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Combined Reporting: How Does Your State Stack Up?

Over the past few years, a number of states, seeking to address longstanding flaws in their corporate income taxes and significant declines in the revenue they yield, have instituted a major reform: combined reporting. Combined reporting requires multi-state corporations to report the income earned by both the parent corporation and all of its subsidiaries and to determine their income tax liabilities on that basis. As a result, combined reporting is the single most effective means of preventing corporations from avoiding taxation through accounting techniques designed to shift income from one state to another.

Below is a table that lists the states that have made combined reporting part of their tax structure; the states that, as of April 2007, were considering its use; the states in which combined reporting is neither in force nor being debated; and the states for which combined reporting is not relevant (because such states either do not have a corporate income tax or use a different form of business taxation).

COMBINED REPORTING IN THE FIFTY STATES - 2007

States With Combined Reporting	States Considering Combined Reporting	States Without Combined Reporting	States For Which Combined Reporting is Not Relevant
Alaska	Iowa	Alabama	Nevada
Arizona	Maryland	Arkansas	South Dakota
California	Massachusetts	Connecticut	Washington
Colorado	Michigan	Delaware	Wyoming
Hawaii	New Mexico	Florida	
Idaho	North Carolina	Georgia	
Illinois	Pennsylvania	Indiana	
Kansas		Kentucky	
Maine		Louisiana	
Minnesota		Mississippi	
Montana		Missouri	
Nebraska		New Jersey	
New Hampshire		Ohio	
New York*		Oklahoma	
North Dakota		Rhode Island	
Oregon		South Carolina	
Texas		Tennessee	
Utah		Virginia	
Vermont		Wisconsin	
West Virginia*			

**recently adopted; not yet in effect*