
This act summary is provided for the convenience of the public and members of the General Assembly. It is intended to provide a general summary of the act and may not be exhaustive. It has been prepared by the staff of the Office of Legislative Counsel without input from members of the General Assembly. It is not intended to aid in the interpretation of legislation or to serve as a source of legislative intent.

Act No. 148 (S.53). Taxation; corporate income tax; conformity to federal tax laws

An act relating to changes to Vermont corporate income tax and conformity to federal tax laws

This act does the following:

- amends the apportionment factors for taxable C corporations with activity both inside and outside Vermont so that the only apportionment factor is the sales factor (also known as the “single sales factor”)
- requires taxable C corporations with activity both inside and outside Vermont to continue to report their property and payroll to the Commissioner of Taxes when Vermont moves to a single sales factor
- moves Vermont to the Finnigan method of applying jurisdiction to the income of member-corporations within a unitary combined filing group
- supersedes the 80/20 rule and requires the income and apportionment factors of all taxable corporations incorporated in the United States that are part of a unitary combined filing group to be included in that group’s return
- repeals the “throwback” rule, so that “nowhere income” from sales of tangible personal property made from Vermont into another state that are not taxed in that other state are not included in the Vermont sales apportionment factor
- changes the minimum corporate income tax brackets and amounts
- requires the Department of Taxes to adopt rules relating to the updated unitary combined reporting requirements, including the transition from the Joyce to the Finnigan method of applying jurisdiction to unitary filing groups
- requires the Department of Taxes, on or before January 15, 2024, to report to the House Committee on Ways and Means and the Senate Committee on Finance on the Department’s proposed rules and any recommendations for legislation with respect to unitary combined reporting
- updates the date of conformity to federal income tax and estate tax laws for taxable years 2021 and after, to December 31, 2021

Effective Dates:

- Secs. 1–6 (corporate income tax) are effective on January 1, 2023 and apply to taxable years beginning on and after January 1, 2023.
- Secs. 7 and 8 (annual link to federal statutes) are effective retroactively on January 1, 2022 and apply to taxable years beginning on and after January 1, 2021.