



Multistate Tax

State Tax Matters

September 11, 2015

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Income/Franchise:

New York: Draft Proposed Article 9-A Business Corporation Franchise Tax Regulations Issued, Incorporating Legislative Changes within 2014-2015 and 2015-2016 New York State Budgets

Draft Proposed Subpart 1-3, Corporations Subject to Tax: Sections 1-3.1 through 1-3.5, N.Y. Dept. of Tax. & Fin. (9/2/15). The New York Department of Taxation and Finance (Department) has issued draft proposed amendments to the New York State Business Corporation Franchise Tax Regulations, Subpart 1-3, reflecting state legislative changes that have expanded the activities that will subject a foreign corporation or members of a unitary group to tax under Article 9-A for tax years beginning on or after January 1, 2015, to include issuing credit cards in New York State and deriving receipts from activity in New York State when certain designated thresholds are met.

URL: [http://www.tax.ny.gov/bus/ct/pending/nexus%20draft%20text%20ready%20to%20post%209-2-15\(2\).pdf](http://www.tax.ny.gov/bus/ct/pending/nexus%20draft%20text%20ready%20to%20post%209-2-15(2).pdf)

The Department also generally notes that it ultimately intends to amend the Article 9-A Business Corporation Franchise Tax Regulations to incorporate the changes made by the corporate tax reform legislation contained in the 2014-2015 and 2015-2016 enacted New York State Budgets, and that as they are being developed, drafts of various regulatory amendments will be posted for public comment *prior to* the State Administrative Procedure process to formally propose and adopt these regulations. Accordingly, these draft proposed regulatory amendments “are not final and should not be relied upon.” Regarding this specific draft

proposed rule amendment, the Department is asking for public comments to be provided by December 3, 2015.

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Income/Franchise:

Rhode Island: Division Issues Draft Proposed Nexus and Apportionment Regulations Pursuant to Mandatory Combined Reporting Regime

Exposure Draft Regulation CT 15-02 & Exposure Draft Regulation CT 15-04, R.I. Div. of Tax. (9/1/15). The Rhode Island Division of Taxation (Division) has issued draft regulations to provide taxpayers and practitioners with an opportunity to review anticipated regulatory changes related to the implementation of mandatory combined reporting in Rhode Island. In doing so, the Division notes that mandatory combined reporting, enacted by law in June 2014, “represents a sweeping change to the structure of Rhode Island’s corporate income tax system,” and takes effect for tax years beginning on or after January 1, 2015. These draft proposals, the Division explains, anticipate the implementation of revised corporate income tax nexus and apportionment rules associated with the introduction of mandatory combined reporting. Regarding nexus, the Division also states that Rhode Island law is construed to assert the tax jurisdiction of Rhode Island “to the fullest extent permitted by the United States Constitution and the laws of the United States.” Regarding apportionment, the Division explains that the new apportionment rules will provide taxpayers and practitioners with guidance related to single sales factor apportionment and market-based sourcing under Rhode Island’s new corporate income tax regime. The Division is asking for comments on these proposed draft regulations on or before September 21, 2015.

URL: <http://www.tax.ri.gov/Tax%20Website/TAX/combinedreporting/Nexus%20reg%20--%20exposure%20draft%20--%2009-01-15.pdf>

URL: <http://www.tax.ri.gov/Tax%20Website/TAX/combinedreporting/Apportionment%20reg%20--%20exposure%20draft%20--%2009-01-15.pdf>

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Multistate Tax Alerts

What’s new in the States? Our Multistate Tax Alerts highlight selected state tax developments relevant to taxpayers, tax professionals, and other interested persons. Read our more recent alerts below or visit the archive for ones you may have missed.

Archive: <http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive0.html?id=us:em:na:stm:eng:tax>

Alabama Establishes Factor Presence Nexus Standard

Alabama Governor Robert Bentley recently signed into law a bill implementing a factor-based presence nexus standard. Effective for tax years beginning after December 31, 2014, a nonresident individual or a business entity organized outside Alabama and doing business in the state will be deemed to have “substantial nexus” with the state, and will thus be subject to applicable taxes, if the property, payroll, or sales of the individual or business in the state exceed any of the following “bright-line” thresholds during the tax period:

1. \$50,000 in property;
2. \$50,000 of payroll;
3. \$500,000 of sales; or
4. 25 percent of total property, payroll, sales.

The new law also provides Alabama will not gain jurisdiction to impose tax if the taxpayer is protected under Public Law 86-272, regardless of whether the taxpayer’s property, payroll, or sales exceed the bright-line thresholds.

Issued: September 9, 2015

URL: <http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-alabama-establishes-factor-presence-nexus-standard.html?id=us:em:na:stm:eng:tax:091115>

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