

## Income/Franchise:

### Minnesota: State High Court Affirms Out-of-State Company's In-State Activities Exceed P.L. 86-272 Protections

*Case No. A23-1561*, Minn. (8/7/24). Affirming the Minnesota Tax Court's 2023 decision [see *Case No. 9435-R*, Minn. Tax Ct. (6/23/23) and *State Tax Matters*, Issue 2023-26, for more details on this earlier ruling], the Minnesota Supreme Court (Court) held that the in-state activities of an out-of-state company operating as a "business-to-business catalog" and web-based distributor of industrial and packaging products went beyond solicitation of sales under P.L. 86-272, were not *de minimis*, and thus not immune from Minnesota corporate income or franchise taxation. The Court explained that, under the facts, "the mandatory practice of what amounts to market research performed by the out-of-state company's sales team in Minnesota" is *not* considered "solicitation of orders" under P.L. 86-272 and therefore is not protected from Minnesota income or franchise taxation. Under the facts, the company's in-state sales representatives regularly and systematically collected and reported market data, including data concerning competitors. Please contact us with any questions.

**URL:** <https://www.mncourts.gov/mncourtsgov/media/Appellate/Supreme%20Court/Standard%20Opinions/OPA231561-080724.pdf>

**URL:** <https://mn.gov/tax-court-stat/published%20orders/2023/Uline%20Inc.%20v.%20COR%2006-23-23.pdf>

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230630\\_4.html](https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230630_4.html)

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