THOMSON REUTERS CHECKPOINT CATALYST™

State Corporate Income Tax E-Commerce Survey

Multistate companies increasingly sell purely electronic products and services to customers all over the country but have a physical footprint limited to one or two states. In fall 2016, Thomson Reuters sent a survey to state taxing agencies asking how these "pure e-commerce transactions" affect nexus and apportionment for state corporate income tax purposes.

48 JURISDICTIONS SURVEYED

19 PARTICIPATED
AK, AR, CA, CT, FL, GA, HI, IA, ID, IN, KS, KY, NE, ND, NJ, TN, TX, WI, WV

16 DID NOT REPLY
AL, AZ, CO, DE, LA, MA, MD, ME, MI, MS, MO, NC, OR, PA, UT, VA

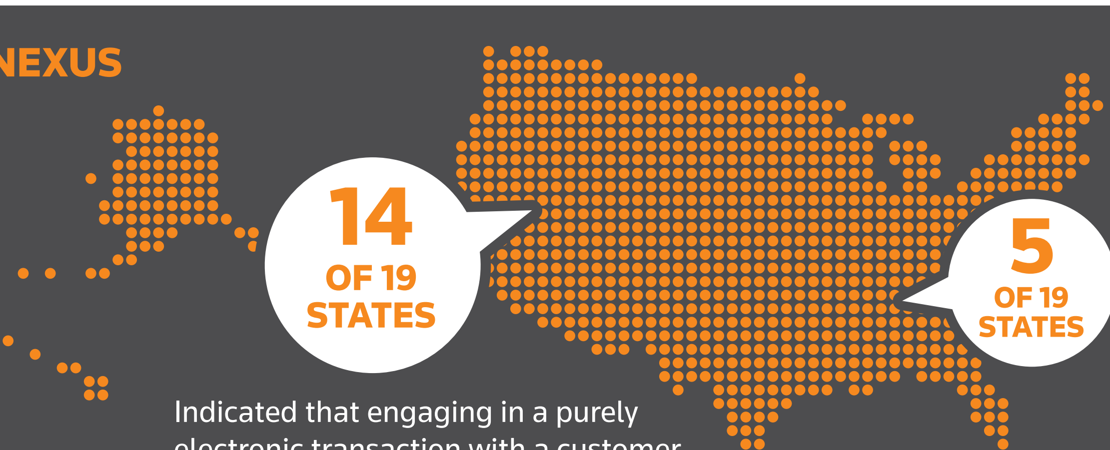
9 DECLINED TO PARTICIPATE
IL, MT, NH, NM, NY, OH, SC, VT, WA

4 DID NOT RESPOND IN TIME
DC, MN, OK, RI

APPORTIONMENT

The states above have comprehensive rules addressing classification and sourcing of digital goods and services. Most states have little to no formal guidance, relying instead on the **facts and circumstances** of each sale.

NEXUS



Indicated that engaging in a purely electronic transaction with a customer in the state **may** – on its own – create corporate income tax nexus.

Indicated that engaging in a purely electronic transaction with a customer in the state **will not** – on its own – create corporate income tax nexus.

For more information on state treatment of corporate income taxation and e-commerce, visit checkpointcatalyst.com