

**CHAPTER 8034**  
**DEPARTMENT OF REVENUE**  
**INCOME AND FRANCHISE TAXES**  
**CORPORATIONS**

8034.0100 EVASION OF TAX BY CORPORATIONS.

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In any case where a corporation, which is subject to Minnesota corporate franchise tax, conducts business transactions with its members or stockholders, or with any person or corporation interested in the business of the corporation, in a manner as to reduce the taxable net income attributable to this state, or affect the amount of credit against the tax, or both, the commissioner may determine the income of the corporation to reflect what would have been its reasonable taxable net income or tax credit but for such business transaction. Among others, the following devices commonly employed to distort income attributable to this state will not be recognized in determining the tax:

- A. the purchase or sale, by or between corporations or others, at a price greater or less than the price paid in the usual course of business by independent purchasers;
- B. the fixing of income at an arbitrary figure by contract or agreement;
- C. the payment of arbitrary amounts for so-called advisory, management, or counseling services;
- D. arbitrary charges for, or allocation of, improper overhead expenses, such as officers' salaries, rents, auditing, etc.;
- E. arbitrary agreements for the purchase, or sale of, goods or services at fixed prices, or on a basis of cost, actual or estimated, or on a basis of cost plus a fixed percentage or amount.

**Statutory Authority:** *MS s 270.06; 270C.06; 290.52*

**History:** *26 SR 435; L 2005 c 151 art 1 s 114*