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Re: Definitions of Business and Non-Business Income and a Unitary Business
Task Force B: Issue 1: use of presumptions
Date: July 1, 1997

Use of Presumptions

Strong presumptions apply to the presence of the same type of business by affiliates and to the presence of steps by a segment in a vertical process in determining that the activities of the taxpayer constitute a single trade or business. The presence of strong central management should be a presumption that the activities of the taxpayer constitute a single trade or business only upon a showing that centralized offices perform extraordinary matters for the divisions that a truly independent business would perform for itself. The mere presence of accounting, personnel, insurance, legal, purchasing, or advertising, by central offices does not constitute a presumption of a single trade or business, even if a truly independent business would perform these functions by itself. The presence of intercompany financing should be a strong presumption that the activities of the taxpayer constitute a single trade or business.