



Income & Franchise Tax Training

Responding To Your Instructional Needs

EHTC State and Local Tax Services

INCOME & FRANCHISE TAX

- Tax Minimization Studies
- Business Structure Reviews
- Allocation and Apportionment Planning
- Combined, Consolidated, & Unitary Planning
- Nexus Studies
- Amended State Tax Returns from IRS Audits
- Single Business Tax Training

SALES & USE TAX

- Reverse Audits
- Compliance System Review
- Direct Pay & Compliance Agreements
- Exemption Certificate Documentation
- Industrial Processing / Manufacturing Exemption
- Utility Studies
- Nexus Studies
- Sales & Use Tax Training
- Transportation Company
- Procurement Company

PROPERTY (AD VOLEM) TAX

- Real Property Tax Reviews
- Personal Property Tax Reviews

TAX AUDIT & APPEALS

- Sales & Use Tax Audit Defense & Appeals
- Income & Franchise Tax Audit Defense & Appeals
- Property Tax Audit Defense & Appeals
- State and Local Tax Litigation Support
- Merger & Acquisition Due Diligence Reviews
- Voluntary Disclosure

BUSINESS INCENTIVE SERVICES

- Business Relocation & Expansion Services
- Tax Credits, Exemptions, & Abatements
- Grants, Financing, & Infrastructure Assistance

The problem facing the multistate taxpayer is the number, variety and complexity of tax returns to be filed in different states. Each state may have a different filing standard or differing interpretations of the standards used to determine if a tax return needs to be filed.

Once the required multistate filings are determined, the tax base is divided among the states by a combination of allocation and apportionment. Nonbusiness income is usually allocated to the state of domicile or the location of the property generating the income, while business income is apportioned. Again, while states talk about uniformity, there is still no clear standard among the states on the definition of business and nonbusiness income.

Apportionment formula statutes vary greatly among the states. The standard three-factor formula is the most common. However, some states have four factors, while other states have only a single factor. To complicate matters, some states apply a different weight to the various apportionment factors. Even if the apportionment statute is clear, there may be wide diversity of what's included in the numerator and denominator. Also, the taxpayer may or may not have the option to file a combined or consolidated return.

EHTC has developed a solution to address the dilemma created by the complexity of multistate income and franchise tax filings. We can provide customized training by experienced presenters using an interactive style of instruction with a written textbook and a PowerPoint presentation.

Customized Training

We can provide customized training to meet your specific needs. The custom designed training can address your industry and your specific tax issues.

Interactive Instruction

The training sessions will utilize an interactive style where participants will be encouraged to ask questions and relate on-the-job experiences. The presenters will relate real world experiences and the resulting tax consequences.

Textbook and PowerPoint Presentation

A custom prepared textbook will be prepared for each of the participants. The textbook can serve as a training tool during the training session and as a reference tool after the training is complete. The presenters will use the latest technology in the presentation, including a PowerPoint presentation.

Course Content

Income and Franchise Tax Training focuses on four general areas: nexus, business/nonbusiness income, apportionment, and combined or consolidated returns. In addition, we can focus on compliance considerations in specific states including a discussion of the tax base buildup (additions and subtractions) as well as credits and deductions that may be available.



Income & Franchise Tax Training (Continued)

About EHTC

Echelbarger, Himebaugh, Tamm & Co., P.C. (EHTC), a professional corporation was established in 1977 by Dennis M. Echelbarger. Since that time, our Firm has grown to become one of the largest, most successful, local accounting firms in the Greater Grand Rapids, Michigan area, and we are a recognized leader in the business community. Our success is based on building partnering relationships with our customers. We are large enough to serve a wide diversity of customers but small enough to maintain personalized attention.

EHTC's professional team is highly trained to provide technical and consulting services in the areas of accounting, taxes, and strategic planning to nonprofit, profit and service organizations and related entities.

Minimizing your tax liability requires careful, advance planning rather than preparing tax returns as deadlines near. Our tax professionals provide complete tax services and are assisted by our extensive tax library and the latest technology.

We pay careful attention to your unique circumstances such as your current requirements and your plans for the future. We then recommend a plan that best suits your needs while minimizing financial risk.



www.ehtc.com

Nexus

"Nexus" is that minimum level of business activity or connection with a state, which will result in a business being subject to taxation in a state. The training seeks to identify normal business activities in relation to the various nexus standards that may create nexus. Generally, we will investigate business activities that are sufficient to subject a company to a state's net income tax, franchise tax or gross receipts tax. Both the advantages and disadvantages of nexus creation in each state will be explained.

Business/Nonbusiness Income

Gains on the sale or disposition of assets can be characterized as either business income or nonbusiness income. The gain characterized as business income is generally apportioned using the apportionment formula utilized in each state. Gain characterized as nonbusiness income is generally allocated to the state of domicile. Unfortunately, the definitional applications differ from state to state creating potential double taxation. The training discusses the definitions of both business income and nonbusiness income as well as a review of court cases on the issue.

Apportionment

Apportionment formulas are used to divide the tax base of a multistate business among the states in which the company does business. Most apportionment formulas have three factors; property, payroll and sales. The training will identify each of the three apportionment factors and define the computation of each of the factors. Because there is a lack of consistency between the state as to what goes into each of the apportionment factors, there is a very real possibility that more than 100% of the tax base may be subjected to tax. The training will show how some relief may be available through creative tax planning.

Combined or Consolidated Returns

Multiple entities may or may not have a choice in filing separate returns or a combined tax return. In actual practice, the filing method will probably be a mixed bag. The training will identify the separate return states as well as the unitary states that may require a combined or consolidated return under certain circumstances. The unitary rules, in a general sense, will be explored. Also, the tax planning potential will be discussed.

Compliance Considerations

Training can focus on specific states and how the tax base is computed. This will include a discussion of the additions and subtractions as well as the availability of special deductions and credits. We can also explore the unique characteristics of each state's tax and specific tax planning ideas that may work in each state.