

Amendments to Senate Bill No. 521  
1st Reading Copy

Requested by Senator Jim Elliott

For the Senate Taxation Committee

Prepared by Greg Petesch  
March 31, 2005 (7:28am)

1. Title, line 5.

Strike: "PROFIT"

Insert: "INCOME"

Following: "15-31-101"

Insert: ", "

Strike: "AND"

Following: "15-31-121, "

Insert: "AND 15-31-322, "

2. Page 1, line 12.

Strike: "profit"

Insert: "income"

3. Page 1, line 14.

Strike: "profit"

Insert: "income"

4. Page 1.

Following: line 14

Insert: "(2) The alternative minimum fee provided for in subsection (1) applies to a corporation with at least \$20 million in annual total sales or \$4 million in annual total payroll regardless of whether the corporation has made a water's-edge election."

Renumber: subsequent subsections

5. Page 1, line 15.

Strike: ""book profit""

Insert: ""book income""

Following: "amount of"

Strike: "profit"

Insert: "income"

6. Page 1, line 20.

Strike: "profit"

**Insert:** "income"

7. Page 1, line 21 through line 22.

**Following:** "year."

**Strike:** remainder of line 21 through "profit." on line 22

**Insert:** "For the purposes of this section, "annual" means the period as reported on securities and exchange commission form 10-K or amended 10-K."

8. Page 2, line 24.

**Strike:** "For"

**Insert:** "Except as provided in [section 1], for"

9. Page 3, line 3.

**Insert:** "Section 4. Section 15-31-322, MCA, is amended to read:

"15-31-322. **Water's-edge election -- inclusion of tax havens.** (1) Notwithstanding any other provisions of law, except for [section 1], a taxpayer subject to the taxes imposed under this chapter may apportion its income under this section. A return under a water's-edge election must include the income and apportionment factors of the following affiliated corporations only:

(a) a corporation incorporated in the United States in a unitary relationship with the taxpayer and eligible to be included in a federal consolidated return as described in 26 U.S.C. 1501 through 1505 that has more than 20% of its payroll and property assignable to locations inside the United States. For purposes of determining eligibility for inclusion in a federal consolidated return under this subsection (1)(a), the 80% stock ownership requirements of 26 U.S.C. 1504 must be reduced to ownership of over 50% of the voting stock directly or indirectly owned or controlled by an includable corporation.

(b) domestic international sales corporations, as described in 26 U.S.C. 991 through 994, and foreign sales corporations, as described in 26 U.S.C. 921 through 927;

(c) export trade corporations, as described in 26 U.S.C. 970 and 971;

(d) foreign corporations deriving gain or loss from disposition of a United States real property interest to the extent recognized under 26 U.S.C. 897;

(e) a corporation incorporated outside the United States if over 50% of its voting stock is owned directly or indirectly by the taxpayer and if more than 20% of the average of its payroll and property is assignable to a location inside the United States; or

(f) a corporation that is in a unitary relationship with

the taxpayer and that is incorporated in a tax haven, including Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Turks and Caicos Islands, Dominica, Gibraltar, Grenada, Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Liechtenstein, Luxembourg, Maldives, Marshall Islands, Monaco, Montserrat, Nauru, Netherlands Antilles, Niue, Panama, Samoa, Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Tonga, U.S. Virgin Islands, and Vanuatu.

(2) The department shall report biennially to the revenue and transportation interim committee with an update of countries that may be considered a tax haven under subsection (1) (f)."

{ Internal References to 15-31-322:x

15-31-321 x    15-31-321 \*x    15-31-323    15-31-323x  
15-31-324 x    15-31-324x    15-31-325 \* x    15-31-325x  
15-31-326x } "

**Renumber:** subsequent sections

- END -