



AN ALERT FROM SMITH LEONARD PLLC:

NEW INFORMATIONAL REPORT FOR CORPORATE TAXPAYERS



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The North Carolina legislature is looking at potentially changing the way corporate taxpayers allocate income to North Carolina. The Revenue Laws Study Committee is looking at the revenue effect of changing the sales factor under current law to a [market-based sourcing methodology](#). To assist the committee in measuring the revenue effect of market-based sourcing, every corporate taxpayer that has apportionable income greater than \$10 million must file Form CD-400 with the state by April 15, 2016. There's a \$5,000 penalty if you miss this filing deadline!

Those criteria are:

1. The taxpayer had apportionable income greater than \$10,000,000.
2. The taxpayer had a North Carolina apportionment percentage less than 100%.
3. The taxpayer was subject to apportionment of income based in whole or in part on the sales factor as determined under current law (G.S. 105-130.4).

To report this information to the Department of Revenue, all corporate taxpayers who meet the above three conditions must file Form [CD-400 MS](#) by April 15, 2016. **Please note, there are no extensions available for filing this form, and the due date does not change for fiscal year filers. Also, there is a \$5,000 civil penalty for failure to file this form.**

To assist corporate taxpayers with calculating their sales factor based on market-based sourcing, the department has provided extensive [guidelines](#).

If you have questions regarding the filing of this form, or need our assistance to complete it, please contact your Smith Leonard representative.