

1 Department of Revenue

2

3 Adopted Rule Governing Multistate Tax Compact

4

5 Rule as Adopted

6 8017.5000 THE MULTISTATE TAX COMPACT.

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

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

26 B. Regulation IV.1.(d);

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

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

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

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

34 G. Regulation IV.2.(b)(1), except that the portion of  
 35 the net income (or net loss) arising from such trade or business  
 36 which is derived from sources within this state shall be

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1 determined in accordance with Minnesota Statutes, section  
2 290.171, article IV.4 to IV.12;

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

11 I. Regulation IV.2.(b)(3), except that "Article IV.4.  
12 to IV.8" is amended to read "Minnesota Statutes, section  
13 290.171, article IV." Nonbusiness income shall be allocated in  
14 accordance with Minnesota Statutes, sections 290.17 and 290.19;

15 J. Regulation IV.2.(c);

16 K. Regulation IV.3.(a);

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

20 M. Regulation IV.3.(c);

21 N. Regulation IV.9, except that "Article IV.9" is  
22 amended to read "Minnesota Statutes, section 290.171, article  
23 IV.4";

24 O. Regulation IV.10.(a);

25 P. Regulation IV.10.(b);

26 Q. Regulation IV.10.(c);

27 R. Regulation IV.10.(d);

28 S. Regulation IV.11.(a);

29 T. Regulation IV.11.(b);

30 U. Regulation IV.12;

31 V. Regulation IV.13.(a);

32 W. Regulation IV.13.(b);

33 X. Regulation IV.13.(c), except that "Article IV.14"  
34 is amended to read "Minnesota Statutes, section 290.171, article  
35 IV.9";

36 Y. Regulation IV.14;

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1           Z. Regulation IV.15.(a), except that in paragraph (1)  
2 "paragraphs (5) through (8) of Article IV" is amended to read  
3 "Minnesota Statutes, section 290.171, article IV";

4           AA. Regulation IV.15.(b);

5           BB. Regulation IV.15.(c);

6           CC. Regulation IV.16.(a);

7           DD. Regulation IV.16.(b);

8           EE. Regulation IV.17, except that in paragraph (1)  
9 "Article IV.17" is amended to read "Minnesota Statutes, section  
10 290.171, article IV.12";

11           FF. Regulation IV.18.(a), except that if combined  
12 reporting is used, the combined report shall reflect income only  
13 from corporations created or organized in the United States or  
14 under the laws of the United States or of any state, the  
15 District of Columbia, the commonwealth of Puerto Rico, any  
16 possession of the United States, or any political subdivision of  
17 any of the foregoing, and except that "Article IV.18" is amended  
18 to read "Minnesota Statutes, section 290.171, article IV.13" and  
19 "Article IV.10 to .17" is amended to read "Minnesota Statutes,  
20 section 290.171, article IV.5 to .12";

21           GG. Regulation IV.18.(b); and

22           HH. Regulation IV.18.(c).

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

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

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

35           C. Clause (2), Business and nonbusiness income, is  
36 amended to read: "For definitions, rules, and examples for

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1 determining business and nonbusiness income see Regulation  
2 IV.1.(a) and (d)."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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