

This draft regulation would be inserted at Section REG. IV.18.- subsection (d).

REG.IV.18.(d). Receipts Factor – Bank Holding Companies and Subsidiaries.

1 DRAFTER’S NOTE: THIS REGULATION MAY BE APPROPRIATE FOR USE BY STATES THAT HAVE ADOPTED
2 SPECIAL RULES FOR THE ALLOCATION AND APPORTIONMENT OF FINANCIAL INSTITUTIONS, INCLUDING
3 THE MULTISTATE TAX COMMISSION’S MODEL FORMULA FOR THE APPORTIONMENT AND ALLOCATION
4 OF NET INCOME OF FINANCIAL INSTITUTIONS (AS AMENDED JULY 29, 2015), THAT DO NOT EXPLICITLY
5 INCLUDE BANK HOLDING COMPANIES, SAVINGS AND LOAN HOLDING COMPANIES, AND MAJORITY-
6 OWNED SUBSIDIARIES OF SUCH ENTITIES IN THE DEFINITION OF “FINANCIAL INSTITUTIONS” SUBJECT TO
7 SUCH SPECIAL RULES. THIS REGULATION MAY ALSO APPLY TO STATES THAT HAVE NO SPECIAL RULES
8 FOR THE ALLOCATION AND APPORTIONMENT OF FINANCIAL INSTITUTIONS. IF YOUR STATE’S
9 DEFINITION OF “FINANCIAL INSTITUTIONS” ALREADY INCLUDES SUCH ENTITIES, THEN THIS
10 REGULATION MAY BE UNNECESSARY.

11 (1) For any corporation or other business entity registered under state law as a bank holding company or
12 registered under the Federal Bank Holding Company Act of 1956, as amended, or registered as a savings
13 and loan holding company under the Federal National Housing Act, as amended, and any entity more
14 than 50 percent owned [directly or indirectly] by such holding companies, receipts are included in the
15 receipts factor denominator and assigned to the receipts factor numerator in this state to the extent
16 those receipts would be included in the denominator and assigned to this state under the MTC’s
17 Formula for the Apportionment and Allocation of the Net Income of Financial Institutions Model Statute
18 (as adopted July 29, 2015). REG.IV.18.(c) does not apply to a taxpayer that is subject to this
19 REG.IV.18.(d).

20 (2) Nothing in this Reg.IV.18.(d) shall prohibit the taxpayer from petitioning for, or the [state tax agency
21 or administrator] from applying, an alternative method to calculate the taxpayer’s receipts factor in
22 order to fairly represent the extent of the taxpayer’s business activity in this state as provided for in
23 [reference to Compact Article IV, Section 18 or similar state law]