



National Update on Key SALT Issues

Associated Taxpayers of Idaho - 2017 Conference
December 6, 2017

Nikki Dobay
Senior Tax Counsel
Council On State Taxation

AGENDA

- State Business Tax Burdens
- Federal Legislation on State Tax Issues
- State Legislative and Regulatory Trends
- Nexus, Nexus, Nexus!
- Property Tax Updates
- New Federal Partnership Audit Procedures

State Business Tax Burdens

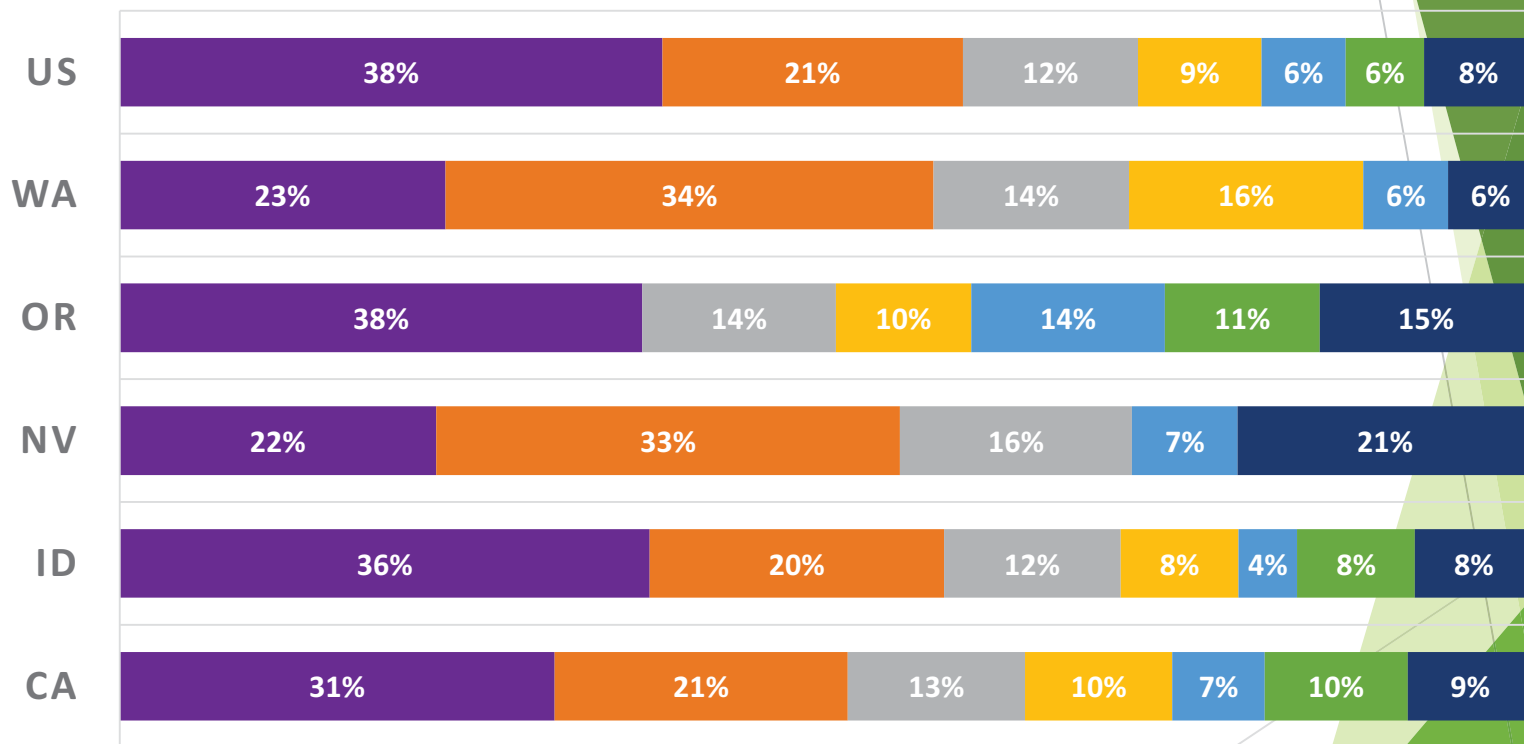
What Do Businesses Pay?

- Businesses paid more than **\$724 Billion** in U.S. state and local taxes in FY2016, an increase of 0.9% from FY2015
- How Much Do Businesses Contribute to State Revenues?
 - **U.S. Average for FY2016: 43.9%** of all tax revenues
- Remarkably, the business share of SALT nationally has been within 1% of 45% since 2000
- Moreover, C Corporations on average pay about **three-fifths more** in income tax than pass through businesses

COST/EY Study, Total State and Local Business Taxes: State-By-State Estimates for Fiscal Year 2016, August 2017

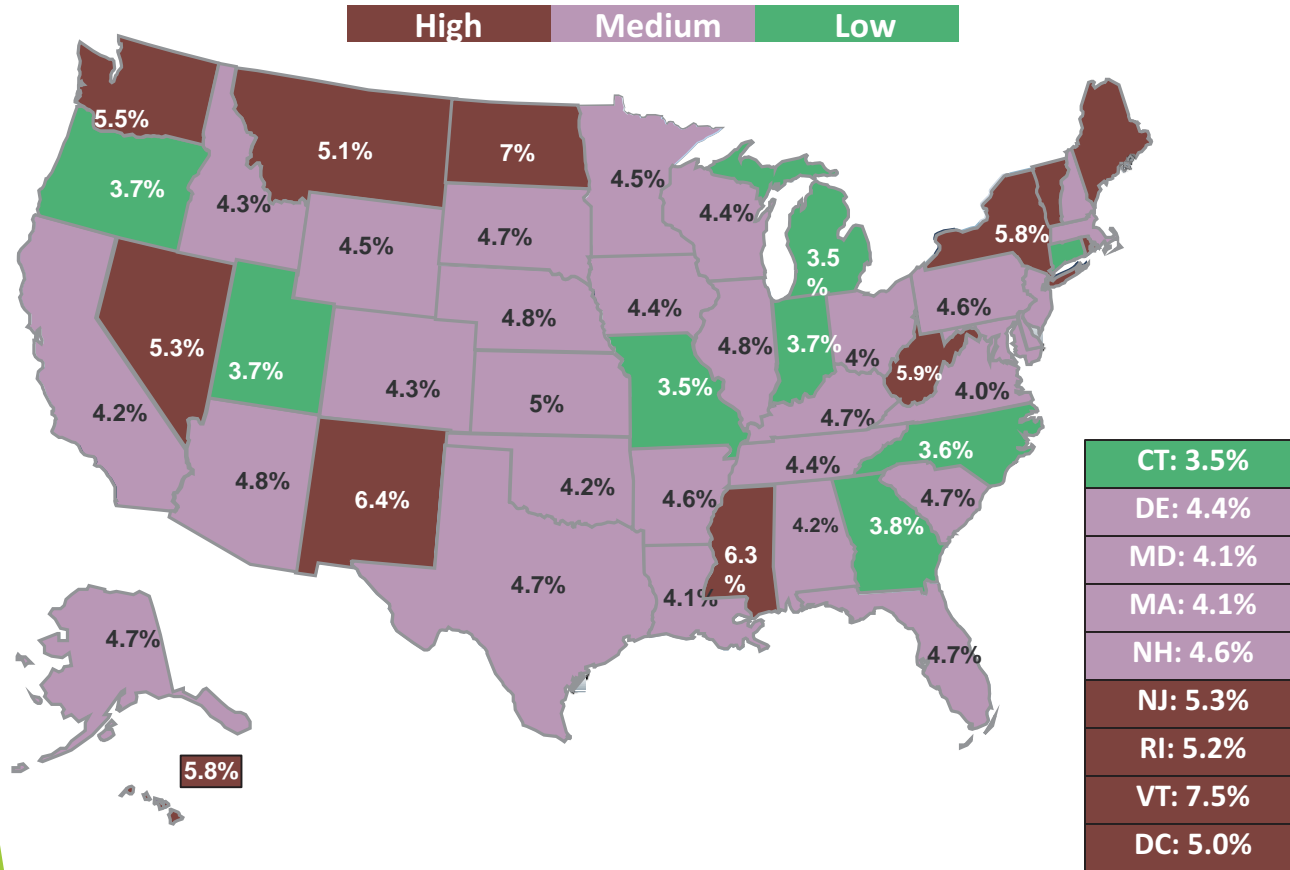
Tax Burden Comparison

- Property
- Sales
- Excise
- Corporate Income
- Unemployment Insurance
- Individual Income Tax on Business Income
- License and Other



COST/EY Study, *Total State and Local Business Taxes: State-By-State Estimates for Fiscal Year 2016*, August 2017

Business Taxes As a Share of Private Sector Gross State Product - FY 2016



TEBTRs provide a starting point for comparing burdens across states, but they do not provide sufficient information to evaluate a state's competitiveness.

The Total Effective Business Tax Rate (TEBTR) is measured as a ratio of state and local business taxes to private-sector Gross State Product (GSP), the total value of a state's annual production of goods and services in the private sector. CT has the lowest TEBTR at 3.47% because it is home to several high-output industries generating a large amount of GSP. OR at 3.7% is also ranked low due to its lack of a sales tax and its lower-than-average business share of property taxes at 45%.

Source: Total State and Local Business Taxes: State-By-State Estimates for Fiscal Year 2016
 COST, STRI and Ernst & Young, August 2017 (COST.ORG)



Federal Legislation on State Tax Issues

Mobile Workforce State Income Tax Simplification Act of 2017

- Senate: S. 540 was introduced by Sens. John Thune (R-SD) and Sherrod Brown (D-OH) (March 7, 2017)
- House: H.R. 1393 was introduced by Reps. Mike Bishop (R-MI) and Hank Johnson (D-GA) (March 7, 2017)
- **Passed House on June 20, 2017 (*third time's the charm?*)**
 - Creates a bright-line, 30-day threshold before state employer withholding and personal income tax liability would apply
 - Exceptions for entertainers, athletes, certain film production employees & prominent public figures
 - Many industry members and organizations (300+) support the bill
 - 56 Senate cosponsors

www.mobileworkforcecoalition.org

State Remote Seller Collection Authority

Since 2005, the following legislation has been proposed:

- Main Street Fairness Acts (MSFA)
- Marketplace Equity Act (MEA)
- Marketplace Fairness Acts (MFA)
- Remote Transactions Parity Act (RTPA)
 - H.R. 2193 introduced by Rep. Kristi Noem (R-SD) on April 27 – 33 cosponsors
- Online Sales Simplification Act (OSSA - draft)
- No Regulation Without Representation Act (*Keep Quill*)
 - H.R. 2887 introduced by Rep. Sensenbrenner (R-WI) on June 12 – 9 cosponsors

Other Potential Legislation?

Legislation not yet introduced in the 115th Congress:

■ **Business Activity Tax Simplification Act**

- Legislation would modernize P.L. 86-272 by including sales of services and would apply more broadly than just net income taxes imposed by the states
- Puts in a bright line 14-day presence test (with exceptions) before an entity is subject to a state's "business activity" taxes and would not allow *Finnigan* apportionment (including a unitary entity's sales in the group's sales factor even when that entity does not have substantial nexus with the taxing state)

■ **Digital Goods and Services Tax Fairness Act**

- Bill would prevent multiple and discriminatory taxes on digital goods or services
- Provide specific sourcing mechanism based on "customer address" which is hierarchical and similar to the sourcing under the **SSUTA**



State Legislative and Regulatory Trends

State Legislative and Regulatory Trends

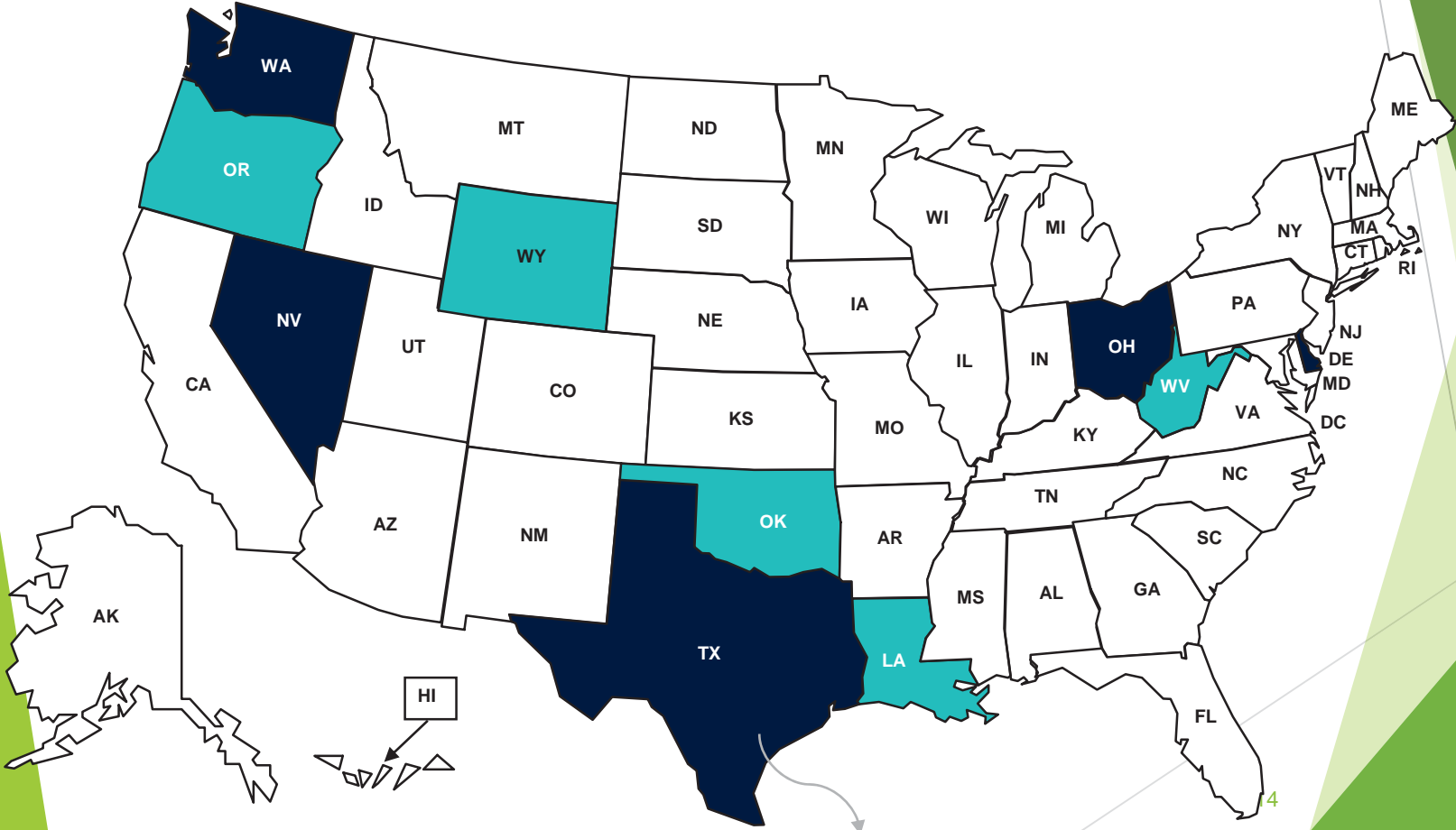
- States Looking to Adopt a CAT of their Own
 - Louisiana, Oklahoma, Oregon, West Virginia, Wyoming
- Combined Reporting Redux
 - Alabama, California, Pennsylvania, Maryland
- Market Based Sourcing
 - Oregon, Montana, Colorado, New Hampshire

2017 Gross Receipts Tax Proposals

- **Oregon**
 - 2016 ballot initiative (Measure 97) defeated
 - 2017 Legislative proposals (SJR 41; HB 2230; amendments to HB 2830) all died
 - 2018 ballot initiative (IP 27; aka “son of 97”) withdrawn
- **Louisiana** - Gov. may propose a 1% to 3% Ohio-style “CAT” GRT
- **West Virginia** - Ohio-style “CAT” GRT being discussed
- **Oklahoma** - Ohio-style “CAT” GRT being studied
- **Wyoming** - members of the Joint Revenue Committees considered gross receipts proposals with rates of about 0.5%
 - One proposal would have imposed the GRT on foreign corporations only - concluded likely unconstitutional

2017 Gross Receipts Tax Proposals

● 2016/2017 proposals ● States with gross receipts taxes



With deductions

Notable Combined Reporting Legislative Proposals

In 2016 and 2017, no new states have adopted combined reporting, but there continues to be a handful of states that consider it.

- **Alabama** - SB 202 attracted a lot of attention in 2015; reintroduced in 2017 (SB 67)
- **Louisiana** - Tax Institute studying the issue
- **New Jersey** - SB 982, passed Senate Budget and Appropriations Committee on June 6, 2016
- **New Mexico** - considered again with SB 1, which failed
- **Pennsylvania** - considered again in Governor's budget

Notable Combined Reporting Legislative Proposals, cont.

But...

- **Maryland** - “Augustine Commission” recommended not adopting combined reporting
- **Indiana** - 2016 SB 323 resulted in a study of combined reporting that highlighted complexity and finding no long-term revenue gains

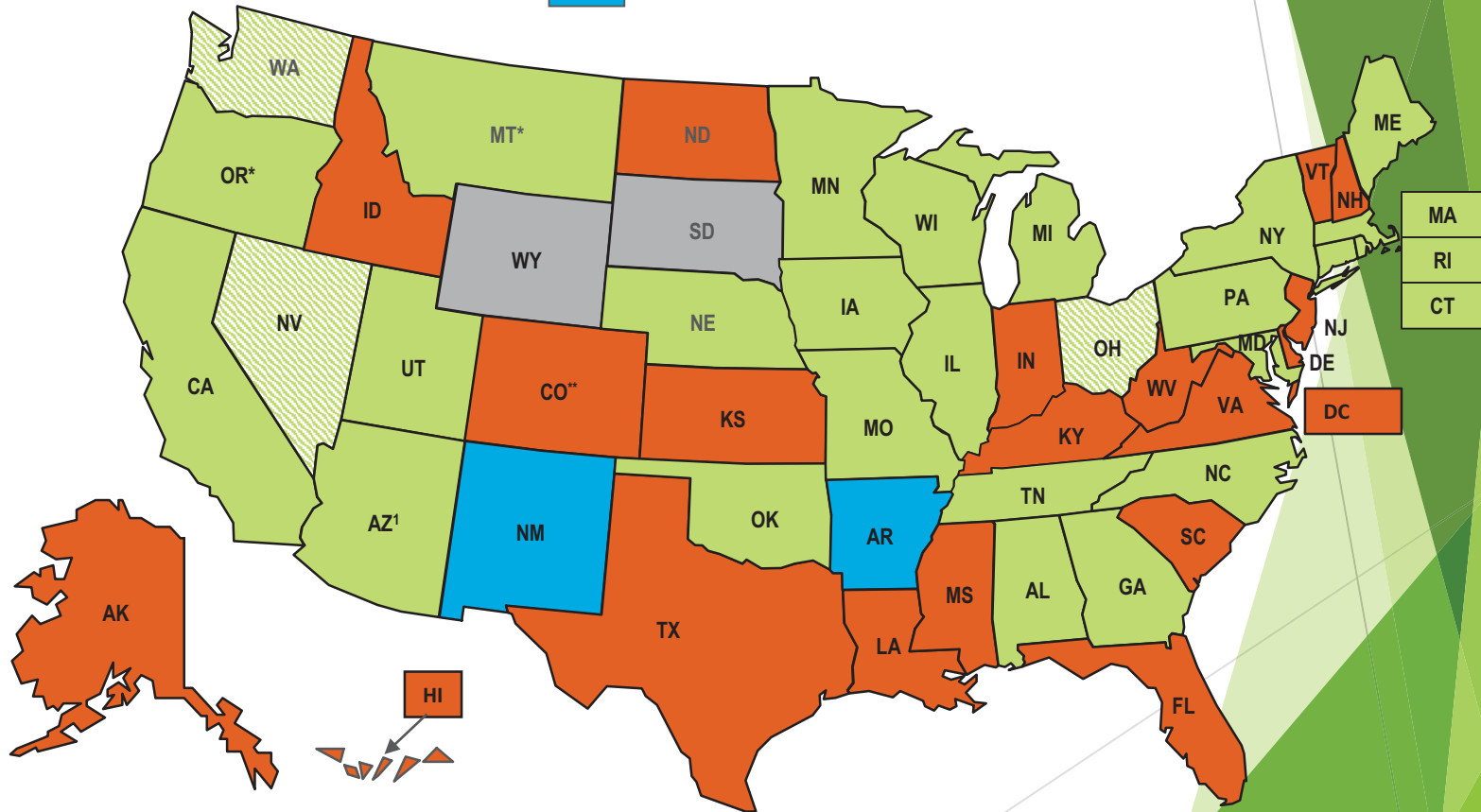
And...

- **California** - SB 567 would have repeal the State’s Water’s-Edge Election
- **Montana** - proposal discussed to repeal the State’s tax haven legislation and require mandatory worldwide combined filing

Sourcing of Receipts from Sales Other Than of Tangible Personal Property

Key

- Cost of Performance – Services and Intangibles
- Market Based Sourcing – Services and Intangibles
- N/A State - No corporate income tax or GRT
- Legislation Introduced in 2017 (AR, NM)



*Market Sourcing effective 1/1/2018

**Market Sourcing election for certain industries only

Market Sourcing - Rulemaking

- MTC finalized Section 17 (General Allocation and Apportionment) Regulations on 2/24/2017
 - Updated definitions of “business income” (now “apportionable income”) and “sales” (now “receipts”)
 - Adopts market-sourcing approach
- MTC Section 18 Rulemaking - ongoing
 - Current draft applies rule only to “de minimis” situations (less than 3.33 percent of receipts can otherwise be sourced) and retains general section 18 alternative apportionment request provision
 - Now addressing distortion caused by the exclusion of functional receipts from the definition of “receipts”
 - Whether receipts from factoring of receivables should ever be included in the receipts factor
 - Other special industry rules may be addressed but not currently working on those rules

California Market Sourcing - rulemaking continues

- Regulation 25136-2
 - Detailed set of rules
 - Separate rules for services for individual and business customers
 - Separate rules for income from marketing and non-marketing intangibles
 - Applies cascading approach for analyzing market
 - Supposed to take into account the taxpayer's effort and expense for compliance.
 - RTC 25137 special industry rules incorporated
- California Rulemaking Part Deux
 - In 2017, FTB has held two interested parties meeting
 - Issues currently being addressed: asset management fee examples; dividends; marketing intangibles
 - Current draft includes safe harbor for taxpayers regarding reasonable approximation method used

Nexus, Nexus, Nexus!

Nexus - Factor Presence Statute

Crutchfield v. Testa, Ohio Supreme Court Case No. 2015-0386 (Nov. 17, 2016)

- Online sellers with no physical presence in Ohio, but over \$500,000 in gross receipts found to be subject to CAT.
- Ohio CAT's factor presence meets constitutional requirements for substantial nexus and that *Quill's* physical presence rule does not apply to gross receipts taxes.
- The court did not address the issue of whether internet cookies create physical presence, an argument the state raised.
- Ohio was the first state to pass the MTC's factor nexus model legislation with its 2005 tax reform.
- At least nine other states have factor nexus provisions (AL, CA, CO, CT, MI, NY, OK, TN and WA)
- Prior to the deadline for filing a cert petition, the company settled its dispute and registered for CAT.

End Run Around *Quill*

Direct Marketing Association v. Brohl, 814 F.3d 1129 (10th Cir. 2016), *cert. denied*, 137 S.Ct. 591 (2016).

- Court holds *Quill* case is limited to determining whether a remote seller has sales/use tax collection and remittance obligation; it does not apply to notice and reporting regulations.
- Regarding discrimination, the Court held the law was not facially discriminatory because it only indirectly refers to out-of-state sellers (although the practical effect of the law is that it can only apply to out-of-state sellers).
- On whether the regulation is “discriminatory in its effects,” different treatment of in-state sellers and out-of-state sellers is not discriminatory in itself. The difference is justified based on the competitive disadvantage of in-state sellers having to collect the tax (which is odd because the Court begins with its statement that this is not a tax case. However, it cites tax cases such as *GM v. Tracy* (519 U.S. 278)).

DMA and its Aftermath

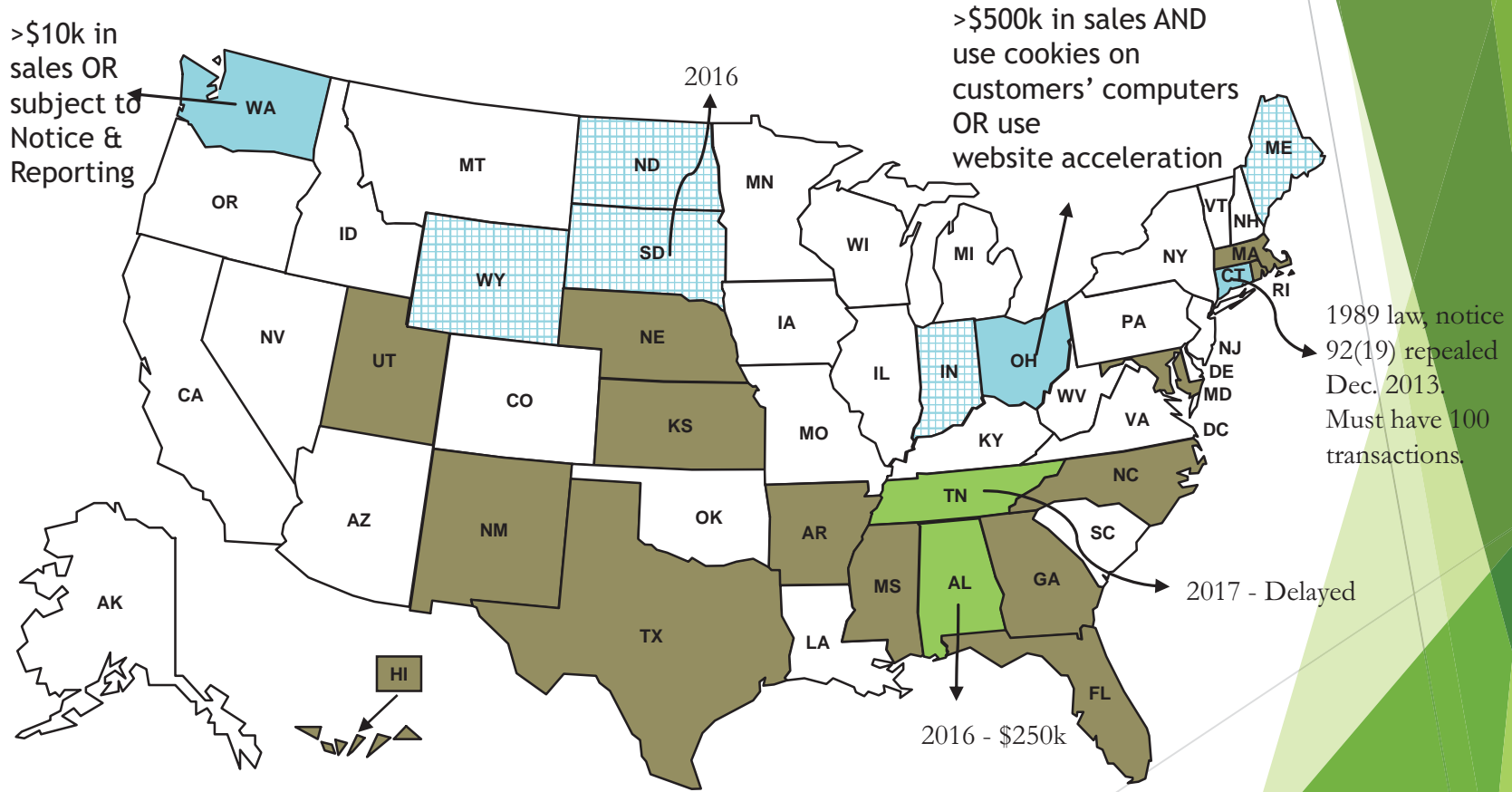
- U.S. Supreme Court denied review on 12/12/2016
- Since U.S. Supreme Court decision, one dozen states have introduced bills to create reporting/notice provisions
- DMA reached a settlement with. Colorado Department of Revenue (announced on Feb. 23, 2017)
 - Out-of-state sellers no liability for past noncompliance
 - Notice and reporting to go into effect July 1, 2017
 - Notify customers of obligation to self-report
 - provide an annual purchase summary to each customer
 - provide DOR with annual customer information report
- Colorado considered legislation that would remove the “reporting” requirement to the state - failed
- MTC Use Tax Reporting Working Group is updating 2011 model - hope to finalize in the next few months

Is *Quill* Dead? States are Frustrated

- **Attempts to Challenge *Quill* by Regulation**
 - **Alabama DOR** – Eff. 1/1/16, regulation asserts jurisdiction over remote sellers that have over \$250k in sales in the state under existing nexus law (last updated in 1991) – Approved remote sellers can collect 8% tax (2% vendor discount)
 - **Tennessee DOR** – Beginning 7/1/17, remote sellers with over \$500k in sales in the state must begin collecting tax
- **NCSL Pressing for State Legislation** – Several state legislators at a task force meeting indicated they were preparing to litigate to overturn *Quill* – intent is to not apply tax retroactively
 - **South Dakota** – SB 106 – Eff. 5/1/16 - 200 transactions over \$100k
 - **Vermont** – H.873 – same threshold – Eff. when *Quill* abrogated
 - **Wyoming** – HB 19 – 200 transactions or \$100k Wyoming sales
- **Pending Federal Tax Legislation to Overturn *Quill*** ²⁶

Sales Factor/Transactional Nexus - Sales & Use Taxes

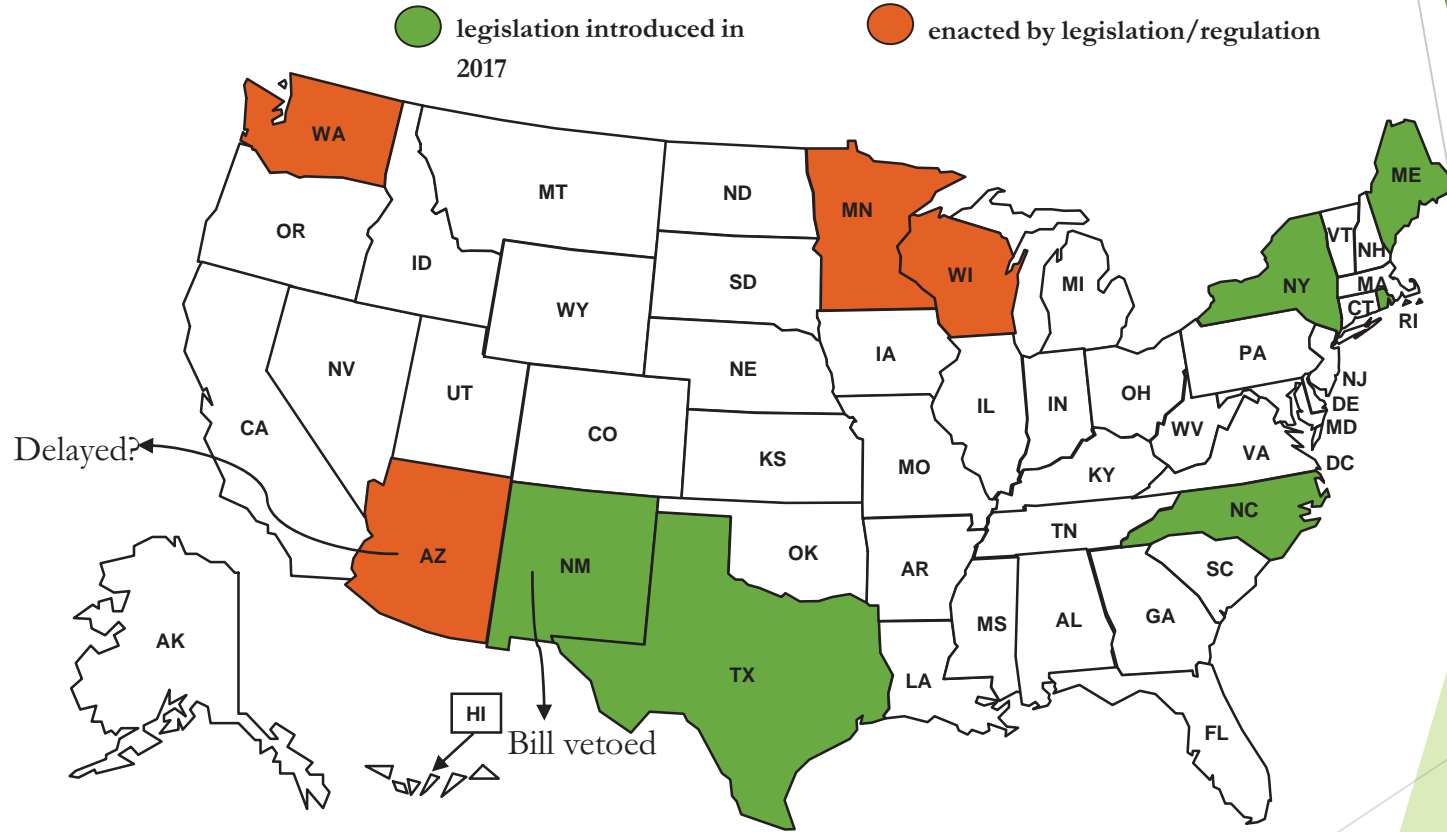
- legislation introduced in 2017
- enacted by legislation
- enacted by regulation
- >\$100k OR 200 transactions



Marketplace Provisions

- Marketplace collection provisions aim to require online and other marketplaces to collect and remit sales and use tax if a retailer sells products on the marketplace.
- Types of Marketplaces:
 - “standard” or “traditional” marketplaces where multiple sellers sell products, sometimes the same products, on a single platform
 - “referral” marketplaces is where customers may search for products and are then referred to a place to purchase those products
- MTC model will include marketplace provisions

Marketplace Provider in 2017 - Sales Tax



Nexus - LLC Interests: California

- *Swart Enterprises v. FTB*, 7 Cal. App. 5th 497 (2017).
 - A corporate member of an LLC doing business in California did not have nexus with California when its “only connection to California was a mere 0.2 percent ownership interest it *passively* held during the tax year” (emphasis in original)
 - FTB Legal Ruling 2017-01: the FTB announced would only issue refunds following Swart in situations with the exact same facts.
- *Bunzl Distribution v. FTB*, First Appellate District, Case No. A137887
 - Based on FTB Legal Ruling 2011-1 the FTB is asserting a corporate owner of a disregarded LLC has nexus in CA if the LLC is doing business in CA.
 - Briefs filed in February 2017 - pending

Economic Nexus - Oregon

- *Capital One Auto Finance, Inc., v. Dep't of Revenue*, 2016 WL 7429522 (Or. Tax Ct. Reg. Div. 2016)
 - Tax Court concluded Capital One had nexus with Oregon based on economic presence within the state
 - Issues on appeal:
 - Is there a physical presence requirement for Oregon's corporation excise tax? (Can a company "do business" in the state without physical presence?)
 - Is DOR required to notify a taxpayer that its assessment is based on the corporation income tax, as opposed to the excise tax?
 - Is there are a physical presence requirement for Oregon's corporation income tax?

Property Tax Update

Property Tax: the Good & the Bad

The Good

- Stable revenue source
- Mass appraisal valuation data
- Fairly easy to administer
- Funds local government operations

The Bad

- Not based on ability to pay
- Valuations can be subjective
- Complex appeals and battle over appraisals
- Refunds create budget issues

OECD Statistics: Selected Countries

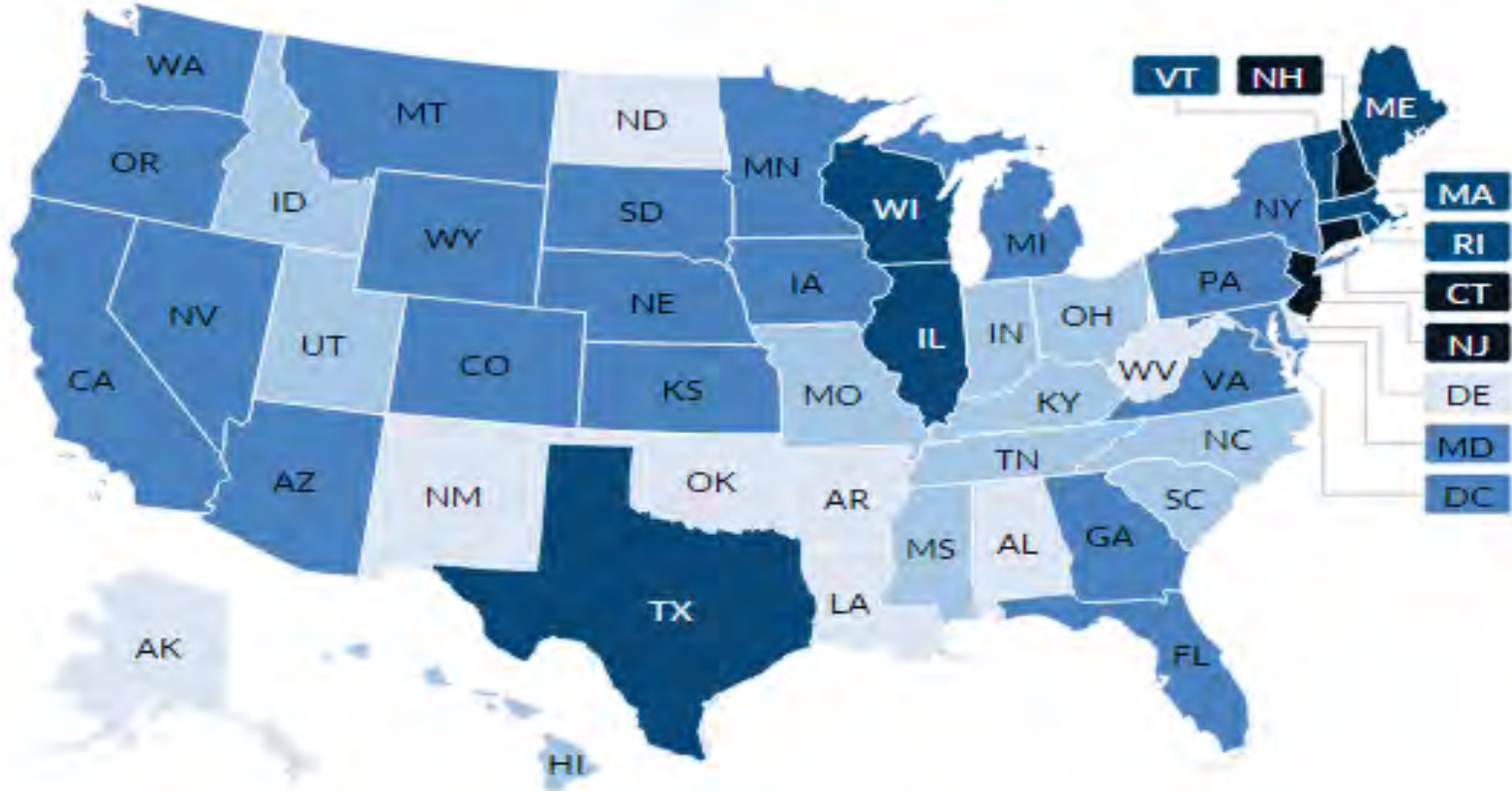
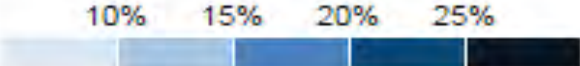
Property taxes as a % of GDP (2012)

➤ United Kingdom	3.92
➤ France	3.75
➤ Canada	3.26
➤ USA	2.88 (# 4 on the list)
➤ Italy	2.67
➤ Australia	2.36
➤ New Zealand	2.05
➤ Greece	1.89
➤ OECD average	1.78
➤ Germany	0.92

Importance of Property Tax as State & Local Government Revenue Source

Property Tax Revenue, 2012

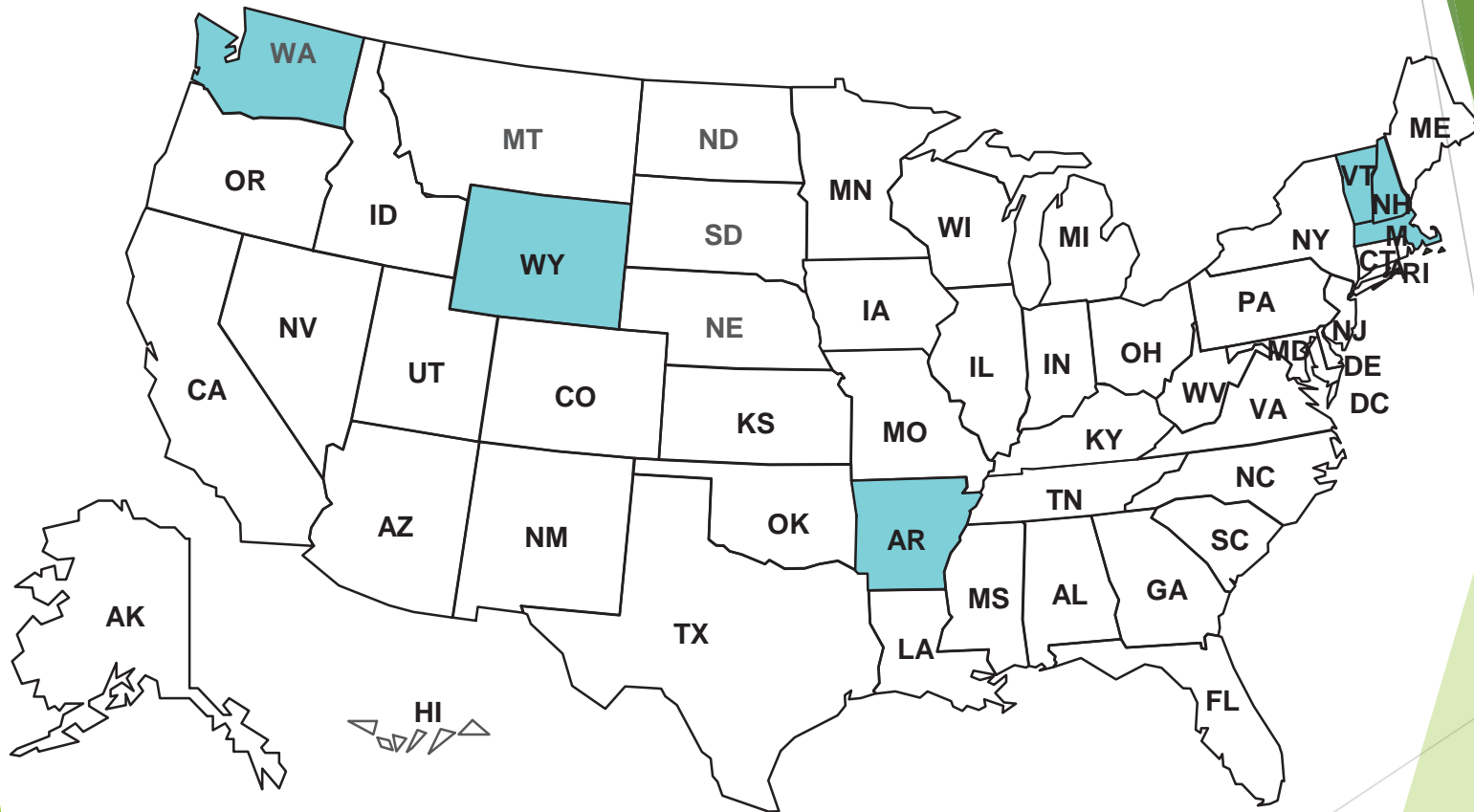
Percentage of General Revenue (%)
US: 17.2%



Source: Census

State Level Property Tax Reliance is Much Lower

Property Taxes Make Up More Than 10% of Tax Revenue



Source: fivethirtyeight.com

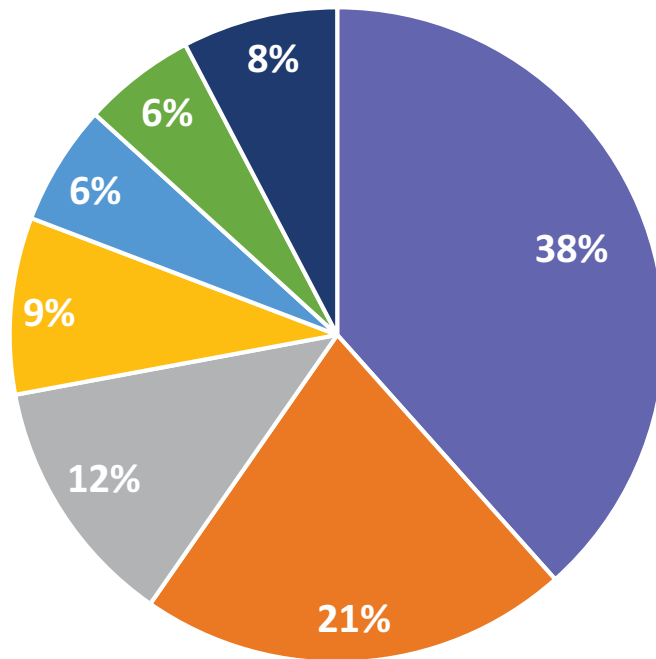
"Where Your State Get Its Money" (2014 Tax Revenues)

Funding Public Education

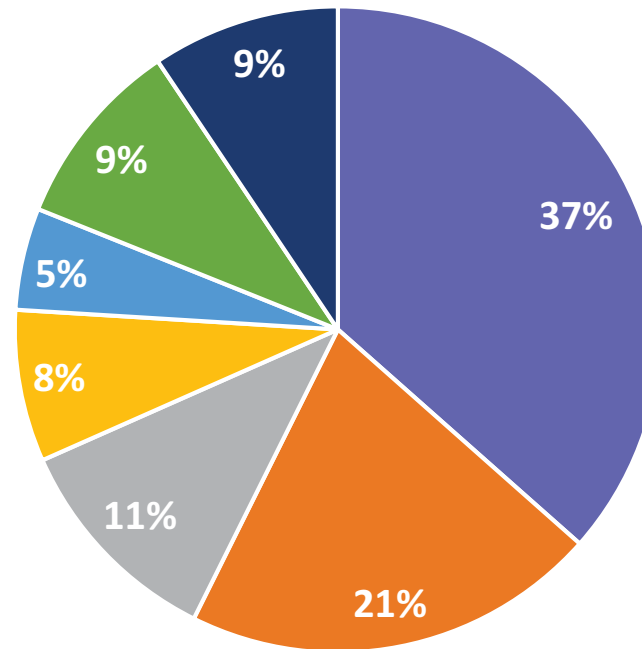
- Approximately 70% of the revenue from local property taxes are used to fund public K-12 education.
 - Over 90% of the local property taxes in Texas and Illinois fund public K-12 education
 - Rhode Island and Vermont use less than 10%
- However, local property taxes, on average, only fund 36% of public education - - other local revenue and state taxes pick up 54% -- the federal government contributes 10%

Sources: National Center for Education Statistics (2011-2012) and U.S. Census – Public Ed. Finances 2005

Property Taxes Make Up the Largest Portion of Business SALT



United States



Idaho

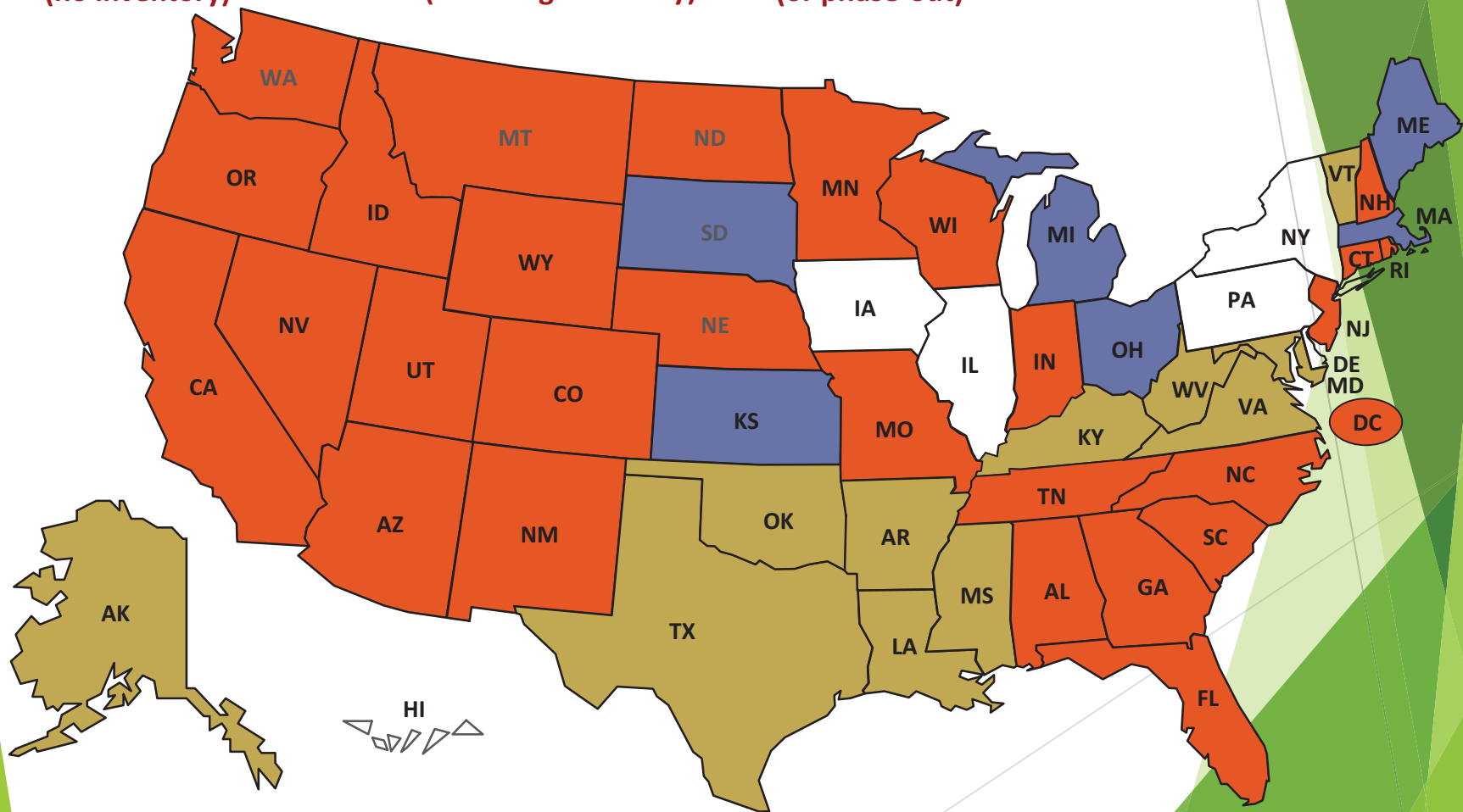
- Taxes on business property
- Sales tax on business inputs
- Excise, utility & Insurance taxes
- Corporate income tax
- Unemployment insurance tax
- Individual income tax on business income
- Business license, severance & other taxes

Source: COST, STRI, Ernst & Young: "Total State and Local Business Taxes: ³⁸ State-by-State Estimates for Fiscal Year 2016"

Types of Personal Property Taxed:

ALL STATES TAX REAL PROPERTY

- Personal property only (no inventory)
- Personal property (including inventory)
- Partial personal property (or phase-out)
- No personal property tax



It's All About the Effective Tax Rate

Valuation	\$1,000,000	\$1,000,000	\$1,000,000
Assessment Rate	100%	50%	75%
Deductions	0	0	50% Exclusion based on value - \$500,000
Taxable Value	\$1,000,000	\$500,000	\$250,000
Tax Rate	1%	2%	4%
Tax Due	\$10,000	\$10,000	\$10,000
Eff. Tax Rate	1%	1%	1%

Using less than a 100% assessment rate on the fair market value of property just increases the nominal tax rate that must be imposed to produce the same level of revenue.

Property Tax Rate Disparity

Scenario: Property tax manager for a company has been asked to look at the following locations to build a plant. The facility will cost \$25 million, 50/50 split between real and personal property. Where would you build the plant?

Lowest Tax Locations (50 largest US Cities)

- Virginia Beach, VA	\$274k in yearly property taxes	Eff. Tax Rate: 0.549%
- Seattle, WA	\$358k in yearly property taxes	Eff. Tax Rate: 0.717%
- Louisville, KY	\$376k in yearly property taxes	Eff. Tax Rate: 0.753%

Highest Tax Locations (50 largest US Cities)

- Detroit, MI	\$1,495k in yearly property taxes	Eff. Tax Rate: 2.990%
- San Antonio, TX	\$1,411k in yearly property taxes	Eff. Tax Rate: 2.822%
- El Paso, TX	\$1,408k in yearly property taxes	Eff. Tax Rate: 2.817%

Source: Lincoln Land Institute & Minnesota Center for Fiscal Excellence, 2017 50-State Property Tax Comparison Study (taxes paid in 2016)

Common (Shared) Goals: Taxpayer & Tax Assessors

Efficient & Effective Tax Administration

- Ability to Comply with Laws/Regulations
- Cooperation
 - Complete Audits in Timely Manner
- Transparency
 - Publication of Administrative Decisions
- Adequate Revenue
 - Need stable tax base to support government operations

COST Administrative Scorecards

Four Administrative Scorecards

- State Administrative Practices Scorecard
- Unclaimed Property Practices Scorecard
- International Property Tax Administrative Scorecard
- Sales Tax Administrative Scorecard (*forthcoming*)

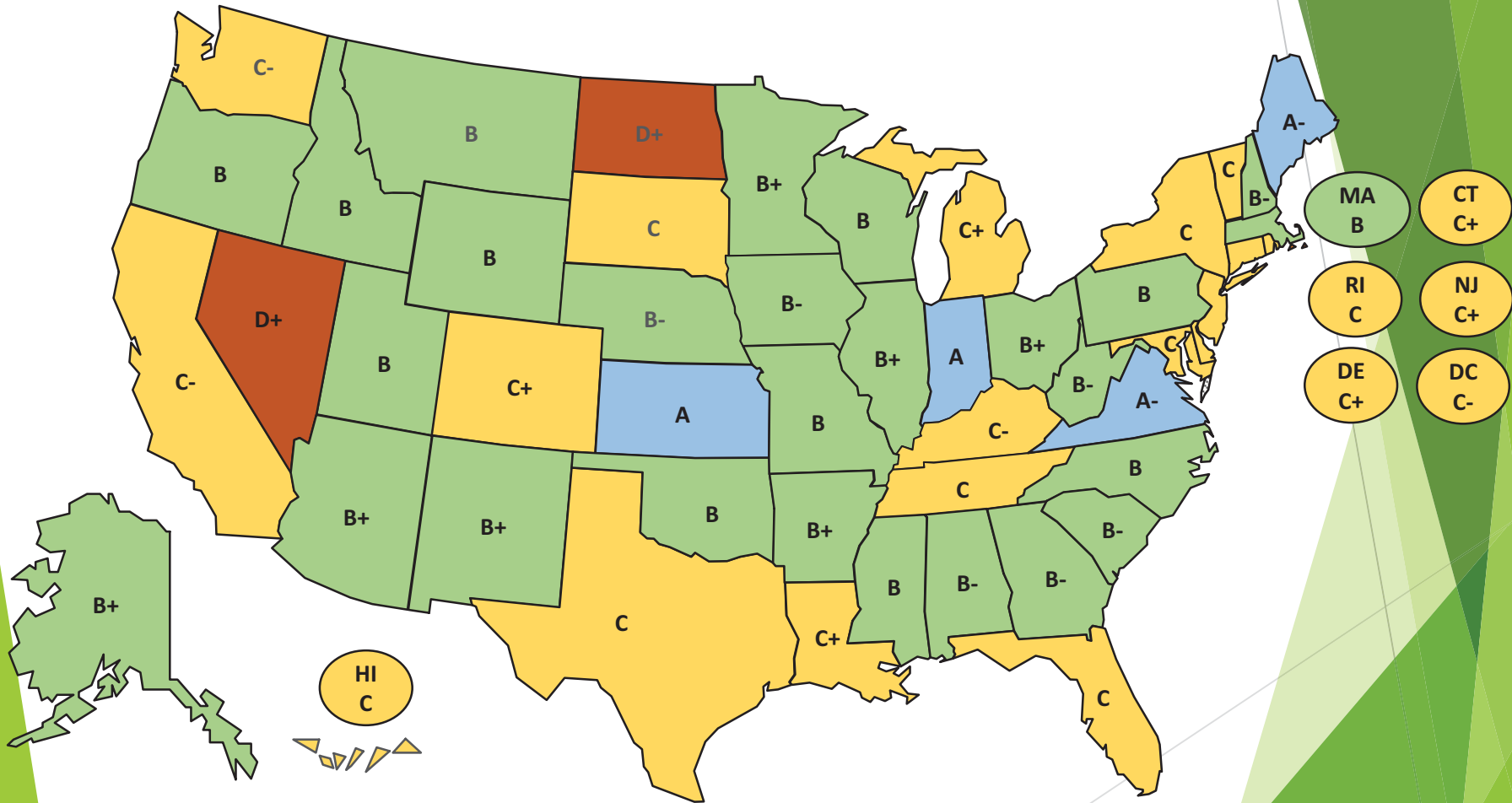
Goal is to work with both the legislative and executive branches of state government to improve state and local tax administration

COST 2016 State Administrative Practices Scorecard

Areas Evaluated:

- Independent Tax Dispute Forum
- Pay-to-Play Tax Litigation System
- Even Statute of Limitations/Interest Rates
- Adequate Appeal/Protest Period
- Return Due Date/Automatic Extension
- Filing IRS (RAR) Changes
- Transparency

2016 State Administrative Practices Scorecard - Grades



COST/IPTI 2014 International Property Tax Administration Scorecard

Three Areas Evaluated

- Transparency
- Simplicity and Consistency
- Procedural Fairness

U.S. (as a whole) did not do as well as other countries: Canada, United Kingdom, Australia, Hong Kong, & South Africa

The Best and the Worst

Top State

Indiana (B)

Bottom States

Pennsylvania (D)

Puerto Rico (D)

Nevada: (D+)

Top Non-US Country

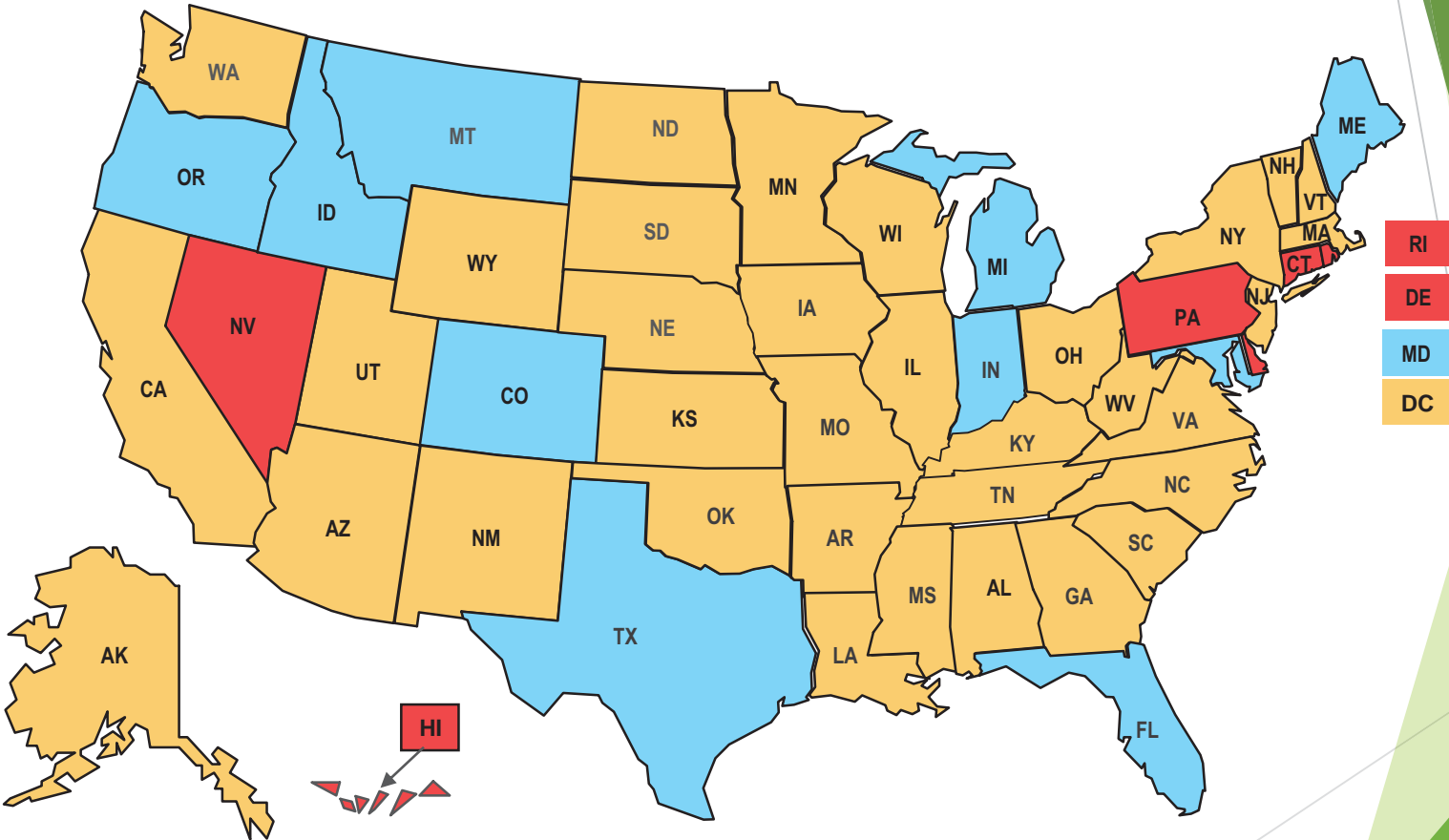
Hong Kong (A-)

Bottom Non-US Country

North Territory, Australia (D+)

Property Tax Overall Grade

- A
- B
- C
- D



Idaho Opportunities for Improvement

- Idaho received a B- on the 2014 Property Tax Administration Scorecard
 - Lowest grade was a C in Procedural Fairness category
 - Although Idaho's grades in the other categories were higher, there are areas throughout where Idaho could improve its property tax administration
- Scorecard recommends **some state oversight over local property tax procedures**; Idaho's local assessors are generally autonomous
- Scorecard recommends **standardized state property tax forms**; Idaho does not mandate state-created forms be used by local assessors
- Scorecard recommends at least **60-day appeal deadlines**; Idaho provides only 30 day appeal deadlines (for both an initial and subsequent de novo appeal)
- Scorecard recommends an appeal be allowed without having a **pay-to-play**; Idaho requires tax to be paid prior to appeal

Idaho Opportunities for Improvement

- 2017 Scorecard will include/increase focus on the following areas:
 - Valuation Notices and Practices
 - Notice of valuation—are valuation notices sent annually and are they clear and understandable to a lay person?
 - Basis for valuation—are appropriate or recognized valuation methods for all property recognized?
 - Consistency of valuation—can a taxpayer request a valuation be changed if it is out-of-line with other similar property?
 - Assessor Outreach
 - Pro-active communications—do assessors publish any advance notice regarding revaluations (via social media or a website)?
 - Appeals
 - Informal conference—do taxpayers have the right to a conference prior to the assessor finalizing the value?

New Federal Partnership Audit Procedures

New Federal Partnership Audit Process

- The Bipartisan Budget Act of 2015 made substantial changes to the federal audit process.
- Now, most large partnerships (with more than 100 partners or multiple tiers) will be subject to audit at the partnership level
- The default rule will be that the partnership pays tax on adjustments—including adjustments made to allocations between partners
- Partnership can elect to “push-out” the tax due to the partners in the adjustment year (so no amended returns for the reviewed year will be filed)

State Effects - Generally

The states need to address:

- How to treat amended federal returns taxpayers may file during the modification period
- How to treat partnerships that elect to pay the tax at the federal level
- Whether to allow different treatment at the state level
- Can partnerships simply file amended returns (entity returns along with any composite or withholding returns) and K-1s for partners and have partners file amended returns for the reviewed year
- Other issues - allocation and apportionment of federal adjustments
- How to collect tax owed when the liability will have occurred years earlier and the partnership may be defunct or partners may have moved from the state.

New Federal Partnership Audit Rules: State Implications

- MTC has an ongoing “Partnership Project” to study - Website: <http://www.mtc.gov/Uniformity/Project-Teams/Partnership-Informational-Project>
- Only Arizona has enacted legislation conforming to new federal legislation
- Five states (CA, GA, MN, MO and MT) proposed legislation in 2017

How It's Accomplished: Interested Parties

- The Organizations working on this Draft Model Statute are:
 - ABA Section of Taxation SALT Committee Task Force
 - American Institute of CPAs (AICPA)
 - Council On State Taxation (COST)
 - Institute for Professionals in Taxation (IPT)
 - Tax Executives Institute (TEI)
 - Multistate Tax Commission (MTC)

Note: This Draft Model Statute has not yet been formally endorsed by the Interested Parties - it is a draft *for discussion purposes only*

How It's Accomplished: Draft Model Statute - Overview

Section A—Definitions

Section B—Reporting Adjustments to Federal Taxable Income – General Rule

Section C—Reporting Adjustments to Federal Taxable Income – Partnership Level Audits

Section D—Assessments of Additional [State] Tax, Interest, and Penalties Arising from Adjustments to Federal Taxable Income

Section E—Estimated [State] Tax Payments During the Course of a Federal Audit

Section F—Claims for Refund or Credits of [State] Tax Arising from Federal Adjustments Made by the IRS

Section G—Scope of Adjustments and Extensions of Time

Section H—Effective Date

How It's Accomplished: Reporting Federal Partnership Level Audits

If a Federal Partnership Level Audit results in a **State Imputed Underpayment** to State, the partnership shall within 60 days of the Partnership's Final Determination Date:

- File a Federal Adjustments Report with the State to notify the State of the partnership's taxable income apportioned to State

AND

- Make an election as to whether the partnership or its partners will pay the tax:
 - **Option 1:** Partnership pays the tax (entity level tax) for ALL partners
 - **Option 2:** Partnership pays the tax on behalf of composite* return partners and all other Partners pay the tax (partnership issues "Amended State Schedule K-1")
 - **Option 3:** Hybrid approach, partnership pays the tax on behalf of all composite return AND non-resident partners but only resident partners pay their own tax (partnership issues "Amended State Schedule K-1")

Comparison of Federal Process to Draft State Model

Federal Audit Reporting Process	Draft Model Statute - MTC's 10/25/17 Version
<p>Default - Partnership pays the tax using each partner's highest individual/corporate income tax rate</p>	<p>Default - Partnership issues amended K-1 reports to partners and partners pay the tax (partnership files amended composite/withholding returns)</p>
<p>Partners have the option to file amended returns to remit tax during the modification period</p>	<p>Partnership can elect to pay the tax "in lieu" of partners paying tax by using partner's highest individual/corporate income tax rate - apportionment/allocation method as required by the state</p>
<p>After the modification period, the partnership has the option to "push-out" the income adjustments to its review year partners to remit the tax when they file their tax returns for the adjustment year</p>	<p>No "push-out" option</p>
<p>Tiered partnerships - not clear how they will be handled</p>	<p>Tiered partnerships must complete all reporting in the same time frame as ⁵⁸ audited partnership</p>

Interested Parties' Main Concerns with MTC's October 25, 2017 Draft

- **Tiered Partnerships** - Timing for reporting and payment of tax through tiers; extensions
- **Partnership Pays Election**
 - Whether the partnership pays tax “in lieu of” or “on behalf of” partners
 - Apportionment method to be used at the partnership level
 - Calculation of tax base, in particular, treatment of reallocation adjustments
- **Treatment of Subsequently Affected Years**
 - Reopening of statute of limitations
 - Time for filing Federal Adjustment Reports

Interested Parties' Main Concerns with MTC's October 25, 2017 Draft

- **Imputed Underpayment** - Should reallocation adjustments amongst partners be subject to tax when the net income tax change is a wash between partners
 - Should “imputed underpayment” be defined in the model
 - Should there be a separate imputed underpayment for apportionable income items (business income) and for allocable income items (nonbusiness income)

- **Credits and Refunds**
 - Ability to take credits, deductions, and refunds on amounts paid by partnership under partnership pays election or when filing amended composite and withholding reports



QUESTIONS?

ndobay@cost.org