

Income/Franchise:

Louisiana: Software Platform Creator Deemed a Manufacturer Eligible for Single Sale Factor Apportionment

Docket No. 12272D, La. Bd. of Tax App. (9/8/22). In a case involving whether a taxpayer in the business of creating different software platforms qualified as a “manufacturer” eligible to use single sales factor apportionment for Louisiana corporate income and franchise tax purposes for the prior tax years at issue, the Louisiana Board of Tax Appeals (Board) held in the taxpayer’s favor that based on the uncontroverted facts and prior state caselaw, the taxpayer was engaged in the manufacture of tangible personal property (*i.e.*, software) and thus was eligible. The Board concluded that in “arranging electrons from something like a blank file into a useful form, like a program,” the taxpayer transformed a raw material into finished tangible personal property for sale and therefore was engaged in the business of manufacturing. Accordingly, the taxpayer was deemed to have correctly calculated its Louisiana corporate income and franchise tax liability for the prior tax years at issue by utilizing the single sales factor apportionment formula. Please contact us with any questions.

URL: <http://labta.louisiana.gov/pdfs/Cervey.pdf>

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