

Income/Franchise:

Vermont: Proposed Administrative Rule Changes Reflect Market-Based Sourcing Law

Proposed Amended Reg. § 1.5833 Allocation and Apportionment of Vermont Net Income by Corporations, Vt. Dept. of Taxes (11/2/21). 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 Department's updated proposal continues to define relevant terms and 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, Vermont's use of the transactional and functional tests for determining what constitutes "apportionable income," and some special industry apportionment rules (including rules for financial institutions). Please contact us with any questions.

URL: <https://tax.vermont.gov/document/proposed-allocation-and-apportionment-regulations-09212021>

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

— Mike Degulis (Boston)
Principal
Deloitte Tax LLP
mdegulis@deloitte.com

Jane Lodha (Boston)
Senior Manager
Deloitte Tax LLP
jixin@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 ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.