="checkbox"/> Net rents (gross less sub-rents) <input type="checkbox"/> Other, explain:</li> <li>■ Nonbusiness income? <input type="checkbox"/> Gross rents <input type="checkbox"/> Net rents (gross less sub-rents) <input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>					
<ul style="list-style-type: none"> <li>■ What valuation method is used for inventory? <input type="checkbox"/> Same as Book <input type="checkbox"/> Same as Tax</li> </ul>					
<ul style="list-style-type: none"> <li>■ Can the LIFO method be used in determining the value of inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>					
<ul style="list-style-type: none"> <li>■ Must the IRC §263A uniform capitalization method be used in determining the value of inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>					
<ul style="list-style-type: none"> <li>■ Which taxpayer includes construction-in-progress in the property factor?           <p><input type="checkbox"/> Construction contractor <input type="checkbox"/> Owner of constructed property <input type="checkbox"/> Neither – Excluded from property factor</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ Is property that was previously used by the taxpayer, but is now idle, included in the property factor?           <p><input type="checkbox"/> Yes, if retained for later use (Remains in property factor for ____ years)  <input type="checkbox"/> Yes, if held for disposition (Remains in property factor for ____ years)  <input type="checkbox"/> Other, explain:</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ Which types of property are included in the property factor (check all that apply)?           <p><input type="checkbox"/> Leasehold improvements <input type="checkbox"/> Mobile property <input type="checkbox"/> Property in transit between taxpayer and customer  <input type="checkbox"/> Property in transit between two of taxpayer's facilities</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ If leasehold improvements are included in the property factor, how are they valued?           <p><input type="checkbox"/> Average cost <input type="checkbox"/> Capitalization of amortization expense <input type="checkbox"/> Other, explain:</p> </li> </ul>					
<ul style="list-style-type: none"> <li>■ How is the value of the following types of mobile property attributed to the numerator of the property factor (e.g., time, mileage, departures, ton miles, port days, where titled, etc.)?           <table border="1"> <tr> <td>■ Airplanes:</td> <td>■ Autos and trucks:</td> </tr> <tr> <td>■ Ships:</td> <td>■ Autos used by sales reps:</td> </tr> </table> </li> </ul>		■ Airplanes:	■ Autos and trucks:	■ Ships:	■ Autos used by sales reps:
■ Airplanes:	■ Autos and trucks:				
■ Ships:	■ Autos used by sales reps:				

**[8] Payroll Factor.** Check this box and skip to [8] if your state's apportionment formula does not use a payroll factor

<ul style="list-style-type: none"> <li>■ For purposes of computing your state's payroll factor, does your state apply a throwback rule to payroll? <input type="checkbox"/> Yes  <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li>■ If an employee, who is a resident of your state, performs services in another state, is the employee's salary prorated between the states in determining the payroll factor numerator? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li>■ Does your state recognize a "common paymaster" procedure for purposes of computing the payroll factor? <input type="checkbox"/> Yes  <input type="checkbox"/> No</li> </ul>	

▪ If YES, explain:			
▪ The compensation of a leased employee is included in the payroll factor of which entity?			
<input type="checkbox"/> Common law employer	<input type="checkbox"/> Entity at which the employee provides services		
<input type="checkbox"/> Entity which provides a paycheck to employee	<input type="checkbox"/> Other, explain:		
▪ Must a specific form be used to compute the payroll factor? <input type="checkbox"/> Yes, Form: _____	<input type="checkbox"/> No		
▪ Are amounts from federal Form 940 acceptable for computing the payroll factor?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
▪ Are amounts from state unemployment tax returns acceptable for computing the payroll factor?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
▪ Which amounts are included in the payroll factor (check all that apply)?			
<input type="checkbox"/> Officers' salaries	<input type="checkbox"/> Sick pay	<input type="checkbox"/> Contributions to IRC §401(k) plan	<input type="checkbox"/> Payments to independent contractors
<input type="checkbox"/> Income from fringe benefits, imputed under IRC §79	<input type="checkbox"/> Fees paid to affiliated corporation for personal services		

**[9] Sales Factor: Definition of Sales.** For purposes of computing the sales factor, what is your state's statutory definition of sales?

All gross receipts of the taxpayer not allocated as nonbusiness income

Other, explain:

**[10] Sales Factor: Inclusions.** Which types of business receipts are included in the sales factor (check all that apply)?

- Sales of tangible personal property
  - Does "sales" mean gross sales less returns and allowances?  Yes  No
  - Does "sales" include federal and state excise taxes (e.g., sales taxes) that are passed on to the buyer or included as part of the selling price of the product?  Yes  No
- Sales of real property
- Sales of fixed assets (e.g., machinery and equipment)
  - What amount is included?  Gross receipts  Net gain  Other, explain:
  - Are substantial amounts from incidental or occasional sales of fixed assets (e.g., sale of a factory) excluded from the sales factor?  Yes  No
  - Are insubstantial amounts from incidental or occasional sales (e.g., sale of automobile) excluded from the sales factor?  Yes  No
- Rents from leasing tangible personal property
- Rents from leasing real property
- Royalties from licensing the use of real property
- Sales of services (e.g., fees or commissions)
  - In the case of a cost-plus fixed fee contract (e.g., operation of a government-owned plant for a fee), does "sales" include the entire reimbursed cost plus the fee?  Yes  No
- Franchise fees
- Income from intangible property
  - Is income from intangible property which cannot readily be attributed to any particular income producing activity of the taxpayer excluded from the sales factor?  Yes  No
- Royalties from intangible property (e.g., patents or trademarks)
- Sales of intangible property (e.g., patents or trademarks)
  - What amount is included?  Gross receipts  Net gain  Other, explain:

- Sales of short-term investments in marketable securities and other liquid assets held in connection with the cash management activities of a corporate treasury department
  - What amount is included?  Gross receipts  Net gain  Other, explain:
- Dividends from U.S. corporations
  - What amount is included?  Gross receipts  Net amount after dividends received deduction
- Dividends from foreign (non-U.S.) corporations
  - What amount is included?  Gross receipts  Net amount after dividends received deduction
- IRC Section 951 Subpart F income
- IRC Section 78 gross-up income
- IRC §951A global intangible low-taxed income (GILTI)
- IRC §965 one-time Subpart F inclusion for deferred foreign income (last tax year that begins before 2018)
- Interest related to product sales (e.g., trade receivables)
- Interest derived from short-term-investments (other than federal, state or local debt obligations)
- Interest derived from federal debt obligations
- Interest derived from state or local debt obligations (your own state)
- Interest derived from state or local debt obligations (other states)
- Reimbursements from related corporations for shared costs
- Reimbursements from customers for expenses paid on their behalf

#### *Sales of Electricity*

- Is the sale of electricity treated as the sale of:
  - Service  Intangible property  Tangible personal property  Other, explain:

#### **[11] Sourcing Sales of Tangible Personal Property**

- Ignoring the application of your state's throwback rule (if any), how are sales of tangible personal property attributed to the numerator of the sales factor (check all that apply)?
  - State in which the goods are delivered or shipped to a purchaser (destination state)
  - If the purchaser is the U.S. government, State from which the goods were shipped (state of origin)
  - State in which the shipment terminates, even though the purchaser subsequently transfers the goods to another state
  - State in which a sales office negotiated the sale
  - State in which the sales activity occurred
- If an out-of-state customer picks up goods at the taxpayer's in-state manufacturing facility (a "dock sale"), in which state's sales factor numerator is the sale included?  State in which goods are picked up  Destination state

#### **[12] Sales Factor Throwback Rule**

- Does your state apply a throwback rule to sales of tangible personal property?  Yes  No
  - If YES, sale is thrown back to:  State from which goods were shipped  State where order was processed
- Does your state apply a double-throwback rule to "drop shipment" sales?  Yes  No
- To avoid the throwback of domestic sales, what must the taxpayer demonstrate (check all that apply)?
  - Proof of a taxable presence  Filing of a tax return  Proof of a tax payment
  - N/A, no throwback rule  Other, explain:

#### *Contested Sales*

■ If another state properly includes (under its statutes) a sale in the numerator of its sales factor, would your state contest its right to tax that sale and throw the sale back to your state?  Yes  No  N/A, no throwback rule

*Post-Filing Adjustments.*

■ If another state successfully asserts nexus, does your state permit amended returns reflecting an adjustment to the sales factor?  Yes  No

*U.S. Government Sales.*

■ Does your state apply a throwback rule to sales to the U.S. government?  Yes  No

**[a] Jurisdictional Standard**

■ What jurisdictional standards does your state consider adequate for a taxpayer to establish that it is taxable in another state and therefore does not need to throwback sales from that state (check all that apply)?

Taxpayer meets other state's filing requirement and files

Taxpayer has nexus in other state based on your state's nexus standards

Taxpayer engages in unprotected activity in other state (i.e., activity which exceeds protections of Public Law 86-272)

■ If taxpayer's employees engage in unprotected activity in other states, what level of activity is considered *de minimis* and therefore does not create nexus in other state?

Less than 5 days

Less than 14 days

Less than 30 days

Other standard. Explain:

■ Do the same standards apply with respect to in-bound nexus with your state?  Yes  No

**[b] Joyce versus Finnegan**

■ If your state has a throwback rule and requires combined reporting, which rule is used?

Joyce  Finnigan  N/A, state does not have throwback rule or combined reporting

**[c] Foreign Sales**

■ Does your state apply a throwback rule to sales to purchasers in a foreign country?  Yes  No

■ If YES, how is nexus with the foreign country determined for purposes of applying the throwback rule?

State nexus standards, ignoring P.L. 86-272  Foreign country's nexus standards

State nexus standards, considering P.L. 86-272  Other, explain:

■ To avoid the throwback of foreign sales, what must the taxpayer demonstrate (check all that apply)?

Proof of a taxable presence  Filing of a tax return  Proof of a tax payment

N/A, no throwback rule  Other, explain:

**[d] Throw-out Rule**

If your state does not have a throwback rule, does it have a "throw-out" rule, whereby sales to purchasers in states in which the corporation is not taxable are excluded from both the numerator and the denominator of the sales factor?

Yes  No  N/A, state has throwback rule

**[13] Sourcing Sales of Services**

■ Does your state attribute sales of services to the numerator of the sales factor based on where the income-producing activity is performed?  Yes  No

- If YES, how is the amount attributed to your state determined when the income-producing activity is performed in more than one state?
  - Traditional UDITPA greater costs of performance standard (all-or-nothing approach)
  - Percentage of total costs of performance incurred in your state
  - Ratio of time spent performing the service in your state to the total time spent performing the service
  - Other, explain:
- If your state sources sales of services based on costs of performance, which amounts are included in the taxpayer's costs of performance (check all that apply)?
  - Direct costs based on GAAP
  - Direct costs based on industry standards
  - Costs associated with obtaining and retaining clients, including contract negotiations
  - Charges from unrelated subcontractors performing some or all of the services
  - Charges from related entities performing some or all of the services
  - Other, explain:
- Does your state use a market-based sourcing rule for attributing sales of services to the numerator of the sales factor?
  - Yes  No
- If YES, please answer the following questions.
  - How is the location of the market for the service determined?
    - Where benefit of service is received
    - Where service is received
    - Where customer is located
    - Where service is delivered
    - Other, explain:
  - Does your state provide (check all that apply)?
    - Different attribution rules, depending on whether customer is an individual or business entity
    - Throw-back rule if taxpayer is not taxable in state in which service is received
    - Throw-out rule if state in which service is received cannot be determined
    - Ability to prorate a sale among two or more states
    - Fallback rules if market state cannot be determined under general rule
      - If applicable, which fallback rules does your state provide (check all that apply)?
        - Customer's billing address
        - Location from which customer ordered the service
        - Reasonable approximation
        - Other, explain:
  - What factors are considered in determining the market state (check all that apply)?
    - Service relates to real property that is located in state
    - Service relates to tangible personal property that is located in state at time service is received
    - Service relates to intangible property that is used in state at time service is received
    - Service is provided to purchaser who is an individual physically present in state at time service is received
    - Service is provided to person engaged in trade or business in state and service relates to that person's business in state
    - Service is received in state and is a personal service that is performed on a direct, one-to-one basis
    - Service is professional in nature, and is provided to a purchaser who is an individual domiciled in state, or to a purchaser with business operations in state

<ul style="list-style-type: none"> <li>▪ If the customer is an individual, does your state make the presumption that the market for the sale is in your state if the customer's billing address is in the state? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>▪ Does your state attribute sales of services to the numerator of the sales factor based on a criteria <i>other than</i> where the income-producing activity is performed or where the benefit of the service is received by the purchaser? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>▪ If YES, explain:</li> </ul>

#### **[14] Sourcing Intangible Income**

<ul style="list-style-type: none"> <li>▪ How are the following types of gross receipts attributed to the numerator of the sales factor (check all that apply)?           <ul style="list-style-type: none"> <li>▪ Royalty income               <ul style="list-style-type: none"> <li><input type="checkbox"/> Costs of performance rule</li> <li><input type="checkbox"/> Where intangible property is used (market-based rule)</li> <li><input type="checkbox"/> Based solely on taxpayer's commercial domicile</li> <li><input type="checkbox"/> Based solely on location of payer</li> <li><input type="checkbox"/> Other, explain: □ Special rule for computer software, explain: □ N/A, royalty income is not included in the sales factor</li> </ul> </li> <li>▪ Interest income               <ul style="list-style-type: none"> <li><input type="checkbox"/> Costs of performance rule</li> <li><input type="checkbox"/> Based solely on taxpayer's commercial domicile</li> <li><input type="checkbox"/> Based solely on location of payer</li> <li><input type="checkbox"/> Other, explain: □ N/A, interest income is not included in the sales factor</li> </ul> </li> <li>▪ Dividend income               <ul style="list-style-type: none"> <li><input type="checkbox"/> Costs of performance rule</li> <li><input type="checkbox"/> Based solely on taxpayer's commercial domicile</li> <li><input type="checkbox"/> Based solely on location of payer</li> <li><input type="checkbox"/> Other, explain: □ N/A, dividend income is not included in the sales factor</li> </ul> </li> <li>▪ Capital gain income from dispositions of intangible property               <ul style="list-style-type: none"> <li><input type="checkbox"/> Costs of performance rule</li> <li><input type="checkbox"/> Based solely on taxpayer's commercial domicile</li> <li><input type="checkbox"/> Other, explain: □ N/A, capital gain income is not included in the sales factor</li> </ul> </li> </ul> </li> </ul>
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#### **[15] Sourcing Rental Income**

<ul style="list-style-type: none"> <li>▪ How are rents from leasing tangible personal property attributed to the numerator of the sales factor?           <ul style="list-style-type: none"> <li><input type="checkbox"/> Entire amount is attributed to state in which the greater proportion of the time or use of the property takes place (all-or-nothing)</li> <li><input type="checkbox"/> Pro-rated among states, based on percentage of the time or use of property in each state</li> <li><input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>▪ How are rents from leasing real property attributed to the numerator of the sales factor?           <ul style="list-style-type: none"> <li><input type="checkbox"/> Based solely on the location of the real property</li> <li><input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>

## Part 6. PASS-THROUGH ENTITIES

### [1] S Corporations

▪ Does your state recognize S corporation status, as defined for federal purposes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, does your state require the filing of a separate state S corporation election?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, does your state impose special eligibility requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what are the additional state requirements:	
<input type="checkbox"/> Shareholder must agree to pay tax <input type="checkbox"/> Shareholder must be state resident <input type="checkbox"/> Other, explain:	
▪ Does your state impose an entity-level tax on an S corporation (check all that apply)?	
<input type="checkbox"/> Flat-dollar amount minimum tax or filing fee. Amount?	
<input type="checkbox"/> Income-based tax. Rate schedule?	
<input type="checkbox"/> Franchise tax based on net worth or capital. Rate schedule?	
<input type="checkbox"/> Built-in gains tax <input type="checkbox"/> Excess net passive income tax <input type="checkbox"/> LIFO recapture tax	
<input type="checkbox"/> Withholding tax on shareholders <input type="checkbox"/> Other, explain:	
▪ Does your state conform to the federal treatment of a qualified S subsidiary (QSSS) as a division of its parent S corporation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Does your state require the filing of a separate QSSS election?	<input type="checkbox"/> YES (Form:      ) <input type="checkbox"/> No
▪ If your state imposes a franchise tax based on net worth or capital, what type of returns do a QSSS and its parent S corporation file?	<input type="checkbox"/> Two separate returns <input type="checkbox"/> Single combined return <input type="checkbox"/> State does not impose such a tax
▪ Is a shareholder's basis in the stock of an S corporation always the same for state and federal purposes?	
<input type="checkbox"/> Yes <input type="checkbox"/> No If NO, explain:	
▪ Can a nonresident shareholder carry forward a state (non-federal) net operating loss?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Can a federal S corporation elect <b>not</b> to be treated as an S corporation for state purposes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> If YES, how is the election made?	
▪ Can an S corporation file a composite return on behalf of its nonresident shareholders?	<input type="checkbox"/> Yes (Form:      ) <input type="checkbox"/> No

### [2] Partnerships

▪ Does your state impose an entity-level tax on a <i>general partnership</i> (check all that apply)?	
<input type="checkbox"/> Flat-dollar amount minimum tax or filing fee. Amount??	
<input type="checkbox"/> Income-based tax. Rate schedule?	
<input type="checkbox"/> Franchise tax based on net worth or capital. Rate schedule?	
<input type="checkbox"/> Withholding tax on partners <input type="checkbox"/> Other, explain:	
▪ Does your state impose an entity-level tax on a <i>limited partnership</i> (check all that apply)?	
<input type="checkbox"/> Flat-dollar amount minimum tax or filing fee. Amount?	
<input type="checkbox"/> Income-based tax. Rate schedule?	
<input type="checkbox"/> Franchise tax based on net worth or capital. Rate schedule?	
<input type="checkbox"/> Withholding tax on partners <input type="checkbox"/> Other, explain:	
▪ Does your state allow a partnership to file a composite return on behalf of:	
<input type="checkbox"/> Nonresident partner who are <i>individuals</i> ? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, Form:	
<input type="checkbox"/> Nonresident partners who are <i>corporations</i> ? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, Form:	

### [3] Limited Liability Companies

▪ Does your state conform to the federal classification of a <i>multi-member</i> LLC?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Does your state conform to the federal classification of a <i>single-member</i> LLC?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Does your state impose an entity-level tax on a <i>multi-member</i> LLC classified as a partnership (check all that apply)?	
<input type="checkbox"/> Flat-dollar amount minimum tax or filing fee. Amount?	
<input type="checkbox"/> Income-based tax. Rate schedule?	
<input type="checkbox"/> Franchise tax based on net worth or capital. Rate schedule?	
<input type="checkbox"/> Withholding tax on members <input type="checkbox"/> Other, explain:	
▪ Does your state impose an entity-level tax on a <i>single-member</i> LLC treated as a disregarded entity (check all that apply)?	
<input type="checkbox"/> Flat-dollar amount minimum tax or filing fee. Amount?	
<input type="checkbox"/> Income-based tax. Rate schedule?	
<input type="checkbox"/> Franchise tax based on net worth or capital. Rate schedule?	
<input type="checkbox"/> Withholding tax on member <input type="checkbox"/> Other, explain:	
▪ If an LLC is treated as a partnership, does your state allow the LLC to file a composite return on behalf of:	
▪ Nonresident members who are <i>individuals</i> ? <input type="checkbox"/> Yes <input type="checkbox"/> No    If YES, Form:	
▪ Nonresident members who are <i>corporations</i> ? <input type="checkbox"/> Yes <input type="checkbox"/> No    If YES, Form:	

**[4] Apportionment Issues.** Assume "A" (an out-of-state corporation) is subject to your state's income-based tax solely as a result of its ownership interest in "X" (a pass-through entity), which is doing business in your state. How does "A" treat its distributive share of X's income, assuming "A" owns:

▪ Limited interest in an operating partnership?
<input type="checkbox"/> Separate accounting <input type="checkbox"/> Treat as allocable income <input type="checkbox"/> Combine with X's income
<input type="checkbox"/> Other, explain:
▪ Limited interest in an investment partnership?
<input type="checkbox"/> Separate accounting <input type="checkbox"/> Treat as allocable income <input type="checkbox"/> Combine with X's income
<input type="checkbox"/> Other, explain:
▪ General partnership interest?
<input type="checkbox"/> Separate accounting <input type="checkbox"/> Treat as allocable income <input type="checkbox"/> Combine with X's income
<input type="checkbox"/> Other, explain:
▪ Limited liability company interest?
<input type="checkbox"/> Separate accounting <input type="checkbox"/> Treat as allocable income <input type="checkbox"/> Combine with X's income
<input type="checkbox"/> Other, explain:

If separate accounting is not allowed and X's income is not treated as allocable income, how does "A" compute its apportionment percentage, assuming it owns:

▪ Limited interest in an operating partnership?
<input type="checkbox"/> Based only on A's apportionment factors <input type="checkbox"/> Based on A's factors and its share of X's factors
<input type="checkbox"/> Based on A's factors, plus the inclusion in the sales factor of the K-1 income from X
<input type="checkbox"/> Other, explain:
▪ Limited interest in an investment partnership?
<input type="checkbox"/> Based only on A's apportionment factors <input type="checkbox"/> Based on A's factors and its share of X's factors
<input type="checkbox"/> Based on A's factors, plus the inclusion in the sales factor of the K-1 income from X
<input type="checkbox"/> Other, explain:
▪ General partnership interest?

Based only on A's apportionment factors     Based on A's factors and its share of X's factors  
 Based on A's factors, plus the inclusion in the sales factor of the K-1 income from X  
 Other, explain:

▪ Limited liability company interest?

Based only on A's apportionment factors     Based on A's factors and its share of X's factors  
 Based on A's factors, plus the inclusion in the sales factor of the K-1 income from X  
 Other, explain:

**[5] Section 199A Qualified Business Income Deduction**

▪ For purposes of computing an individual's state taxable income, does your state conform to the IRC §199A qualified business income deduction with respect to the following types of pass-through entities?

▪ Distributive share of partnership income     Yes     No  
 ▪ Pro-rata share of S corporation income     Yes     No  
 ▪ Income of an LLC treated as a disregarded entity     Yes     No

**[6] SALT Limitation Workarounds.** IRC §164(b)(6) imposes a \$10,000 limitation on the deduction that an individual can claim for state and local taxes, effective for tax years beginning in 2018 through 2025.

▪ In response to the federal limitation on an individual's ability to deduct state and local taxes, has your state enacted an entity-level tax on pass-through entities?  Yes     No

▪ If YES, what year does the entity-level tax take effect? **Tax years ending on or after December 31, 2021, and beginning before January 1, 2026.**

▪ If YES, is the entity-level tax mandatory or elective?  Mandatory     Elective

▪ If YES, what is the entity-level tax rate? **4.95%**

▪ If YES, what is the mechanism for reducing the owner-level tax on the pass-through entity's income?  
 Owner-level credit for owner's share of entity-level tax  
 Owner-level exclusion for owner's share of entity-level income  
 Other, explain:

▪ If YES, what types of pass-through entities are subject to the entity-level tax?  
 S corporations     Limited liability companies     Partnerships     Other, explain:

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## Part 7. FOREIGN OPERATIONS

**[1] INCOME FROM FOREIGN SUBSIDIARIES**

▪ **Dividends from Foreign Corporations.** Does your state conform to IRC §245A, which provides a 100 percent dividends-received deduction for foreign-source dividends received from a 10 percent-or-more-owned foreign (non-U.S.) corporation?  Yes     No

▪ If NO, what type of adjustment does your state provide for dividends received from foreign corporations?  
 No adjustment  
 Dividends-received deduction (if percentage varies with stock ownership, provide schedule: \_\_\_\_\_)  
 Subtraction modification (explain computation: \_\_\_\_\_)

▪ If all or a portion of a foreign source dividend income is included in your state's apportionable business income, are the related gross receipts also included in the denominator of the state's sales factor?  Yes     No     N/A

▪ **Subpart F Income.** What type of adjustment does your state provide for IRC §951 Subpart F income that a taxpayer includes in its federal taxable income?

No adjustment     Subtraction modification     Dividends-received deduction     Other, explain:

<ul style="list-style-type: none"> <li>If all or a portion of the Subpart F income is included in your state's apportionable business income, are the gross receipts also included in the denominator of the state's sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</li> </ul>
<ul style="list-style-type: none"> <li><b>Section 78 Gross-up Income.</b> What type of adjustment does your state provide for Section 78 gross-up income that a taxpayer includes in its federal taxable income?           <ul style="list-style-type: none"> <li><input type="checkbox"/> No adjustment <input type="checkbox"/> Subtraction modification <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other, explain:</li> <li>If all or a portion of the Section 78 gross-up income is included in your state's apportionable business income, are the related gross receipts also included in the denominator of the state's sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li><b>Interest Income.</b> What type of adjustment does your state provide for foreign source interest income that a taxpayer receives from a foreign corporation and includes in its federal taxable income?           <ul style="list-style-type: none"> <li><input type="checkbox"/> No adjustment <input type="checkbox"/> Subtraction modification <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other, explain:</li> <li>If all or part of the foreign source interest income is included in the state's apportionable business income, are the related gross receipts also included in the denominator of the state's sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li><b>Royalty Income.</b> What type of adjustment does your state provide for foreign source royalty income that a taxpayer receives from a foreign corporation and includes in its federal taxable income?           <ul style="list-style-type: none"> <li><input type="checkbox"/> No adjustment <input type="checkbox"/> Subtraction modification <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other, explain:</li> <li>If all or part of the foreign source royalty income is included in the state's apportionable business income, are the related gross receipts also included in the denominator of the state's sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</li> </ul> </li> </ul>

## [2] FOREIGN BRANCH INCOME

<ul style="list-style-type: none"> <li>What type of adjustment does your state provide for the foreign source income of a first-tier foreign branch that flows through and is included in the federal taxable income of the U.S. parent corporation?           <ul style="list-style-type: none"> <li><input type="checkbox"/> No adjustment <input type="checkbox"/> Subtraction modification <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other, explain:</li> <li>If all or part of the foreign source branch income is included in the state's apportionable business income, are the related gross receipts of the branch included in the denominator of the state's sales factor? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>For purposes of determining the U.S. parent's state corporate income tax, does your state conform to the federal tax treatment of a foreign corporation as a "disregarded entity" (i.e., branch) under Treas. Reg. §301.7701? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>

## [3] GILTI Inclusions

<ul style="list-style-type: none"> <li>What type of adjustment does your state provide for an IRC §951A GILTI inclusion?           <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other subtraction modification <input type="checkbox"/> No adjustment <input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>After any state adjustment, what portion of the taxpayer's federal GILTI income is included in state taxable income (pre-apportionment)? <input type="checkbox"/> None <input type="checkbox"/> ____ % <input checked="" type="checkbox"/> Other, explain: <b>For tax years ending on or after December 31, 2025, deduction is limited to 50%. For tax years ending before December 31, 2025, deduction is 100%, 65% or 50% based on ownership percentage. 35 ILCS 203(b)(2)(O); Form IL-1120, Schedule J</b></li> </ul>
<ul style="list-style-type: none"> <li>At what level does a taxpayer determine the amount of its GILTI income for state tax purposes?           <ul style="list-style-type: none"> <li><input type="checkbox"/> Separate company basis <input type="checkbox"/> State consolidated group <input checked="" type="checkbox"/> State combined unitary group</li> <li><input type="checkbox"/> Federal consolidated group <input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Has your state provided any legislative or administrative guidance regarding how federal GILTI income impacts the calculation of state taxable income? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>If YES, please provide citation(s):</li> </ul>

## [4] Section 250 GILTI Deduction

<ul style="list-style-type: none"> <li>Does your state conform to the IRC §250, which allows a corporation to claim a deduction equal to 50% of its global intangible low-taxed income (GILTI)? <input type="checkbox"/> Yes <input type="checkbox"/> No           <ul style="list-style-type: none"> <li>If YES, what is the deduction percentage? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>At what level does a taxpayer compute the IRC §250 deduction for GILTI?</li> </ul>

<input type="checkbox"/> Separate company basis <input type="checkbox"/> Federal consolidated group	<input type="checkbox"/> State consolidated group <input type="checkbox"/> Other, explain: _____	<input type="checkbox"/> State combined unitary group
<ul style="list-style-type: none"> <li>▪ Does your state provide a dividends-received deduction or other subtraction modification for any federal Section 78 gross-up income related to the GILTI income? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ If YES, does your state require an adjustment to the IRC §250 deduction for GILTI to prevent a 150% deduction of the federal Section 78 gross-up amount? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>		
<ul style="list-style-type: none"> <li>▪ Has your state provided any legislative or administrative guidance regarding how the IRC §250 deduction for GILTI impacts the calculation of state taxable income? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ If YES, please provide citation(s): _____</li> </ul>		

#### [5] Section 965 Transition Tax

<ul style="list-style-type: none"> <li>▪ What type of adjustment does your state provide for the one-time income inclusion for deferred foreign earnings under IRC §965?             <input type="checkbox"/> Dividends-received deduction <input type="checkbox"/> Other subtraction modification <input type="checkbox"/> No adjustment <input type="checkbox"/> Other, explain: _____         </li> </ul>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<ul style="list-style-type: none"> <li>▪ After any state adjustment, what portion of the taxpayer's IRC §965 income inclusion is included in state taxable income (pre-apportionment)? <input type="checkbox"/> None <input type="checkbox"/> _____ % <input type="checkbox"/> Other, explain: _____</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If your state taxes all or a portion of an IRC §965 deferred foreign income inclusion, can the taxpayer elect to pay the tax in annual installments over multiple years? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ If YES, how many years? _____</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Has your state provided any legislative or administrative guidance regarding how an IRC §965 income inclusion impacts the calculation of state taxable income? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ If YES, please provide citation(s): _____</li> </ul>	

#### [6] Foreign Income Taxes. For corporate taxpayers, does your state allow:

Yes  No 

<ul style="list-style-type: none"> <li>▪ A credit for foreign income taxes? <input type="checkbox"/> <input type="checkbox"/></li> </ul>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<ul style="list-style-type: none"> <li>▪ A deduction for foreign income taxes, assuming a <i>deduction</i> is taken for federal tax purposes? <input type="checkbox"/> <input type="checkbox"/></li> </ul>	
<ul style="list-style-type: none"> <li>▪ A deduction for foreign income taxes, assuming a <i>credit</i> is taken for federal tax purposes? <input type="checkbox"/> <input type="checkbox"/></li> </ul>	

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## Part 8. CREDITS AND INCENTIVES

#### [1] Investment Tax Credits

<ul style="list-style-type: none"> <li>▪ Does your state allow corporate taxpayers to claim an investment tax credit? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ If YES:           <ul style="list-style-type: none"> <li>▪ What types of capital expenditures qualify for the credit (check all that apply)?                 <input type="checkbox"/> Manufacturing equipment <input type="checkbox"/> Real and tangible business property generally                 <input type="checkbox"/> Pollution control equipment <input type="checkbox"/> Other qualifying property, explain: _____                 <input type="checkbox"/> Clean energy equipment             </li> <li>▪ What percentage of the capital expenditures qualify for the credit? _____ %</li> </ul> </li> <li>▪ If YES:           <ul style="list-style-type: none"> <li>▪ Does the property have to be used within the state to qualify for the credit? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ Is the credit refundable? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ Is there a limitation on the amount of the credit that can be claimed in a tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No                 <input type="checkbox"/> Flat dollar limitation of \$ _____ <input type="checkbox"/> Other limitation, explain: _____             </li> </ul> </li> </ul>	Yes <input type="checkbox"/> No <input type="checkbox"/>
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- Does your state permit taxpayers to carry an excess credit to another tax year?  Yes  No
  - Number of carryback years? \_\_\_\_\_ ▪ Number of carryforward years? \_\_\_\_\_
- Do claw-back provisions apply if certain requirements are not satisfied?  Yes  No
  - If YES, explain: \_\_\_\_\_

## [2] Research Tax Credits

- Does your state allow corporate taxpayers to claim a research tax credit?  Yes  No
- If YES:
  - How is the state research credit computed?
    - Percentage of the federal IRC §41 research credit: \_\_\_\_\_%
    - Based on qualifying research expenditures, explain: \_\_\_\_\_
    - Other, explain: \_\_\_\_\_
  - What percentage of the research expenditures qualify for the credit? \_\_\_\_\_%
- If YES:
  - Does the research activity have to take place within the state to qualify for the credit?  Yes  No
  - Is the credit refundable?  Yes  No
  - Is there a limitation on the amount of the credit that can be claimed in a tax year?  Yes  No
    - Flat dollar limitation of \$\_\_\_\_\_  Other limitation, explain: \_\_\_\_\_
  - Does your state permit taxpayers to carry an excess credit to another tax year?  Yes  No
    - Number of carryback years? \_\_\_\_\_ ▪ Number of carryforward years? \_\_\_\_\_
  - Do claw-back provisions apply if certain requirements are not satisfied?  Yes  No
    - If YES, explain: \_\_\_\_\_

## [3] Jobs Tax Credits

- Does your state allow corporate taxpayers to claim a jobs tax credit?  Yes  No
- If YES:
  - How is the state jobs credit computed?
    - Percentage of the federal IRC §51 work opportunity credit: \_\_\_\_\_%
    - Based on qualifying wage expenditures, explain: \_\_\_\_\_
    - Based on number of new employees, explain: \_\_\_\_\_
    - Other, explain: \_\_\_\_\_
  - What percentage of the qualifying wage expenditures qualify for the credit? \_\_\_\_\_%
- If YES:
  - Does the employee's base of operations have to be within the state to qualify for the credit?  Yes  No
  - Is the credit refundable?  Yes  No
  - Is there a limitation on the amount of the credit that can be claimed in a tax year?  Yes  No
    - Flat dollar limitation of \$\_\_\_\_\_  Other limitation, explain: \_\_\_\_\_
  - Does your state permit taxpayers to carry an excess credit to another tax year?  Yes  No
    - Number of carryback years? \_\_\_\_\_ ▪ Number of carryforward years? \_\_\_\_\_
  - Do claw-back provisions apply if certain requirements are not satisfied?  Yes  No
    - If YES, explain: \_\_\_\_\_

## [4] Energy Tax Credits

- Does your state allow corporate taxpayers to claim a tax credit for expenditures related to clean energy production or energy efficiency?  Yes  No

<ul style="list-style-type: none"> <li>▪ If YES:</li> <li>▪ What types of energy expenditures qualify for the credit?           <table border="0"> <tr> <td><input type="checkbox"/> Solar power</td> <td><input type="checkbox"/> Other qualifying property, explain:</td> </tr> <tr> <td><input type="checkbox"/> Wind power</td> <td><input type="checkbox"/> Other qualifying activity, explain:</td> </tr> <tr> <td colspan="2"><input type="checkbox"/> Electric vehicle</td> </tr> </table> </li> <li>▪ What percentage of the energy expenditures qualify for the credit? _____%</li> </ul>	<input type="checkbox"/> Solar power	<input type="checkbox"/> Other qualifying property, explain:	<input type="checkbox"/> Wind power	<input type="checkbox"/> Other qualifying activity, explain:	<input type="checkbox"/> Electric vehicle	
<input type="checkbox"/> Solar power	<input type="checkbox"/> Other qualifying property, explain:					
<input type="checkbox"/> Wind power	<input type="checkbox"/> Other qualifying activity, explain:					
<input type="checkbox"/> Electric vehicle						
<ul style="list-style-type: none"> <li>▪ If YES:           <ul style="list-style-type: none"> <li>▪ Does the clean energy or energy efficiency property or activity have to be within the state to qualify for the credit? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ Is the credit refundable? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>▪ Is there a limitation on the amount of the credit that can be claimed in a tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No               <table border="0"> <tr> <td><input type="checkbox"/> Flat dollar limitation of \$_____</td> <td><input type="checkbox"/> Other limitation, explain:</td> </tr> </table> </li> <li>▪ Does your state permit taxpayers to carry an excess credit to another tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No               <ul style="list-style-type: none"> <li>▪ Number of carryback years? _____</li> <li>▪ Number of carryforward years? _____</li> </ul> </li> <li>▪ Do claw-back provisions apply if certain requirements are not satisfied? <input type="checkbox"/> Yes <input type="checkbox"/> No               <ul style="list-style-type: none"> <li>▪ If YES, explain:</li> </ul> </li> </ul> </li> </ul>	<input type="checkbox"/> Flat dollar limitation of \$_____	<input type="checkbox"/> Other limitation, explain:				
<input type="checkbox"/> Flat dollar limitation of \$_____	<input type="checkbox"/> Other limitation, explain:					

#### [5] Enterprise Zones

<ul style="list-style-type: none"> <li>▪ Does your state offer incentives for enterprise zones? <input type="checkbox"/> Yes <input type="checkbox"/> No           <ul style="list-style-type: none"> <li>▪ If YES, what is the form of the incentives (check all that apply)? <input type="checkbox"/> Credit <input type="checkbox"/> Deduction <input type="checkbox"/> Exemption               <table border="0"> <tr> <td><input type="checkbox"/> Other, explain:</td> </tr> </table> </li> <li>▪ If YES, what types of incentives are available (check all that apply)? <input type="checkbox"/> Income tax <input type="checkbox"/> Franchise tax               <table border="0"> <tr> <td><input type="checkbox"/> Sales tax</td> <td><input type="checkbox"/> Property tax</td> <td><input type="checkbox"/> Unemployment tax</td> <td><input type="checkbox"/> Other, explain:</td> </tr> </table> </li> <li>▪ If YES, what areas constitute your enterprise zones?</li> </ul> </li> </ul>	<input type="checkbox"/> Other, explain:	<input type="checkbox"/> Sales tax	<input type="checkbox"/> Property tax	<input type="checkbox"/> Unemployment tax	<input type="checkbox"/> Other, explain:
<input type="checkbox"/> Other, explain:					
<input type="checkbox"/> Sales tax	<input type="checkbox"/> Property tax	<input type="checkbox"/> Unemployment tax	<input type="checkbox"/> Other, explain:		

#### [6] Other Tax Incentives

<ul style="list-style-type: none"> <li>▪ Does your state offer tax incentives to businesses (other than those in enterprise zones) for relocating to or expanding existing facilities within your state? <input type="checkbox"/> Yes <input type="checkbox"/> No           <ul style="list-style-type: none"> <li>▪ If YES, what is the form of the incentives (check all that apply)? <input type="checkbox"/> Credit <input type="checkbox"/> Deduction <input type="checkbox"/> Exemption               <table border="0"> <tr> <td><input type="checkbox"/> Other, explain:</td> </tr> </table> </li> <li>▪ If YES, what types of incentives are available (check all that apply)? <input type="checkbox"/> Income tax <input type="checkbox"/> Franchise tax               <table border="0"> <tr> <td><input type="checkbox"/> Sales tax</td> <td><input type="checkbox"/> Property tax</td> <td><input type="checkbox"/> Unemployment tax</td> <td><input type="checkbox"/> Other, explain:</td> </tr> </table> </li> </ul> </li> <li>▪ What requirements must be met to qualify for these tax incentives (check all that apply)?           <table border="0"> <tr> <td><input type="checkbox"/> Increase productive output</td> <td><input type="checkbox"/> Qualify project before undertaking expansion or relocation</td> </tr> <tr> <td><input type="checkbox"/> Increase employment</td> <td><input type="checkbox"/> Other, explain:</td> </tr> </table> </li> </ul>	<input type="checkbox"/> Other, explain:	<input type="checkbox"/> Sales tax	<input type="checkbox"/> Property tax	<input type="checkbox"/> Unemployment tax	<input type="checkbox"/> Other, explain:	<input type="checkbox"/> Increase productive output	<input type="checkbox"/> Qualify project before undertaking expansion or relocation	<input type="checkbox"/> Increase employment	<input type="checkbox"/> Other, explain:
<input type="checkbox"/> Other, explain:									
<input type="checkbox"/> Sales tax	<input type="checkbox"/> Property tax	<input type="checkbox"/> Unemployment tax	<input type="checkbox"/> Other, explain:						
<input type="checkbox"/> Increase productive output	<input type="checkbox"/> Qualify project before undertaking expansion or relocation								
<input type="checkbox"/> Increase employment	<input type="checkbox"/> Other, explain:								

#### [7] Unused Credits and Incentives

<ul style="list-style-type: none"> <li>▪ Does your state provide a mechanism whereby one taxpayer may sell, transfer or assign unused credits or incentives to another taxpayer? <input type="checkbox"/> Yes <input type="checkbox"/> No           <ul style="list-style-type: none"> <li>▪ If YES, how does the mechanism work?</li> </ul> </li> </ul>
--

#### [8] Section 45S Family/Medical Leave Credits

<ul style="list-style-type: none"> <li>▪ Does your state conform to the IRC §45S employer credit for paid family and medical leave? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>▪ Does your state provide some other type of employer credit for paid family and medical leave? <input type="checkbox"/> Yes <input type="checkbox"/> No           <ul style="list-style-type: none"> <li>▪ If YES, what are the eligibility requirements?</li> <li>▪ If YES, how is the credit computed?</li> </ul> </li> </ul>

## Part 9. TAX PERIODS AND METHODS

**[1] Conformity to Federal Tax Year.** For purposes of your state's corporate income tax:

- Must the tax year for state purposes be the same as the federal tax year?  Yes  No
- How does a taxpayer obtain permission to change a corporation's tax year?
  - Automatic with federal permission  State permission is required  N/A, permission is not required
  - If state permission is required, what is Form number?
- Must a partnership or S corporation make a state *required payment* of estimated taxes (similar to IRC §7519) if it does not use a required tax year?  Yes  No

**[2] Conformity to Federal Accounting Methods.** For purposes of computing corporate taxable income, does your state conform to the following federal accounting methods (check all that apply)?

<input type="checkbox"/> Installment method	<input type="checkbox"/> Amortization of R&D costs (IRC §174)
<input type="checkbox"/> Completed contract method	<input type="checkbox"/> Amortization of start-up costs (IRC §195)
<input type="checkbox"/> Percentage of completion method	<input type="checkbox"/> Amortization of organizational costs (IRC §248)
<input type="checkbox"/> LIFO inventory method	<input type="checkbox"/> Uniform capitalization rules (IRC §263A)
<input type="checkbox"/> Simplified dollar-value LIFO (IRC §474)	<input type="checkbox"/> Bad debts - Reserve method for small banks (IRC §585)

- If NO to any item, what method is available?
- Does your state conform to the federal gross receipts test found in IRC §448(c) for purposes of determining whether a C corporation can use or is not required to use the following methods of accounting?
  - Can use the cash method of accounting
  - Not required to maintain inventories
  - Not required to apply the IRC §263A UNICAP rules
  - Not required to use the percentage of completion method for a small construction contract

**[3] Change in Accounting Method.** For purposes of your state's corporate income tax:

- How does a taxpayer obtain permission to change an accounting method?
  - Automatic with federal permission  State permission is required  N/A, permission is not required
  - If state permission is required, what is Form number?
- Can the effects of an accounting method change be spread over future years?
  - SAF  Other, explain:
- If an accounting method is changed for federal purposes, must it also be changed for state purposes?  Yes  No

**[4] Short Year Due to Acquisition.** Assume that E (an existing calendar year consolidated group) acquires 100% of T (a non-calendar year corporation), forming N (a new consolidated group). In each independent fact pattern, indicate how your state treats the short tax years arising from the acquisition?

Case 1: N files using a calendar year, and T is not part of a unitary group with E or N
▪ Must two short period tax returns be filed for T? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what is due date for first short period return? <input type="checkbox"/> SAF <input type="checkbox"/> SAF plus 1 month <input type="checkbox"/> Other, explain:
Case 2: N files using a calendar year, and T is part of a unitary group with E or N
▪ Must two short period tax returns be filed for T? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what is due date for first short period return? <input type="checkbox"/> SAF <input type="checkbox"/> SAF plus 1 month <input type="checkbox"/> Other, explain:

## Case 3: N adopts a different tax year than E

- Must two short period tax returns be filed for T?  Yes  No
- If YES, what is due date for first short period return?  SAF  SAF plus 1 month  Other, explain:

## Part 10. PAYMENT OF TAXES

### [1] Due Dates for Paying Taxes.

For purposes of your state's corporate income tax:

- Are estimated tax payments required?  Yes  No
- Is there a de minimis amount of tax below which estimates are not required?  Yes  No
- If YES, amount?
- Must the estimated payments include any applicable (alternative) minimum tax?  Yes  No
- Are some corporations required to make tax payments via electronic funds transfer?  Yes  No
- If YES, what types of corporations?
- Describe the estimated payment requirements for a *calendar* year corporation by completing the following table:

	Date Due	Amount Due (%)		Date Due	Amount Due (%)
First payment			Third payment		
Second payment			Fourth payment		

- Describe the estimated payment requirements for a *fiscal* year corporation by completing the following table:

	Date Due	Amount Due (%)		Date Due	Amount Due (%)
First payment			Third payment		
Second payment			Fourth payment		

- What interest rate is charged on the underpayment of estimated taxes?
- What penalty is imposed on the underpayment of estimated taxes?

### [2] Underpayment Penalty Exceptions

- Does your state provide exceptions to the underpayment penalties for corporate estimated taxes?  Yes  No
  - If YES, what are your state's exceptions?  SAF  Other, check all that apply:
    - No penalty if estimated taxes paid equal the tax liability shown on preceding year's 12-month return
    - No penalty if estimated taxes paid equal a specified percentage of current year tax liability (Percentage: \_\_\_\_\_ %)
      - For this purpose, can taxpayer use?  Annualized income  Adjusted seasonal income
    - Other, explain:
- Do special rules apply to "large" corporations?  Yes  No
  - If YES, what special rules apply?  SAF  Other, explain:

### [3] Interest and Penalties

- What is the penalty for:
  - Late filing of a corporate income tax return?  SAF  Other, explain:
  - Late payment of corporate income tax?  SAF  Other, explain:
- Describe how interest is computed on: **Underpayments** **Refunds**

▪ Applicable interest rate		
▪ Begins as of due date of return (Yes/No)?		

▪ Begins ___ days after claim for refund (Yes/No)?		
▪ How many days?		
▪ Other, explain:		
▪ How are these interest rates determined? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:		
▪ Is interest compounded? <input type="checkbox"/> Yes <input type="checkbox"/> No    ▪ If so, how often? <input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Other, explain:		

## Part 11. FILING REQUIREMENTS

### [1] Due Dates for Filing Returns

▪ What is the due date of the annual income tax return for a <i>calendar year</i> C corporation?	<input type="checkbox"/> March 15 <input type="checkbox"/> April 15 <input type="checkbox"/> Other, explain:
▪ What is the due date of the annual income tax return for a <i>fiscal year</i> C corporation?	<input type="checkbox"/> SAF (15th day of the 4th month after the end of the corporation's tax year) <input type="checkbox"/> Other, explain:
▪ What is the due date of the annual income tax return for a calendar year S corporation?	<input type="checkbox"/> Same as C corporation <input type="checkbox"/> Other, explain:
▪ If the due date falls on a weekend or a holiday, is the due date extended to the next succeeding day which is not a weekend day or a holiday?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Are any corporations required to file their income tax returns electronically?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what types of corporations?	
▪ Does your state participate in the Federal-State 1120 electronic filing program?	<input type="checkbox"/> Yes <input type="checkbox"/> No

### [2] Filing Extensions

▪ Under what circumstances does your state allow an extension to file a return?	<input type="checkbox"/> Automatic with federal extension <input type="checkbox"/> Only with showing of a valid business reason <input type="checkbox"/> Automatic state extension <input type="checkbox"/> Other, explain:
▪ If no tax is due and a federal extension is not filed, must a state extension form be filed?	<input type="checkbox"/> Yes <input type="checkbox"/> No

#### Maximum Extension

▪ What is the maximum extension period?	<input type="checkbox"/> 6 months <input type="checkbox"/> Other, explain:
▪ Must the federal extension form be filed with the state extension form?	<input type="checkbox"/> Yes <input type="checkbox"/> No

### [3] Extension Form

▪ What state form is used to file for a state extension? Form:	
▪ Can the taxpayer obtain a state extension without a federal extension?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If a state extension is not required because it is automatic with a federal extension, must a state extension be filed if additional tax is due?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Must a payment of tax accompany the extension?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what percentage of the tax due must be paid with the extension?	

### [4] Amended Returns

▪ In your state, what "form" does a C corporation use to amend a tax return (check all that apply)?	
<input type="checkbox"/> Freestanding amended return form (Form: _____) <input type="checkbox"/> Same as original return, but check "Amended" box	

<input type="checkbox"/> Same as original return, but write "Amended" on top	<input type="checkbox"/> Other, explain:
■ In your state, what "form" does an S corporation use to amend a tax return (check all that apply)?	
<input type="checkbox"/> Special amended return form (Form: _____)	<input type="checkbox"/> Same as original return, but check "Amended" box
<input type="checkbox"/> Same as original return, but write "Amended" on top	<input type="checkbox"/> Other, explain:

### [5] Required Federal Attachments

■ Is a corporation required to attach federal Form 1120, pages 1 to 5, to its state income tax return? <input type="checkbox"/> Yes <input type="checkbox"/> No	
■ In addition to Form 1120, pages 1 to 5, what additional federal forms and schedules are required to be attached to the state income tax return (check all that apply)?	
<input type="checkbox"/> All federal forms and schedules that the IRS requires to be attached to Form 1120	
<input type="checkbox"/> Schedule M-3	
<input type="checkbox"/> Form 851	
<input type="checkbox"/> Other, explain:	
■ How does your state treat a federal consolidated return if the composition of the consolidated or combined group differs for state purposes?	
<input type="checkbox"/> Attach the federal consolidated return filed with the IRS	
<input type="checkbox"/> Attach a pro-forma federal return, including federal data for only those members included in the state consolidated or combined group	
<input type="checkbox"/> Other, explain:	
<input type="checkbox"/> N/A – State does not permit consolidated returns or combined reporting	

### [6] Form 1099 Requirements

■ Does your state require corporations to file a separate "state" version of Form 1099 for payments to individuals? <input type="checkbox"/> Yes <input type="checkbox"/> No	
■ If YES, what is the due date for filing the state version of Form 1099?	
<input type="checkbox"/> Copy of federal Form 1099 <input type="checkbox"/> Other, explain:	
<input type="checkbox"/> If YES, what payment amount triggers a filing requirement? <input type="checkbox"/> SAF <input type="checkbox"/> Other, explain:	

### [7] Federal Schedule UTP

■ Does your state require that Schedule UTP be attached to the state corporate income tax return? <input type="checkbox"/> Yes <input type="checkbox"/> No	
--	--

### [8] Administrative Guidance. What guidance does your state provide to help taxpayers compute and pay their corporate income tax (check all that apply)?

Topic	Type of Guidance	Description (name, number, website, etc.)
Nexus	<input type="checkbox"/> Form instructions	
	<input type="checkbox"/> Publication, Notice or Bulletin	
	<input type="checkbox"/> List of FAQs	
	<input type="checkbox"/> Other, explain	
Income and deductions	<input type="checkbox"/> Form instructions	
	<input type="checkbox"/> Publication, Notice or Bulletin	
	<input type="checkbox"/> List of FAQs	
	<input type="checkbox"/> Other, explain	
Combined or consolidated reporting	<input type="checkbox"/> Form instructions	
	<input type="checkbox"/> Publication, Notice or Bulletin	
	<input type="checkbox"/> List of FAQs	

	<input type="checkbox"/> Other, explain	
Allocation and apportionment	<input type="checkbox"/> Form instructions	
	<input type="checkbox"/> Publication, Notice or Bulletin	
	<input type="checkbox"/> List of FAQs	
	<input type="checkbox"/> Other, explain	
Filing returns and paying taxes	<input type="checkbox"/> Form instructions	
	<input type="checkbox"/> Publication, Notice or Bulletin	
	<input type="checkbox"/> List of FAQs	
	<input type="checkbox"/> Other, explain	
Credits and incentives	<input type="checkbox"/> Form instructions	
	<input type="checkbox"/> Publication, Notice or Bulletin	
	<input type="checkbox"/> List of FAQs	
	<input type="checkbox"/> Other, explain	

#### **[9] Common Mistakes Corporations Make in Filing Returns and Paying Income Taxes**

▪ What are the most common mistakes that corporations make in filing income tax returns and paying income taxes? For ease of presentation in a chart, please organize your response as a bullet point list, as follows:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

and so on.

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## **Part 12. STATE AUDIT ISSUES**

#### **[1] Statute of Limitations**

▪ What is your state's statute of limitations for assessing taxes?	<input type="checkbox"/> 3 years from due date or filing date, whichever is later <input type="checkbox"/> Other, explain:
▪ What is your state's statute of limitations if gross income is understated by a stated percentage?	<input type="checkbox"/> 6 years if 25% <input type="checkbox"/> Other, explain:
▪ What is your state's statute of limitations if the taxpayer fails to file a return?	<input type="checkbox"/> No limit <input type="checkbox"/> Other, explain:
▪ What is your state's statute of limitations in cases of fraud?	<input type="checkbox"/> No limit <input type="checkbox"/> Other, explain:
▪ Can a jeopardy assessment be made for income taxes?	<input type="checkbox"/> Yes <input type="checkbox"/> No

#### **[2] Federal Adjustments, Notices of Deficiency, Claim for Refund**

▪ Is a corporation required to report a federal audit adjustment to your state?	<input type="checkbox"/> Yes <input type="checkbox"/> No
▪ Is YES, please provide statute, regulation or other administrative pronouncement that requires federal adjustments to be reported to your state?	
▪ What event(s) trigger a reporting obligation with respect to a federal audit (check all that apply)?	
<input type="checkbox"/> When the IRS initiates an audit	
<input type="checkbox"/> When there is a final determination (Definition of "final determination": _____)	
<input type="checkbox"/> Taxpayer's execution of federal Form 870	
<input type="checkbox"/> Other, explain:	

<ul style="list-style-type: none"> <li>▪ Is there a minimum threshold in terms of the effect of the change on the corporation's tax liability before the filing of an amended return is required?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ Is YES, what is the minimum threshold amount?</li> </ul>	
<ul style="list-style-type: none"> <li>▪ How should a corporation report a finalized federal audit adjustment to your state (check all that apply)?</li> </ul>	
<input type="checkbox"/> Amended return and copy of revenue agent report (RAR) <input type="checkbox"/> Copy of RAR only	
<input type="checkbox"/> Other, explain:	
<ul style="list-style-type: none"> <li>▪ Is a "paper" filing permitted or is there an electronic filing requirement?</li> </ul>	
<ul style="list-style-type: none"> <li>▪ What is the deadline for reporting a federal revenue agent's final adjustment?</li> </ul>	
<input type="checkbox"/> 90 days <input type="checkbox"/> Other, explain:	
<ul style="list-style-type: none"> <li>▪ If a corporation reports a federal adjustment to your state in a timely manner, does the reporting extend the due date for filing an amended state tax return?</li> </ul>	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
<ul style="list-style-type: none"> <li>▪ Is YES, what is the length of the extension?</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If a federal adjustment extends the statute of limitations, are the issues open for adjustment limited to those items that are altered as a direct result of the federal adjustment?</li> </ul>	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
<ul style="list-style-type: none"> <li>▪ Does your state allow taxpayers to offset state tax liability changes resulting from federal audit adjustments against adjustments to other state items unrelated to the federal audit?</li> </ul>	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
<ul style="list-style-type: none"> <li>▪ If a federal RAR adjustment requires amended state returns for years otherwise closed by statute:           <ul style="list-style-type: none"> <li>▪ Is the amended return limited to the federal adjustments?</li> </ul> </li> </ul>	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
<ul style="list-style-type: none"> <li>▪ Can a state tax refund be received?</li> </ul>	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
<ul style="list-style-type: none"> <li>▪ To prevent the imposition of interest, does your state allow taxpayers to make advanced payments before there is a final federal determination that triggers the filing responsibility for an amended state return?</li> </ul>	
<input type="checkbox"/> Yes	
<input type="checkbox"/> No	
<ul style="list-style-type: none"> <li>▪ What is the deadline for filing a response to a determination letter from your state?</li> </ul>	
<input type="checkbox"/> 90 days <input type="checkbox"/> Other, explain:	

#### *Claim for Refund*

<ul style="list-style-type: none"> <li>▪ What is the deadline for filing a valid claim for refund?</li> </ul>
<input type="checkbox"/> 3 years from date return was filed <input type="checkbox"/> Other, explain:

#### **[3] Sampling, Joint Sales/Income Tax Audits.** Does your state:

<ul style="list-style-type: none"> <li>▪ Audit both income taxes and sales and use taxes during the same audit?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> <li>▪ Use statistical sampling in arriving at an audit assessment for corporate income taxes?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No

#### **[4] Partial Payments**

<ul style="list-style-type: none"> <li>▪ If your state receives a partial payment from a taxpayer, how is the payment applied (check all that apply)?</li> </ul>
<input type="checkbox"/> Tax first, then penalty, then interest <input type="checkbox"/> As indicated by the taxpayer
<input type="checkbox"/> Penalty first, then interest, then tax <input type="checkbox"/> Subject to negotiation between the parties
<input type="checkbox"/> Other, explain:

#### **[5] Notification to Represent Corporate Client**

<ul style="list-style-type: none"> <li>▪ Must your state be notified that a person will be acting on behalf of a corporation in an audit situation? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>▪ What about a non-audit situation? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>
<ul style="list-style-type: none"> <li>▪ If notification is required, what is the form name and number?</li> </ul>
<input type="checkbox"/> Power of Attorney (Form:    ) <input type="checkbox"/> Other, explain:

**[6] State Use of Private Contractors**

<ul style="list-style-type: none"> <li>▪ Does your state hire private contractors (e.g., collection agencies) to assist in tax administration? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, how are these private contractors compensated? <input type="checkbox"/> Hourly fee <input type="checkbox"/> Fixed fee</li> </ul>	
<ul style="list-style-type: none"> <li>▪ <input type="checkbox"/> Contingent fee (Range of fee authorized?) <input type="checkbox"/> Other, explain:</li> </ul>	
<ul style="list-style-type: none"> <li>▪ In what activities do the private contractors engage (check all that apply)?</li> </ul>	
<input type="checkbox"/> Nexus reviews	<input type="checkbox"/> Collection of outstanding delinquent tax receivables
<input type="checkbox"/> Assessment of tax via audit	<input type="checkbox"/> Other, explain:

**[7] Voluntary Disclosure Programs**

<ul style="list-style-type: none"> <li>▪ Does your state offer a voluntary disclosure program for corporate taxpayers? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, what are the <i>qualification requirements</i> for participating in the program?</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, what are the <i>benefits</i> of participating in the program?</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, what is the process for participating in the program?</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, does your state take a look-back approach (i.e., taxpayers are required to file for prior years) or a forward-looking approach? <input type="checkbox"/> Look-back (How many prior years?) <input type="checkbox"/> Forward-looking</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, are penalties abated if taxpayer comes forward with prior liabilities? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Occasionally</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If NO, if a non-filer comes forward with prior liabilities, are penalties generally required? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	

**[8] Offers in Compromise**

<ul style="list-style-type: none"> <li>▪ Is your state's department of revenue/taxation authorized to accept offers in compromise? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, what are the taxes for which an offer in compromise can be made (check all that apply)?</li> </ul>	
<input type="checkbox"/> Income tax <input type="checkbox"/> Franchise tax <input type="checkbox"/> Uncollected sales/use tax <input type="checkbox"/> Collected, but unremitted sales/use tax <input type="checkbox"/> Unemployment taxes <input type="checkbox"/> Income tax withhold from payroll <input type="checkbox"/> Other, explain:	
<ul style="list-style-type: none"> <li>▪ If YES, what are the conditions required for an offer in compromise to be made (check all that apply)?</li> </ul>	
<input type="checkbox"/> Tax liability has finally been fixed <input type="checkbox"/> Taxpayer has been discharged in bankruptcy <input type="checkbox"/> Taxpayer has exhausted its protest rights <input type="checkbox"/> Taxpayer has shown by proof to be insolvent <input type="checkbox"/> Other, explain:	
<ul style="list-style-type: none"> <li>▪ If YES, is there a special form or application that must be filed to initiate the offer in compromise process?</li> </ul>	
<input type="checkbox"/> Yes (Form: <input type="checkbox"/> ) <input type="checkbox"/> No	
<ul style="list-style-type: none"> <li>▪ If your state's department of revenue/taxation is not authorized to accept offers in compromise, is there another way to obtain an offer in compromise? <input type="checkbox"/> Yes (Process: <input type="checkbox"/> ) <input type="checkbox"/> No</li> </ul>	

**[9] Partnership Audits**

<ul style="list-style-type: none"> <li>▪ Does your state conform to the federal partnership audit regime found in IRC §§6621 to 6241? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If NO, explain nature of nonconformity:</li> </ul>	

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**Part 13. OTHER ADMINISTRATIVE ISSUES****[1] Wages of Nonresident Employees**

<ul style="list-style-type: none"> <li>▪ Does your state impose a personal income tax? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li>▪ If YES, does your state have a de minimis rule, based on the number of days worked or the amount of income earned, which exempts the wages of a nonresident employee who is temporarily working in your</li> </ul>	

state (assume the employee is not an athlete or entertainer, and that no reciprocity agreement applies)? <input type="checkbox"/> Yes	
<input type="checkbox"/> No	
▪ If YES, describe exemption:	
▪ If YES, what is the minimum threshold based on? Days worked: _____ Income earned: \$_____	
▪ If YES, does the exemption depend on whether the nonresident employee's state of residence meets certain requirements (check all that apply)?	
<input type="checkbox"/> Provides a substantially similar exclusion <input type="checkbox"/> Does not impose a personal income tax <input type="checkbox"/> Other, explain: _____	
▪ If YES, has your state entered into a reciprocity agreement with another state, under which each state agrees not to tax a resident of the other state on compensation the nonresident receives for working as an employee in your state (assume the employee is not an athlete or an entertainer)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
▪ If YES, which state(s): _____	
▪ If the assigned or primary office of a nonresident employee is in your state but the employee is working in another state for his or her convenience rather than the employer's necessity, does your state source the wages to your state based on the location of the primary office ("convenience of employer rule"). <input type="checkbox"/> Yes <input type="checkbox"/> No	

## [2] Participation in Multistate Tax Commission

▪ What type of membership does your state have in the MTC? <input type="checkbox"/> Compact <input type="checkbox"/> Sovereignty <input type="checkbox"/> Associate <input type="checkbox"/> None					
▪ Does your state participate in the following MTC joint audit programs? <input type="checkbox"/> Income tax audits <input type="checkbox"/> Sales tax audits					
▪ Has your state adopted the following MTC special industry apportionment rules?					
Yes	No	Partly	Yes	No	Partly
<input type="checkbox"/> General apportionment	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Trucking Companies	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<input type="checkbox"/> Construction Contractors	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> TV and Radio Broadcasting	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<input type="checkbox"/> Railroads	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Publishing	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<input type="checkbox"/> Airlines	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Telecommunications	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
▪ Has your state adopted the following MTC model statutes?			Yes	No	Partly
<b>▪ General Allocation and Apportionment Regulations</b> <b>▪ Combined Reporting - Joyce Method</b> <b>▪ Combined Reporting - Finnigan Method</b> <b>▪ Reporting Federal Partnership Audit Adjustments</b> <input type="checkbox"/> Factor Presence Nexus Standard for Business Activity Taxes <input type="checkbox"/> Add-back of Certain Intangible and Interest Expenses <hr/> <input type="checkbox"/> Combined Reporting <hr/> <input type="checkbox"/> Compilation of State Tax Return Data <hr/> <input type="checkbox"/> Disclosure of Reportable Transactions <hr/> <input type="checkbox"/> Tax Avoidance Transaction Voluntary Compliance <hr/> <input type="checkbox"/> Formula for the Apportionment and Allocation of Net Income of Financial Institutions <input type="checkbox"/> Mobile Workforce Withholding <input type="checkbox"/> Reporting Options for Non-resident Members of PTE with Withholding Requirement			<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
▪ Has your state adopted the Statement of Information Concerning Practices of MTC and Signatory States under Public Law 86-272? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Partly					

**[3] Whistleblower Programs.** The IRS Whistleblower Rewards Program ([irs.gov/compliance/whistleblower-office](http://irs.gov/compliance/whistleblower-office)) provides a financial incentive for people to identify corporations that underpay their taxes because of mistakes, aggressive or uncertain tax positions, or fraud.

▪ Does your state operate a program that provides a financial incentive for whistleblowers who provide information which results in the collection of additional corporate income taxes? <input type="checkbox"/> Yes <input type="checkbox"/> No
▪ If YES, what is the name of the program?
▪ If YES, who is eligible to participate in the program?
▪ If YES, what is the method for filing claims?
▪ If YES, how is the amount of the award paid to a qualifying whistleblower determined?