

MLPA Proposal

MLPA proposes to add new Sections XX and YY to read as follows:

Sec. XX. 32 V.S.A. § 5920(h) is amended to read:

(h)(1) Notwithstanding any provisions in this section, a publicly traded partnership as defined in 26 U.S.C. § 7704(b), that is treated as a partnership for the purposes of the Internal Revenue Code, is exempt from any income tax liability or compliance and payment obligations under subsections (b) and (c) of this section, if information required by the Commissioner under subsection (h)(2) is provided by the due date of the partnership's return. This information includes the name, address, taxpayer identification number, and annual Vermont source of income greater than \$500.00 for each partner who had an interest in the partnership during the tax year. This information shall be provided to the Commissioner in an electronic format, according to rules or procedures adopted by the Commissioner.

(2) Publicly traded partnerships shall provide to the Commissioner in an electronic format, according to rules or procedures adopted by the Commissioner, an annual information return, that includes the name, address, taxpayer identification number, and other information requested by the Commissioner for each partner with Vermont source income in excess of \$500.

(3) A lower-tier pass-through entity of a publicly traded partnership may request an exemption from the compliance and payment obligations specified in subsections (b) and (c) from the Commissioner. The request for the exemption must be in writing and contain:

(i) the name, address, account number or federal identification number of each of the lower-tier pass-through entity's partners, shareholders, members, or other owners; and

(ii) information that establishes the ownership structure of the lower-tier pass-through entity and the amount of Vermont source income. The Commissioner may request additional documentation before granting an exemption. For purposes of this subsection (h), a "lower-tier pass-through entity" means a pass-through entity for purposes of the Internal Revenue Code, which can include a partnership, S-Corp, disregarded entity, or limited liability company and which allocates income (directly or indirectly) to a publicly traded partnership. The exemption from subsection (b) and (c) only applies to income allocated (directly or indirectly) to a publicly traded partnership

(4) If granted, the exemption for the lower-tier pass-through entity shall be effective for three years from the date the exemption is granted. At the end of the three-year period the lower-tier pass through entity of a publicly traded partnership must submit a new exemption request to continue the exemption. The Commissioner may revoke the exemption for the lower-tier pass-through entity if the Commissioner determines that the lower-tier pass-through entity is not satisfying its tax payment and reporting obligations to the State with respect to income allocated, directly or indirectly, to nonresident partners or members that are not publicly traded partnerships.

Sec. YY. 32 V.S.A. § 3102(e)(17) is added as follows:

(17) to a publicly traded partnership as defined in section 5920(h)(1) of this title and lower-tier pass-through entities of a publicly traded partnership, as defined in section 5920(3)(ii) of this title for the purpose of reviewing, granting or denying exemption requests from the requirements of section 5920.