



Multistate Tax Commission Update

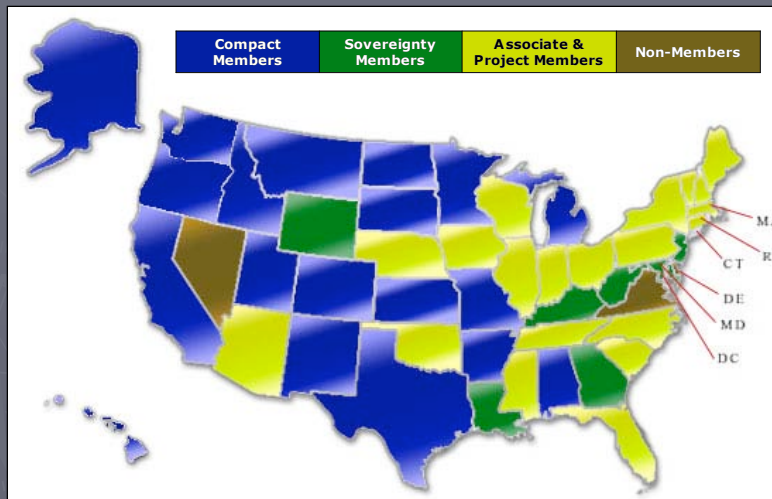
Joe Huddleston
Executive Director

2008 Federation of Tax Administrators Annual Meeting
Philadelphia, Pennsylvania



Commission Membership

As of July 1, 2007 —





Commission Membership

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Compact Members	Sovereignty Members	Associate & Project Members	Non-Members
Alabama Alaska Arkansas California Colorado District of Columbia Hawaii Idaho Kansas Michigan Minnesota Missouri Montana New Mexico North Dakota Oregon South Dakota Texas Utah Washington	Georgia Kentucky Louisiana Maryland New Jersey West Virginia Wyoming	Arizona Connecticut Florida Illinois Indiana Iowa Maine Massachusetts Mississippi Nebraska New Hampshire New York North Carolina Ohio Oklahoma Pennsylvania Rhode Island South Carolina Tennessee Vermont Wisconsin	Delaware Nevada Virginia



Commission Core Programs

- ▶ **Joint Audit Program**
 - Operates under authority of the Multistate Tax Compact; auditors are agents of, and work at the direction of, participating states in conducting an audit (the Commission does not have assessment authority).
 - 25 states participate in the program (23 for income tax audits, 18 for sales & use tax audits).
- ▶ **National Nexus Program**
 - Created to foster state tax compliance by business that is engaged in multi-jurisdictional commerce, and to promote cooperation and consistent state tax enforcement and administration of issues in the nexus area.
 - 41 states participate in the program
- ▶ **Uniformity**
 - The Commission promotes and maintains uniformity in state taxation of interstate through uniformity projects under the direction of the Uniformity Committee.
- ▶ **Training**
 - Schools and programs designed to increase the effectiveness and efficiency of state tax administration with courses that enhance knowledge and practical skills.



Joint Audit Program Participating States

Compact Members	Sovereignty Members	Associate & Project Members
Alabama Alaska (income only) Arkansas Colorado District of Columbia Hawaii Idaho Kansas Michigan Minnesota Missouri (income only) Montana (income only) New Mexico (income only) North Dakota Oregon (income only) Utah Washington (sales & use only)	Georgia (sales & use only) Kentucky Louisiana (sales & use only) New Jersey West Virginia (income only)	Nebraska (income only) Wisconsin Illinois



Joint Audit Program Results

Current fiscal year to date —

- ▶ Income Tax Audits
 - 4 audits completed, 6 partially completed
 - \$68,240,211 in proposed assessments to date
 - 20 open audits

- ▶ Sales & Use Tax Audits
 - 8 audits completed, 3 partially completed
 - \$10,249,900 in proposed assessments
 - 27 open audits



National Nexus Program Participating States

Compact Members	Sovereignty Members	Associate & Project Members
Alabama Arkansas California Colorado District of Columbia Hawaii Idaho Kansas Michigan Minnesota Missouri Montana New Mexico North Dakota Oregon South Dakota Texas Utah Washington	Georgia Kentucky Louisiana Maryland New Jersey West Virginia Wyoming	Arizona Connecticut Florida Iowa Massachusetts Nebraska New Hampshire North Carolina Ohio Oklahoma Rhode Island South Carolina Tennessee Vermont Wisconsin



National Nexus Program

Current fiscal year to date —

- ▶ Voluntary Disclosures
 - Commission staff worked with 78 taxpayers and relevant states to close disclosure agreements (363 separate state contracts total)
 - \$15,019,632 in back taxes collected
 - Approximately 80 open cases

- ▶ One nexus investigation completed, one in progress



Uniformity Efforts

- ▶ Review of Multistate Tax Compact Art. IV (UDITPA)
 - At Executive Committee; also participating in NCCUSL review of UDITPA
- ▶ Amendments to MTC Model Financial Institutions Apportionment Rules
 - Under development at Uniformity Committee, Workgroup participation
- ▶ Model Regulation Regarding Statistical Sampling
 - Submitted for Commission vote in July
- ▶ Model Statute addressing REITS
 - Submitted for Commission vote in July
- ▶ Model Telecommunications Apportionment Rule
 - before the Executive Committee for approval for a by-law seven survey



Uniformity Efforts, Cont.

- ▶ Model Regulation Regarding Accommodations Intermediaries
 - Under development at the Uniformity Committee
- ▶ Amendments to Regulation regarding Section 18
 - Under development at the Uniformity Committee
- ▶ Model Statutes for Telecommunications Transaction Tax Administration
 - Under development at Uniformity Committee
- ▶ New Project Regarding Income Earned by Non-Corporate Income Taxpayers Derived from an Ownership Interest in a Partnership or LLC
 - Under development at Uniformity Committee



Training

- ▶ Training Programs offered thus far in FY2008:
 - 1 Corporate Income Tax Course
 - 2 Nexus Schools
 - 2 Statistical Sampling for Sales & Use Tax Audits Courses
 - 2 Other Presentations

- ▶ The Commission is on the National Registry of CPE Sponsors of the National Association of State Boards of Accountancy (NASBA)



Upcoming Training

- ▶ June 23-26, *Statistical Sampling for Sales & Use Tax Audits*, Chicago (Des Plaines), Illinois

- ▶ July 14-17, *Statistical Sampling for Sales & Use Tax Audits*, Cheyenne, Wyoming

- ▶ July 30, Annual Conference Seminar: *Federalism and State Taxation—Respecting Principles*, Santa Fe, New Mexico

- ▶ September 15-16, *Nexus School*, Omaha, Nebraska

- ▶ October 5-8, *Audit & Computer Technology Workshop* (jointly hosted with FTA), Albuquerque, New Mexico

- ▶ October 21-22, *Nexus School*, Boise, Idaho



Other Support

- ▶ Legal Support
 - Amicus briefs & case consultation
 - ▶ 9 amicus briefs filed to date in FY2008
 - Bi-annual Litigation Committee meetings
 - State tax attorney teleconferences
- ▶ Policy Research
 - Staff economist provides technical support for uniformity projects
 - Consultation with states on fiscal & legislative issues
 - Support for addressing federal legislative activity
- ▶ Voluntary Alternative Dispute Resolution Program
 - Resolve controversies of an interstate nature involving more than one state
 - Mediation, Arbitration, or any Combination



Questions?

- ▶ Information on the Commission and it's activities can be found at www.mtc.gov

