# 6. Sale of Intangible Property.

a. Assignment of Sales.

The assignment of a sale to a state or states in the instance of a sale or exchange of intangible property depends upon the nature of the intangible property sold. For purposes of this section, 6, a sale or exchange of intangible property includes a license of such property where the transaction is treated for tax purposes as a sale of all substantial rights in the property and the receipts from transaction are not contingent on the productivity, use or disposition of the property. For the rules that apply where the consideration for the transfer of rights is contingent on the productivity, use or disposition of the property, *see* 5.a and 6.a.iv.

i. Contract Right or Government License that Authorizes Business Activity in Specific Geographic Area.

In the case of a sale or exchange of intangible property where the property sold or exchanged is a contract right, government license or similar intangible property that authorizes the holder to conduct a business activity in a specific geographic area, the sale is assigned to a state if and to the extent that the authorized used of the intangible property is within the state. Where the intangible property may be used only in this state the taxpayer shall assign the sale to [state]. Where the authorized use of the intangible property is in [state] and one or more other states, the taxpayer shall assign the sale to [state] to the extent that the authorized use of the intangible property is in [state], through the means of a reasonable approximation.

ii. Sale that Resembles a License (Receipts are Contingent on Productivity, Use or Disposition of the Intangible Property).

In the case of a sale or exchange of intangible property where the receipts from the sale or exchange are contingent on the productivity, use or disposition of the property, the receipts from the sale shall be assigned by applying the rules set forth in 5 (pertaining to the license or lease of intangible property).

iii. Sale that Resembles a Sale of Goods and Services.

In the case of a sale or exchange of intangible property where the substance of the transaction resembles a sale of goods or services and where the receipts from the sale or exchange do not derive from payments contingent on the productivity, use or disposition of the property, the receipts from the sale shall be assigned by applying the rules set forth in 5.e (relating to licenses of intangible property that resemble sales of goods and services). Examples of such transactions include those that are analogous to the license transactions cited as examples in 5.e.

iv. Excluded Sales.

The sale of intangible property that is not referenced in Section 1 and in 6.a.i, ii, or iii shall be excluded from the numerator and the denominator of the taxpayer’s sales factor. The sale of intangible property excluded from the numerator and denominator of the taxpayer’s sales factor includes, without limitation, the sale of a partnership interest,.the sale of an intangible pea security as defined at [section 1] and the sale of business “goodwill” or similar intangible value.

v. Taxpayer Not Taxable in State of Assignment.