



Multistate Tax ASC 740 assistance services

Focused on helping your organization pursue technical accuracy and process efficiency in the development of the multistate income tax provision

Developing a sensible approach for the accurate and efficient preparation of a multistate income tax provision is an important responsibility for our clients. Companies with a large state and local tax footprint face significant complexity and challenges managing the financial reporting process for numerous state and local taxing jurisdictions considering the variability in the applicable tax law from one jurisdiction to the next. Managing the complexity requires

We provide multistate tax ASC740 assistance services in four primary areas:

Current state income tax expense

- Current year state income tax statutory rates, applying both separate company and blended rate approaches
- Applicable state tax modifications
- NOL utilization
- State effective rate reconciliation

State tax accounts

- Multistate DTAs/DTLs associated with federal timing differences
- Multistate DTA/DTL for unique federal/state tax differences (e.g., state NOLs and credits)
- Multistate income tax payables/receivables reconciliation

Prior year state income tax true-up adjustments

- Return to provision true-up adjustment for prior years state tax provisions
- State income tax payables receivables true-up for prior years

Uncertain state income tax positions

- Identification of UTPs
- Evaluation of recognition criteria
- Evaluation of measurement scenarios

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a thoughtful analysis of tax law, your company's business and materiality.

Deloitte's Multistate Tax ASC 740 assistance team can assist a company in analyzing significant issues and developing a sensible approach to address them.

We provide multistate tax ASC740 assistance services in four primary areas:

Current state income tax expense

We can assist in the development of a standardized, yet flexible, approach to calculating separate company and/or combined statutory state tax rates to determine current state income tax expense. State modifications are incorporated into the calculations to reflect the impact of those items in the current state income tax provision. The end result is a state effective rate that can be reconciled on an entity-by-entity, jurisdiction-by-jurisdiction basis.

Prior year state income tax true-up adjustments

Our approach evaluates prior year return-to-provision adjustments and state payables/receivables adjustments considering unique state items such as state attribute utilization and non-income taxes that may be reported on some state income tax returns.

State income tax accounts

We also provide support in developing an accurate and efficient approach for analyzing state tax account balances including deferred state taxes, valuation of the projected state tax impact from federal timing differences and other unique federal-state tax timing differences.

A final reconciliation of beginning and end of tax year account balances with current year activity and the current and deferred state tax provision is an important element of our assistance.

Uncertain state income tax positions

Multistate tax abounds with uncertainties from state to state and even within particular jurisdictions. Common uncertainties include variances in the application of unitary business criteria, different thresholds for when nexus within a state exists, and unique apportionment methodologies and applications. We assist our clients with the identification of historic, current and potential future uncertain state tax return filing positions. Then, we assist our clients to quantify the value of their state tax return filing positions and evaluate the technical strength of their positions. Finally, we help our clients assess the potential resolution and/or settlement scenarios that support a measurement of the risks and a reporting of reserves related to identified uncertain state income tax filing positions.

The Deloitte difference

Multistate tax provision issues often are just one piece of a more complex puzzle. When appropriate, we team with Deloitte specialists from different disciplines beyond multistate tax, including:

- Federal income tax
- International tax
- Mergers and acquisitions
- Sales and use tax, and other indirect taxes
- Multistate credits and incentives
- Industry specialists
- Tax technology
- Employee benefits.

We also have the ability to team with Deloitte's tax management consulting ("TMC") group and Deloitte's financial reporting for taxes ("FRT") group. These groups advise taxpayers with respect to technology/process and ASC740 technical challenges related to financial accounting and reporting for income taxes. Our team of professionals have the technical and hands-on experience necessary to help your company address state income tax provision-related challenges.

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