

Multi-State Tax Solutions

THE STATE TAX APPORTIONMENT MANAGEMENT SOLUTION

- Eliminates spreadsheets and manual sales factor calculations
- Leverages Broadridge's proprietary shareholder database to determine assets by region
- Provides substantiating details for tax audits
- Accommodates multiple sales factor calculation scenarios based on the inclusion status of non-transparent accounts
- Reduces risk of improperly filed returns
- Allows the user to create local municipality sales factor reports based on ZIP Codes, such as New York City and NY MTA
- Manage effectively with fewer resources and less time

STATE TAX APPORTIONMENT MANAGEMENT

Broadridge's State Tax Apportionment Management software is an innovative, first of its kind solution that collects, organizes, tabulates and reports on shareholder assets held in all 50 states and US territories. The solution's powerful suite of tools calculates revenue and sales factors by state and product to help accurately assess tax obligations at both the state and local municipality levels.

STATE TAXES AND THE INVESTMENT INDUSTRY

As State governments seek additional revenue to match their expenditures, they are increasing their focus on out-of-state businesses providing services or products to customers in the state. This aggressive strategy uses 'nexus' to determine the threshold activity an out-of-state business can conduct before requiring tax payments. Managing nexus in each state is not an easy task and not filing a state tax return once nexus is met will result in unnecessary penalties, interest, and publicity. Statute of limitations on tax filings do not exist and tax penalties can accrue for an indefinite amount of time. Subsequently, previous returns to other states might no longer be amendable resulting in double taxation on a portion of revenue. But the pursuit of tax revenue is not limited to states. Local municipalities are also pursuing the collection of local taxes.

For Mutual Fund companies and ETF issuers this means increased scrutiny in regards to apportioning and paying taxes owed in states where they have investors. An accurate way to apportion income across all 50 states has never been more vital.

INDUSTRY CHALLENGES

Today's investment industry use of omnibus accounting is challenging for companies in determining the revenue actually received within any state. This challenge makes it difficult to accurately determine taxes due to a state if it is determined that they have nexus within that state. Typically, a company will simply allocate its revenue across states using census data. Not only can this be inaccurate, but also outside the acceptable guidelines of many state tax laws.

