

# WHERE ARE YOU PAYING TAXES?



## SOURCING: WHERE THE SALT SHAKES OUT

### DID YOU KNOW?

- In 2018, **23 states used single-factor apportionment** – Sales only
- There are **two different methods for sourcing** sales of services.
- The current **highest marginal state corporate rate is 12%**.
- Seven states have top corporate rates **at or below 5%**.
- **18 states** have a franchise tax related to equity or net worth calculated with apportionment
- For pass-through entities, the current highest marginal **state individual rate is 13.3%**.

BMSS recognizes how complicated and overwhelming state and local taxes can be. States are constantly changing the rules of the game, which makes it hard to stay compliant. Some may find themselves asking various questions, such as “Do I have to file in this state? Are sales sourced to the state of delivery or to the state from which they are shipped? Are the sales of services sourced differently than sales of tangible goods? How is this property sourced if it has been used in several states during the year?” These questions need to be answered in order to determine how your income is apportioned between states in which you are doing business. Incorrect sourcing of sales, payroll or property can result in income being incorrectly apportioned between states. This may lead to increased taxes in a state with a higher tax rate or interest and penalties for noncompliance issues. A business owner needs to consider how state and local taxes can impact the succession plan for the business. State and local taxes can be costly to remedy or may ultimately reduce the value of your company.

The BMSS SALT Services Group can assist you with all of your state and local tax needs. We are here to guide you through the complicated maze of state and local taxes.

### The BMSS SALT Services Group can assist in:



STATE FILING REQUIREMENTS (NEXUS STUDY)



SALES, PAYROLL AND PROPERTY SOURCING



SAFEGUARDING THE FUTURE VALUE OF YOUR COMPANY



SALT CONSULTING AND PLANNING



UNKNOWN TAX LIABILITIES