



MULTISTATE TAX COMMISSION

Maximizing the synergies of multi-state tax cooperation

To: MTC UDITPA Section 1 Workgroup

From: Sheldon H. Laskin, Counsel

Date: December 17, 2014

Subject: Definition of Terms Used in UDITPA Section 1

I was assigned the task of researching existing MTC Article IV regulations for definitions of the terms “maturity”, “redemption”, “sale”, “exchange”, “loan”, and “other disposition”. While those terms are repeatedly used throughout the regulations, they are nowhere defined. Similarly, the income tax provisions of the Internal Revenue Code use the terms extensively, but the Code does not separately define them. The following definitions are taken from Black’s Online Legal Dictionary.

Maturity. In mercantile law, the time when a bill of exchange or promissory note becomes due. Story, Bills, f 329. Gilbert v. Sprague, 88 111. App. 508; Wheeless v. Williams, 62 Miss. 371, 52 Am. Rep. 190

Redemption. A repurchase; a buying back. The act of a vendor of property in buying it back again from the purchaser at the same or an enhanced price. The right of redemption is an agreement or paction, by which the vendor reserves to himself the power of taking back the thing sold by returning the price paid for it Civil Code La. art. 2567. The process of annulling and revoking a conditional sale of property, by performance of the conditions on which it was stipulated to be revocable. The process of cancelling and annulling a defeasible title to land, such as is created by a mortgage or a tax-sale, by paying the debt or fulfilling the other conditions. The liberation of a chattel from pledge or pawn, by paying the debt for which it stood as security. Repurchase of

notes, bills, or other evidences of debt (particularly bank-notes and paper-money,) by paying their value in coin to their holders.

Sale. A contract that involves the transfer of a possession in exchange for money. Both parties must agree on the conditions of sale. A service can also be sold in exchange for money.

Exchange. In conveyancing, a mutual grant of equal Interests, (in lands or tenements,) the one in consideration of the other. 2 Bl. Comm. 323; Windsor v. Collins, 32 Or. 297, 52 Pac. 26; Gamble v. McClure, 69 Pa. 282; Hartwell v. De Vault, 159 111. 325, 42 N. E. 759; Long v. Fuller, 21 Wis. 121. In the United States, it appears exchange does not differ from bargain and sale. See 2 Bouv. Inst. 2055. In commercial law, a negotiation by which one person transfers to another funds which he has in a certain place, either at a price agreed upon or which is fixed by commercial usage. Nicely v. Bank, 15 Ind. App. 503. 44 N. E. 572, 57 Am. St. Rep. 245; Smith v. Kendall, 9 Mich. 241, 80 Am. Dec. 83. The profit which arises from a maritime loan, when such profit is a percentage on the money lent, considering it in the light of money lent in one place to be returned in another, with a difference in amount in the sum borrowed and that paid, arising from the difference of time and place. The term is commonly used in this sense by French writers. Hall, Emerig. Mar. Loans, 56

Loan. A bailment without reward; consisting of the delivery of an article by the owner to another person, to be used by the latter gratuitously, and returned either in specie or in kind. A sum of money confided to another. Ramsey v. Whitbeck. 81 Ill. App. 210; Xylitols v. Pearson, 7 Pet. 109, 5 L. Ed. 023; Rodman v. Munson, 13 Cal. (X. Y.) 75; Booth v. Terrell. 10 Ga. 25; Payne v. Gardiner, 29 N. Y. 107. A loan of money is a contract by which one delivers a sum of money to another, and the latter agrees to return at a future time a sum equivalent to that which he borrowed. Civ. Code Cal.

Disposition. To alienate or direct the ownership of property, as disposition by will. Used also of the determination of suits. Called a word of large extent. Koerner v. Wilkinson, 96 Mo. App. 510, 70 S. W. 509; Love v. Pamplin (C. C.) 21 Fed. 760; U. S. v. Hacker (D. C.) 73 Fed. 294; Benz v. Fabian, 54 N. J. Eq. 615, 35 Atl. 760; Elston v. Schilling, 42 N. Y. 79; Beard v. Knox, 5 Cal. 256, 63 Am. Dec. 125.