

Income/Franchise:

Montana: New Law Revises Apportionment Formula by Moving to a Double-Weighted Sales Factor

S.B. 376, signed by gov. 5/11/21. Applicable to tax years beginning after June 30, 2021, new law amends Montana's corporate income tax apportionment formula – which currently consists of equally weighted property, payroll and sales factors – by double-weighting the sales factor. Accordingly, under this new law, a taxpayer's apportionable income must be apportioned to Montana by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus two times the receipts factor and the denominator of which is four.

URL:
[http://laws.leg.mt.gov/legprd/LAW0203W\\$BSRV.ActionQuery?P_SESS=20211&P_BLTP_BILL_TYP_CD=SB&P_BILL_NO=376&P_BILL_DFT_NO=&P_CHPT_NO=&Z_ACTION=Find&P_ENTY_ID_SEQ2=&P_SBJT_SBJ_CD=&P_ENTY_ID_SEQ=](http://laws.leg.mt.gov/legprd/LAW0203W$BSRV.ActionQuery?P_SESS=20211&P_BLTP_BILL_TYP_CD=SB&P_BILL_NO=376&P_BILL_DFT_NO=&P_CHPT_NO=&Z_ACTION=Find&P_ENTY_ID_SEQ2=&P_SBJT_SBJ_CD=&P_ENTY_ID_SEQ=)

See previously issued Multistate Tax Alert for more details on these provisions, and please contact us with any questions.

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-montana-pending-legislation-modifies-corporate-apportionment-factor-overhauls-individual-income-tax-law.pdf>

— Roburt Waldow (Minneapolis)
Principal
Deloitte Tax LLP
rwaldow@deloitte.com

Andrea Vogt (Boise)
Senior Manager
Deloitte Tax LLP
andreavogt@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.