

Multistate Taxation of Flow-Through Entities (MTXF)

Course Overview

Focus on how flow-through entities are taxed by states and look at their income base and rate structure; discuss all types of flow-through entities with particular emphasis on LLCs, S corporations and trusts; explore the doing business concept and how it applies to flow-through entities that are organized outside the state.

We also will analyze how the income flows through to the partner, shareholder or member and when the owner is deemed to be doing business in the state; look at the states that offer (and those that require) the filing of a composite tax return; dissect the requirements that apply to filing this unique tax return; and gain a full understanding regarding utilization of credits by both the multistate entity and their owners.

Course materials will summarize key attributes of a state's tax system in an easy-to-follow format.

Objectives

- Identify how California and other states tax flow-through entities and how these assessments are computed.
- Determine when the entity and their owners are doing business in the state.
- Recognize how to apportion the tax base at both the entity and the owner level.
- Recall special apportionment rules that apply to the undistributed income of a trust.
- Identify when, where and how to file a composite return.
- Determine the penalty assessments imposed on these complex structures.
- Identify new state developments.

Major Topics

- Taxation of flow-through entities and trusts in a multistate environment
- Nexus standards for flow-through entities
- Apportionment formulas that apply to flow-through entities and their owners
- Sourcing rules that apply for apportionment purposes
- Composite returns and how they can benefit your clients

Field of Interest Code: Taxes

CPE Hours: 8.00 | CTEC-CA: 4.00 | CTEC-Fed: 4.00 | IRS-TX: 4.00 | MCLE: 6.50

Level: Overview

Designed for:

CPAs, attorneys and other tax practitioners filing tax returns in multiple states for flow through entities (including trusts and their beneficiaries); tax advisers who provide planning strategies for clients whose businesses expand outside of California.

Author/Instructors: Kathleen K Wright CPA, JD, LLM