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COMPARISON, UNIFORM ACT -- WILLIS BILL

| WILLIS BILL (HR 11798) | UNIFORM ACT |
|---|---|
| 1. Jurisdictional Standard | |
| "Business location" except for excluded corps (utilities, insurance, banks, holding co's.) | No parallel provision; leaves constitutional standards applicable |
| 2. Tax Base | |
| Taxable income is federal figure with state adjustments which may not, however change year of reporting or or deduction, depreciation deduction, or basis for gain or loss. Also provisions for foreign income. | No parallel provision |
| 3. Allocation Formula | |
| Two factors; payroll & property, no specific allocation. | Three factors, payroll, property and sales. Specific allocation of rents, royalties, etc. |
| Property factor - excludes intangibles, inventory, and in denominator, property located in states where Corp. has no business location. Property valued at cost, rental real prop. at 8 X rental, averaging provision. | Property factor - property "owned", valued at cost, all rented at 8 x annual rent<br>Wages - Assigned on basis of location of performance, prorate for multi-state service on model unemployment compensation act. |
| Wage factor - wages for one person over $40,000 excluded, employees not "located" in any state excluded. | Sales - destination |
| 4. Alternative Methods | |
| Permitted only upon application to Secretary of Treasury | Section 18 - each state can adopt or permit on its own motion |
| 5. Multi corporate enterprises | |
| Specific provision | No parallel provision; however, most state laws contain consolidated return provisions |
| 6. Judicial review | |
| Three alternatives:<br>Local forum, taxpayer v. ~~federal~~ State only<br>Local forum, taxpayer v. ~~federal~~ State and other states<br>Treasury Dept., with appeal to U. S. Tax Court, all parties | No parallel provision |

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Uniform Act Variations - ALASKA

§ 1 Deletes subs (f)

§ 2 Deletes "other than" . . . down to and including "by an individual" and adds "or income from other sources both inside and outside this state"

§ 5 e

§ 6 e

§ 8 e

§ 9 Adds "which cannot be directly apportioned and allocated to this state"

§14 e

§16 e

§17 Adds "more" in vieu of "a greater proportion"

§18 Adds a new subsection (6), deletes separate accounting and a provision for dealing with taxpayer with separate businesses

§19 Deleted

§20 Deleted

Uniform Act Variations - ARKANSAS

S 1(a) Adds new sentence including dividend and interest paid to corporation with Arkansas community domicile if recipient owns at least 50% of capital stock of payor.

S 6 Deletes from subs (b)(2) "and the taxpayer is not taxable in the state in which the property has a situs"

Adds a sub (3) to include cases where depreciation has been allowed

S17 Prorates rather than allocating to state of greatest activity

S18 Provision for binding ruling upon written application of taxpayer

S19 Deleted

S20 Deleted

Uniform Act Variations - IDAHO

S 1(a) Adds a provision raising a presumption that, if taxpayer owns or can acquire, 5% of another corporation's stock, payments from it are included. Deletes subs (d) and (f) - (banks and public utilities)

S 2 Deletes exclusion of banks and public utilities

S 3 Adds "and apportionment" after "allocation"

S 7 Adds "unless such interest constitutes business income as defined in this section" - similar provision for dividends

S18 Adds some language re general expenses to separate accounting provision

S19 Deleted

S20 Deleted

Uniform Act Variations - INDIANA

§ 1 Deletes (d) and (f) and adds "other than compensation" to end of (g)

§ 2 Deletes language and replaces with provision for separate accounting plus three factor formula for other cases

§ 9 e

§19 Deleted

§20 Deleted

Uniform Act Variations - KANSAS

§18 Adds an anti-evasion provision

§19 Deleted

§20 Deleted

Uniform Act Variations - MICHIGAN

§ 1 Deletes <u>all</u> except subs (c)

§ 2 Deletes, replaces with fee requirement

§ 3 Restricts to corporations, deletes subs (b)

§ 4 Deletes

§ 5 Deletes

§ 6 Deletes

§ 7 Deletes

§ 9 Makes it clear this is paid up capital and surplus tax and applicable to oil and gas pipeline companies

§17 Deletes

§18 Adds that alternative methods will be effective only with prior approval of commission

§19 Deletes

§20 Deletes

Uniform Act Variations - NEW MEXICO

§ 1 Deletes subs (d) and (f)

§ 2 Deletes exception for banks and utilities, adds election requirement

§18 Adds provision for written agreements in unusual cases

Uniform Act Variations - NORTH DAKOTA

None

Uniform Act Variations - OREGON

§ 2 Banks and utilities report under 314.280

§18 q Adds "and the commission may permit" after "taxpayer may petition for. . ."

§19 Deletes

§20 Deletes

Uniform Act Variations - SOUTH CAROLINA

§ 1 Deletes entire section, adds a definition of "principal place of business"(domicile, unless corporation does nok business there)

§ 2 Deletes

§ 3 Rewrites, deleting franchise privilege and corporation stock tax and deleting subs (b)

§ 4 Rewrites

§ 5 Rewrites

§ 6 Excluses tangible property held for sale to customers in the regular course of business. Also an editorial change

§ 7 Rewrites

§ 8 e

§ 9 Rewrites

§10 Rewrites

§11 Rewrites

§12 Rewrites

§13 Rewrites

§14 Rewrites, excludes executive compensation

§15 Rewrites

§16 Rewrites

§17 Rewrites

§18 Rewrites

§19 Deletes

§20 Deletes

Uniform Act Variations - VIRGINIA

§ 1 Deletes subs a, b, d, e, f. Amends (c) to include "or accrued: and exclude executive compensation

§ 2 Restricts to corporations, removes exclusion of banks and utilities

§ 3 e (to conform to corporations) and reinforces subs (b)

§ 4 Adds "or losses from the sale or other disposition of real estate and tangible or intangible personal property. . ."

§ 6 (Uses corporation domicile definition rather than the phrase) e plus excludes gains or losses on sale of stock of subsidiary, separately allocated under another section

§ 7 Separate allocation for divisions of subsidiaries as above

§ 8 Deletes

§ 9 e plus "reduced by number of factors, if any, having no denominator

§10 Exclusion from numerator for value of property owned rents of which have been specially allocated.

§11 Adds "plus the cost of additions and improvements"

§13 Excludes executive compensation, adds "or accrued"

§14 Adds "or accrued"

§16 Deletes U. S. government exclusion, adds clarifying language to §(1)(b)

§18 Rewrites

§19 Deletes

§20 Deletes

Uniform Act Variations - DISTRICT OF COLUMBIA - Regulation

§ 1 Deletes (d) and (f) and adds a definition of "transportation company"

§ 2 e plus deletes exception for banks and utilities and adds "or deriving other income from sources both within and without the district. . ."

§ 3 Deletes subs (2)

§ 4 Expands definition - don't think it adds much except possibly "profits from sale of property other than capital assets. . ."

§ 5 Deletes "organized under the laws of"in 5(b)(2)

§ 6 Adds "or exchanges" and "other than capital assets"

§ 7 Replaces with allocation to District of "interest and dividends from District sources."

§ 8 Expands per definition in §4, deletes alternative allocation to corporation domicile

§ 9 Adds "reduced by the number of factors, if any, having no denominator

§10 Excludes non-business property, and has provision for allocation between the two.

§11 Expands, has provision for zero rental

§12 Adds "or quarterly" plus e

§13 Excludes nonΘbusiness income related compensation; includes provision for pro-rating between business and non-business

§14 Adds "or accrued"

§15 Adds "except for transportation companies"

§16 Excludes exemption of U. S. government sales, rewrites

§17 Adds "except for transportation companies. . ."

§18 e

§19 Deletes

§20 Deletes