

Income/Franchise:

Vermont: Proposed Rule Changes Reflect Market-Based Sourcing Law with Comments Due by August 20

Proposed Amended Reg. § 1.5833 Allocation and Apportionment of Vermont Net Income by Corporations, Vt. Dept. of Taxes (6/18/21). The Vermont Department of Taxes has proposed regulatory amendments reflecting, among other changes, legislation enacted in 2019 [H.B. 514 (2019)] that revised Vermont's corporate income tax apportioning methodology for sourcing sales other than tangible personal property (e.g., intangibles and services), generally moving from a "costs of performance" sourcing method to a market-based sourcing method for tax years beginning on or after January 1, 2020. The proposal incorporates Vermont's "throw out" rule for certain sales, which generally applies if the state of assignment cannot be determined or reasonably approximated under Vermont's market-based sourcing provisions. Other proposed changes reflect Vermont's double-weighted receipts factor, as well as Vermont's use of the transactional and functional tests for determining what constitutes "apportionable income." Comments on the proposal are due by August 20, 2021, and a related public hearing "via video" is scheduled for August 10, 2021. Please contact us with any questions.

URL: <https://tax.vermont.gov/public-comments>

URL: <https://legislature.vermont.gov/bill/status/2020/H.514>

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