

Income/Franchise:

Vermont: Document Highlights Law Changes Impacting Apportionment, “80/20” Companies, Partnership Audits

2022 Legislative Highlights, Vt. Dept. of Taxes (6/22). The Vermont Department of Taxes (Department) released a summary document highlighting recently enacted corporate income tax law changes that generally are applicable for taxable years beginning on and after January 1, 2023 [see S.B. 53 (2022) and forthcoming Multistate Tax Alert for more details on these law changes], including:

URL: <https://tax.vermont.gov/sites/tax/files/documents/2022-Legislative-Highlights.pdf>

URL: <https://legislature.vermont.gov/bill/status/2022/S.53>

- Moving from a three-factor (property, payroll, and double-weighted sales) to a single-sales factor apportionment formula;
- Repealing Vermont’s sales factor “throwback” rule;
- Effectively repealing Vermont’s “carve out” for “80/20” companies;
- Moving from the “Joyce” to the “Finnigan” methodology to determine nexus for unitary taxpayers and their members; and
- Revising Vermont’s corporate minimum tax structure.

The summary also references legislation that creates a Vermont reporting requirement for partnerships under federal audit and includes related procedures, processes, and deadlines for reporting certain partnership adjustments that result from federal tax changes to the Department, as well as for paying any associated taxes due [see H.B. 738 (2022) and *State Tax Matters*, Issue 2022-23, for more details on these law changes]. Other recent law changes summarized in the document include broadening Vermont’s sales and use tax exemption for manufacturing inputs to include inputs used as part of an integrated production process. Please contact us with any questions.

URL: <https://legislature.vermont.gov/bill/status/2022/H.738>

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220610_7.html

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