

CHAPTER 8017
DEPARTMENT OF REVENUE
INCOME TAX DIVISION
ASSIGNMENT AND APPORTIONMENT OF
INCOME

8017 5000 THE MULTISTATE TAX COMPACT

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Subpart 1. **In general.** Taxpayers who elect to be taxed under the apportionment and allocation provisions of Article IV of the Multistate Tax Compact, in accordance with Minnesota Statutes, section 290.171, are subject to the following regulations as found in Multistate Tax Commission Allocation and Apportionment Regulations, revised February 21, 1973, which is incorporated by reference. Copies of the regulations are available at the Minnesota State Law Library, 117 University Avenue, Saint Paul, MN 55155, and other law libraries. The regulations have also been printed in State and Local Taxes, volume 1, All States Unit, Prentice Hall, Inc., Englewood Cliffs, New Jersey. All references to Article IV refer to Minnesota Statutes, section 290.171, article IV. Taxpayers who elect to apportion their income to Minnesota pursuant to Minnesota Statutes, chapter 290, without regard to Minnesota Statutes, section 290.171, article IV, are subject to Minnesota Rules, chapter 8019.

A. Regulation IV.1.(a), except that references to Regulations IV.1.(c) and IV.1.(b) shall be deleted;

B. Regulation IV.1.(d);

C. Regulation IV.2.(a)(1), in which case "taxpayer" means any corporation, partnership, firm, association, governmental unit, or agency or person acting as a business entity in more than one state;

D. Regulation IV.2.(a)(2);

E. Regulation IV.2.(a)(3);

F. Regulation IV.2.(a)(4);

G. Regulation IV.2.(b)(1), except that the portion of the net income (or net loss) arising from such trade or business which is derived from sources within this state shall be determined in accordance with Minnesota Statutes, section 290.171, article IV.4 to IV.12;

H. Regulation IV.2.(b)(2), except that the combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any of the foregoing and except that "Article IV.9 to IV.17" is amended to read "Minnesota Statutes, section 290.171, article IV.4 to IV.12";

I. Regulation IV.2.(b)(3), except that "Article IV.4. to IV.8" is amended to read "Minnesota Statutes, section 290.171, article IV." Nonbusiness income shall be allocated in accordance with Minnesota Statutes, sections 290.17 and 290.19;

J. Regulation IV.2.(c);

K. Regulation IV.3.(a);

L. Regulation IV.3.(b), except that the term "tax administrator" is amended to read "commissioner of revenue" wherever it occurs;

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- M. Regulation IV.3.(c);
- N. Regulation IV.9, except that "Article IV.9" is amended to read "Minnesota Statutes, section 290.171, article IV.4";
- O. Regulation IV.10.(a);
- P. Regulation IV.10.(b);
- Q. Regulation IV.10.(c);
- R. Regulation IV.10.(d);
- S. Regulation IV.11.(a);
- T. Regulation IV.11.(b);
- U. Regulation IV.12;
- V. Regulation IV.13.(a);
- W. Regulation IV.13.(b);
- X. Regulation IV.13.(c), except that "Article IV.14" is amended to read "Minnesota Statutes, section 290.171, article IV.9";
- Y. Regulation IV.14;
- Z. Regulation IV.15.(a), except that in paragraph (1) "paragraphs (5) through (8) of Article IV" is amended to read "Minnesota Statutes, section 290.171, article IV";
- AA. Regulation IV.15.(b);
- BB. Regulation IV.15.(c);
- CC. Regulation IV.16.(a);
- DD. Regulation IV.16.(b);
- EE. Regulation IV.17, except that in paragraph (1) "Article IV.17" is amended to read "Minnesota Statutes, section 290.171, article IV.12";
- FF. Regulation IV.18.(a), except that if combined reporting is used, the combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States; or any political subdivision of any of the foregoing, and except that "Article IV.18" is amended to read "Minnesota Statutes, section 290.171, article IV.13" and "Article IV.10 to .17" is amended to read "Minnesota Statutes, section 290.171, article IV.5 to .12";
- GG. Regulation IV.18.(b); and
- HH. Regulation IV.18.(c).

Subp. 2. Construction contractors. Long-term construction contractors who elect to be taxed under the apportionment and allocation provisions of Article IV of the Multistate Tax Compact, in accordance with Minnesota Statutes, section 290.171, shall be subject to the Multistate Tax Commission Construction Contractor Regulation IV.18.(d), adopted July 10, 1980, with the following modifications:

A. In the second sentence of clause (1), "Regulation IV.1." is amended to read "Regulation IV.1.(a) and (d)."

B. In the third sentence of clause (1), "Article IV.5 to .8" is amended to read "Minnesota Statutes, section 290.171, article IV";

C. Clause (2), Business and nonbusiness income, is amended to read: "For definitions, rules, and examples for determining business and nonbusiness income see Regulation IV.1.(a) and (d)."

D. Clause (3), Methods of accounting and year of inclusion, is amended to read: "For general rules of accounting, definitions, and methods of accounting for long-term construction contracts see Minnesota Statutes, sections 290.01, subdivision 20, and 290.07."

E. In paragraph (4)(iv), "Article IV.10 to .12 inclusive" is amended to read "Minnesota Statutes, section 290.171, article IV.5 to .7 inclusive."

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F. In paragraph (4)(v), "Article IV.13 and .14" is amended to read "Minnesota Statutes, section 290.171, article IV.8 and .9."

G. In paragraph (4)(vi), the reference to "Article IV.15 - .17 inclusive" is amended to read "Article IV.10 - .12, inclusive of the Multistate Tax Compact, in accordance with Minnesota Statutes, section 290.171."

Subp. 3. Railroads. Railroads which elect to be taxed under the apportionment and allocation provisions of Article IV of the Multistate Tax Compact, in accordance with Minnesota Statutes, section 290.171, shall be subject to Regulation IV.18.(f), adopted July 16, 1981, with the following modifications:

A. In the second sentence of clause (1), "Regulation IV.1" is amended to read "Regulation IV.1.(a) and (d)."

B. In the third sentence of clause (1), "Article IV.5 to .8, inclusive" is amended to read "Minnesota Statutes, section 290.171, article IV."

C. Clause (2), Business and nonbusiness income, is amended to read: "For definitions, rules, and examples for determining business and nonbusiness income, see Regulation IV.1.(a) and (d)."

D. In clause (3)(ii)A, "Article IV.11" is amended to read "Minnesota Statutes, section 290.171, article IV.6."

E. In clause (3)(ii)B.3, "Article IV.11" is amended to read "Minnesota Statutes, section 290.171, article IV.6."

F. In clause (3)(ii)B.4, "Article IV.12" is amended to read "Minnesota Statutes, section 290.171, article IV.7."

G. In clause (3)(ii)B.5, "Article IV.11" is amended to read "Minnesota Statutes, section 290.171, article IV.6."

H. In clause (3)(ii)C., "Article IV.10 - .12 inclusive," is amended to read "Minnesota Statutes, section 290.171, article IV.5-7, inclusive."

I. In clause (3)(ii)C.(ii), "Article IV.13 - .14" is amended to read "Minnesota Statutes, section 290.171, article IV.8-9."

J. In the second paragraph of clause (3)(ii)C.(iv)A., "Article IV.15 - .17" is amended to read "Minnesota Statutes, section 290.171, article IV.10-12."

Statutory Authority: *MS s 290.52*

History: *10 SR 478*