



Report of the Uniformity Committee

Maria Sanders (Missouri), Chair

To the Multistate Tax Commission Executive Committee

Thursday, November 17, 2022

Little Rock, Arkansas

This report summarizes the status of uniformity projects as of November 1, 2022. Developments from the November 15, 2022 meeting of the Uniformity Committee will be reported orally by the chair.

Current Uniformity Projects and Status

State Taxation of Partnerships

In April, 2021, the committee approved an income tax project to address state taxation of partnership income. It set up a work group chaired by Laurie McElhatton (California), who is also the Vice Chair of the Uniformity Committee. Two-dozen states regularly participate in that work group, which meets bi-weekly. In the last year, it has published a comprehensive issue outline, a white paper on investment partnerships, and a draft model for sourcing of investment partnership income. To support the work on the project, MTC staff also prepared a basic training course on federal taxation of partnerships. Information on this project can be found on the project webpage, here: <https://www.mtc.gov/Uniformity/Project-Teams/Partnership-Tax>.

The work group is now beginning a process to develop positions on state sourcing of partnership income generally and will be having monthly meetings to discuss how general sourcing principles are applied to partnership income in various circumstances. A further report on that work group will be given by the Chair, Laurie McElhatton.

Sales Taxation of Digital Products

At its July 28, 2021 meeting, the committee approved a sales tax project to draft a white paper recommending the best approach for taxing digital products. The committee asked MTC staff to conduct stakeholder interviews and prepare a detailed outline of the white paper. This work was recently completed. Gil Brewer (Washington) will chair a work group which will complete the white paper. Information on this project can be found on the project webpage, here: <https://www.mtc.gov/Uniformity/Project-Teams/Sales-Tax-on-Digital-Products>.

The work group has been formed and has begun meeting. The first two meetings were to review the white paper outline and solicit additions or changes to that outline as well as input on where staff might begin to focus. The work group will continue to meet monthly. A further report on that work group will be given by the Chair, Gil Brewer.

Model Receipts (Sales) Sourcing Regulation Review

At its August 2, 2022 meeting, the Uniformity Committee agreed to undertake a project and form a work group to review its model receipts (sales) sourcing regulations for income apportionment purposes, including special industry regulations and more recently adopted market-based sourcing regulations. Katie Frank (California) has agreed to be the chair of that project. The goal of this project is to identify updates, corrections, or conforming changes, to consider issues that may not be sufficiently addressed by existing model regulations, and to make recommendations to the committee for its action. Information can be found on the project webpage, here: <https://www.mtc.gov/Uniformity/Project-Teams/Model-Receipts-Sourcing-Regulation-Review-Project>.

Other Committee Work

The committee received a request from the public to consider a universal power of attorney to be adopted by the states to simplify the necessary work of certified service providers, intermediaries, and other taxpayer representatives. The MTC agreed to facilitate the discussions among the states and provide input to the development of the forms and instructions. Nikki Dobay, Eversheds Sutherland, is helping to lead this project and the states, including members of the committee, are participating in discussions.