



## **REPORT**

**Meeting of the  
Multistate Tax Commission  
Doubletree by Hilton Hotel  
181 Church Street**

**Charleston, South Carolina 29401**

**Dial-In Number to Participate by Phone: 1 (800) 689-9374 – passcode 371632#**

**December 10, 2015**

**8:30am – 4:30pm Eastern**

This report is also available on the MTC website at [mtc.gov](http://mtc.gov). Follow the links to the meeting event.

To: Wood Miller, Chairman,  
Multistate Tax Commission Uniformity Committee

From: Helen Hecht, MTC General Counsel

Subject: Issues Identified in Section 1 and Section 17 Workgroups to be Addressed  
Under Section 18

Date: December 10, 2015

### Introduction

The Section 1 and 17 workgroups have identified issues that may need to be addressed by the Uniformity Committee in light of changes to Article IV (UDITPA) adopted by the Commission in 2014 and 2015. The list included here is not meant to be exhaustive but simply to capture issues discussed by the workgroups for future reference.

### Summary of Issues

As a result of changes to the definition of “apportionable” (“business”) income, “receipts” and the rules for sourcing receipts other than receipts from sales of tangible personal property, the MTC’s model general allocation and apportionment regulations may need to address certain issues under Section 18, equitable apportionment, including the following:

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- Address the possible distortion that could be caused by the exclusion of functional receipts from the definition of “receipts” for purposes of the receipts factor in certain circumstances.
- Consider exceptions to the definition of “receipts,” which now excludes receipts from securities and hedging, where these receipts might represent “transactional” receipts for certain taxpayers (e.g. brokers) as well as how possible distortion might be avoided (e.g. churning of investments).
- Consider whether receipts from factoring of receivables should ever be included in the receipts factor.
- Address any situations where general population data, used under the draft Section 17 sourcing rules, might result in distortion and what methods might be used to address that distortion.
- Consider whether there needs to be a “de minimis rule” for sourcing of receipts in certain instances so that the taxpayer may use a proxy for sourcing, or possibly throw out those receipts from the factor.
- Address regulations that might be needed to interpret and implement the amendments to Article IV, Section 18 made by the Commission in 2015.
- Consider other special industry rules that might be necessary.