



2015

Multi-State Taxation

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Tax Patterns for State Returns

Resident Returns

States that have an individual income tax follow one of four basic patterns for calculating tax liability on income tax returns for residents.

- 1) Federal AGI.** The first, and most common, pattern is for the state return to begin with federal AGI and then modify federal income by state-specific additions and subtractions. State returns within the federal AGI category may allow:
 - A deduction for standard or itemized deductions,
 - A deduction for personal exemptions, and/or
 - A credit for personal exemptions.
- 2) Federal taxable income.** State returns in the federal taxable income category begin with federal taxable income so the standard or itemized deduction and the deduction for personal exemptions have already been included. Federal income is then modified by state-specific additions and subtractions.
- 3) State-defined income.** A number of state returns do not use a federal starting point; income is included and excluded based on state law. State returns within the state-defined income category may allow:
 - A deduction for standard or itemized deductions,
 - A deduction for personal exemptions, and/or
 - A credit for personal exemptions.
- 4) Interest/dividend income only.** Two states tax only interest and dividend income. Both states allow a deduction for personal exemptions.

No individual income tax. Seven states do not have an individual income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming.

Part-Year Resident Returns

States follow one of two basic patterns for calculating tax liability on income tax returns for part-year residents. These are broad classifications to allow an overview of the general calculation methods used by states. The specific calculation method used by each state is provided in the state section of the publication.

- 1) Determine items of AGI received while a resident.** Part-year residents determine items of AGI received while a resident. Deduction and exemptions, if available, are then prorated by a ratio of income

received while a resident to total income. Taxable income is calculated by subtracting prorated deductions and exemptions from AGI received while a resident.

- 2) Prorate tax calculated as if a full-year resident.** Part-year residents calculate tax as if a full-year resident and then prorate the tax by a ratio of income received while a resident to total income.

Nonresident Returns

States follow one of two basic patterns for calculating tax liability on income tax returns for nonresidents. These are broad classifications to allow an overview of the general calculation methods used by states. The specific calculation method used by each state is provided in the state section of the publication.

- 3) Determine state-source AGI.** Nonresidents determine state-source AGI based on income that is derived from or connected with state sources. Deduction and exemptions, if available, are then prorated by a ratio of income received while a resident to total income. Taxable income is calculated by subtracting prorated deductions and exemptions from state-source AGI.
- 4) Prorate tax calculated as if a full-year resident.** Nonresidents calculate tax as if a full-year resident and then prorate the tax by a ratio of state-source income to total income.

Military Spouses Residency Relief Act

Beginning in 2009, this act amends the Servicemembers Civil Relief Act to prohibit a servicemember's spouse from either losing or acquiring a residence or domicile for purposes of taxation because of being absent or present in any U.S. tax jurisdiction solely to be with the servicemember in compliance with the servicemember's military orders if the residence or domicile is the same for the servicemember and the spouse. The act prohibits a spouse's income from being considered income earned in a tax jurisdiction if the spouse is not a resident or domiciliary of such jurisdiction when the spouse is in that jurisdiction solely to be with a servicemember serving under military orders. The act also suspends land rights residency requirements for spouses accompanying servicemembers serving under military orders.



No Individual Income Tax States

Alaska

Alaska Department of Revenue: www.tax.alaska.gov

Request forms and instructions:

Call 907-465-2320
Write Alaska Department of Revenue
P.O. Box 110420, Juneau, AK 99811-0420

Request tax assistance:

Call 907-465-2320

2014 filing requirements:

- The state of Alaska does not have an individual income tax.
- Alaska levies a corporate net income tax based on federal taxable income with certain Alaska adjustments.
- The state of Alaska currently does not have a sales and use tax. However, some local jurisdictions impose local sales taxes.

Florida

Florida Department of Revenue: dor.myflorida.com

Request forms and instructions:

Toll-free 800-352-3671
Write Florida Department of Revenue
5050 West Tennessee Street
Tallahassee, FL 32399-0100

Request tax assistance:

Toll-free 800-352-3671

2014 filing requirements. The state of Florida does not have an individual income tax.

Nevada

Nevada Department of Taxation: <http://tax.state.nv.us>

Request forms and instructions:

Call 775-684-2000 or 866-962-3707
Write Nevada Department of Taxation
1550 E College Parkway, Carson City, NV 89706

Request tax assistance:

Call 775-684-2000 or 866-962-3707

2014 filing requirements. The state of Nevada does not have an individual or corporate income tax. The state sales and use tax in Nevada is 6.85%. Counties can access option taxes as well, making the combined state/local sales tax rate in some areas as high as 8.1%.

South Dakota

South Dakota Department of Revenue: dor.sd.gov

Request forms and instructions:

Call 800-829-9188
Write South Dakota Department of Revenue
445 E Capitol Avenue, Pierre, SD 57501

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Request tax assistance:

Call 800-829-9188

2014 filing requirements. The state of South Dakota has no personal or corporate income tax. The state sales tax in South Dakota is 4% plus local levies.

Texas

Texas Comptroller of Public Accounts: www.window.state.tx.us

Request forms and instructions:

Call 800-252-1381
Write Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, TX 78711-3528

Request tax assistance:

Call 800-252-1381

2014 filing requirements. The state of Texas does not have a personal income tax. Texas levies a franchise tax, property tax, and sales and use tax.

Washington

Washington Department of Revenue: <http://dor.wa.gov>

Request forms and instructions:

Call 800-647-7706
Write Department of Revenue
P.O. Box 47478, Olympia, WA 98504-7478

Request tax assistance:

Call 800-647-7706

2014 filing requirements. The state of Washington does not have a personal income tax or tax on intangible assets.

Wyoming

Wyoming Department of Revenue: <http://revenue.state.wy.us>

Request forms and instructions:

Call 307-777-5275
Write Department of Revenue
Herschler Building, 2nd Floor West
122 W 25th Street, Cheyenne, WY 82002-0110

Request tax assistance:

Call 307-777-5275

2014 filing requirements. The state of Wyoming does not have a personal income tax, corporate income tax, or tax on intangible assets.

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.