

Income/Franchise:

Vermont: Feedback Sought on Draft Combined Reporting and Apportionment Regulations

Allocation and Apportionment of Vermont Net Income by Corporations – Draft, Vt. Dept. of Taxes (1/12/24); *Unitary Combined Reporting – Draft*, Vt. Dept. of Taxes (1/12/24). The Vermont Department of Taxes (Department) is seeking feedback on posted draft changes to its regulation §1.5833 on the “Allocation and Apportionment of Vermont Net Income by Corporations,” as well as “Unitary Combined Reporting Rule” – including changes reflecting legislation enacted in 2022 [see S.B. 53 (2022), and previously issued Multistate Tax Alert for more details on this 2022 legislation], and the following proposed changes to the combined group reporting regulation §1.5862(d):

URL: <https://tax.vermont.gov/document/allocation-and-apportionment-vermont-net-income-corporations-draft>

URL: <https://tax.vermont.gov/document/unitary-combined-reporting-draft>

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

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-vermont-adopts-several-corporat-tax-reform-changes.pdf>

- Broadening Vermont net income for corporate taxpayers to include non-apportionable income of the affiliated group;
- Under the “composition of affiliated group” section, removing “excluded corporations” such as overseas business organizations, S corporations, and corporations not taxable under the Internal Revenue Code; and
- For purposes of the “unitary business,” definition adding business conducted by a taxpayer through interest in a partnership, whether such interest is held directly, or indirectly, through a series of pass-through entities if such business activity meets the unitary business definition as previously defined; and
- Limiting any state tax credit to the member to which the credit is attributed so that it cannot be combined and shared with other members in the unitary combined group.

The Department encourages the public to submit any feedback on these drafts using its online form or by mail correspondence. Please contact us with any questions.

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