

Income/Franchise:

Vermont: Adopted Administrative Rule Revisions Reflect Market-Based Sourcing Law

Amended Reg. § 1.5833 Allocation and Apportionment of Vermont Net Income by Corporations, Vt. Dept. of Taxes (eff. 12/1/21). The Vermont Department of Taxes (Department) has adopted 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 revised regulation defines 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 adopted 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/tax-law-and-guidance/regulations>

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

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