

Vermont Tax Structure Commission

April 22, 2019

Status of Research on Business & Consumption Taxes

- ❖ Corporate income tax—sourcing of services
 - Draft of Backgrounder piece out to Commissioners for review
 - Topic of moving to market-based sourcing under discussion in Ways & Means
 - Why is there no data to estimate impacts of change to market-based sourcing?

- ❖ Other business income--Partnerships, LLCs, S-corps
 - The question: Can the process be simplified for filers and DoT without a revenue loss?
 - Worked with Tax Dept. staff to obtain the following data:
 - Amount claimed on IN-111 (TY17) for estimated income tax payment made by business entity for nonresident partner, member or shareholder (NRW): \$16.2 million by 3,217 filers (80 had residential school codes).

| All Stats Below Tax Year 2017 Non-Composite | Distribution Amount |
|---|---------------------|
| Total NRW distributions | \$ 27,404,873 |
| Individual distribution | \$ 16,250,427 |
| Corporate distribution | \$ 3,389,069 |
| Pass-through distribution | \$ 4,812,190 |
| Trust distribution | \$ 2,618,637 |
| TOTAL | \$ 54,475,196 |
| Refunds | |
| NRW money refunded to Individuals | \$ 6,257,205 |
| NRW money refunded to Corporations | \$ 1,238,497 |

Vermont Tax Structure Commission

April 22, 2019

- Reviewing articles and tax treatment by other states
- Backgrounder to come

- ❖ Sales tax on services
 - FTA summary of state taxation of services sent to Commissioners
 - States that tax more services tend to not have personal income tax; more research needed
 - Backgrounder to come