



**MULTISTATE TAX COMMISSION**

*Working Together Since 1967 to Preserve Federalism and Tax Fairness*

**To: MTC Financial Institutions Work Group**

**From: Lennie Collins, Chair**

**Date: April 14, 2011**

**Subject: Project Status**

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The purpose of this memo is to summarize the open issues that need to be addressed by the working group arising out of the draft amendments to the property factor submitted by Karen Boucher on behalf of the Financial Institutions State Tax Coalition on March 15, 2011. A copy of FIST's draft is available at: [http://www.mtc.gov/uploadedFiles/Multistate\\_Tax\\_Commission/Uniformity/Minutes/MTC%20Property%20Factor%20Draft%20-3-15-11.pdf](http://www.mtc.gov/uploadedFiles/Multistate_Tax_Commission/Uniformity/Minutes/MTC%20Property%20Factor%20Draft%20-3-15-11.pdf)

The draft was discussed during the work group teleconference on March 21, 2011. The work group took no action as to any item in the draft. However, only the following items were identified as requiring further drafting at this point.

1. Paragraphs 4(g)(4). The question was raised as to how Administration should be treated/determined when the loans are serviced by a party other than the taxpayer. Industry noted that it had not considered that issue but would do so for the next working group call.
2. Paragraph 4(g) (4)(E). Where not already indicated, these examples need to be amended to clarify that the individuals to be considered as performing the indicated INAA functions are the individuals who have management responsibilities for those functions.
3. Paragraph 4(i)(1). The paragraph is to be amended to strike "as the seller." Since the paragraph applies to all transfers to or from an entity that is within the same controlled group of corporations, it is immaterial whether the loans were transferred by means of a sale or otherwise.

The next work group teleconference is scheduled for May 4, 2011 at 3:30 Eastern time. Call in instructions are (888) 809 – 4012, password 101912. I strongly encourage state members to submit any

comments or suggestions they may have regarding any item in the FIST draft of March 15, 2011 or any other issue pertaining to the application of the property factor. Please submit your comments to me on or before April 24, 2011.

Thank you.