

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

50 State Analysis Definition of Sales

Staff comments are *italicized*.

State	Statute Language	Regulation Language
Alabama	<p>Ala. Code § 40-27-1, Art. IV, § 1(g)</p> <p>(g) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs of this article.</p>	
Alaska	<p>Alaska Stat. § 43.19.010, Art. IV, § 1(g)</p> <p>(g) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs of this Article.</p>	
Arizona		<p>Ariz. Admin. Code 15-2D-801(A)</p> <p>A. The following are provisions for determining "sales" under A.R.S. § 43-1145:</p> <ol style="list-style-type: none"> 1. In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, "sales" includes all gross receipts from the sales of the goods or products (or other property of a kind that would properly be included in the inventory of the taxpayer if on hand at the close of the tax period) held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. For purposes of this subsection, "gross receipts" means gross sales less returns and allowances and includes all interest income, service charges, carrying charges, or time-price differential charges incidental to the sales. Federal and state excise taxes (including sales taxes) are included as part of the receipts if the taxes are passed on to the buyer or included as part of the selling price of the product. 2. In the case of cost-plus-fixed-fee contracts, such as the operation of a government-owned plant for a fee, "sales" includes the entire reimbursed cost plus the fee. 3. In the case of a taxpayer engaged in providing services, such as the operation of an advertising agency or the performance of

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>equipment service contracts or research and development contracts, “sales” includes the gross receipts from the performance of the services including fees, commissions, and similar items.</p> <p>4. In the case of a taxpayer engaged in renting or licensing the use of real or tangible property, “sales” includes the gross receipts from these activities.</p> <p>5. In the case of a taxpayer engaged in the sale, assignment, or licensing the use of intangible personal property such as patents and copyrights, “sales” includes the gross receipts from these activities.</p> <p>6. If a taxpayer derives receipts from the sale of equipment used in its business, those receipts constitute “sales.” For example, a truck express company owns a fleet of trucks and sells its trucks under a regular replacement program. The gross receipts from the sales of the trucks are included in the sales factor.</p>
Arkansas		<p>Ark. Regs. 1.26-51-715</p> <p>The term “sales” means all gross receipts derived by the taxpayer from transactions and activity in the regular course of its trade or business. The following are rules for determining “sales” in various situations:</p> <p>1. In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, “sales” includes all gross receipts from the sales of such goods or products (or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax year) held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. “Gross receipts” for this purpose means gross sales less returns and allowances, and includes all interest income, service charges, carrying charges, or time-price differential charges incidental to such sales. Federal and state excise taxes (including sales taxes) shall be included as part of such receipts if the</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>taxes are passed on to the buyer or included as part of the selling price of the product.</p> <p>2. In the case of cost plus fixed fee contracts, such as the operation of a government-owned plant for a fee, "sales" includes the entire reimbursed cost plus the fee.</p> <p>3. In the case of a taxpayer engaged in providing services, such as the operation of an advertising agency or the performance of equipment service contracts or research and development contracts, "sales" includes the gross receipts from the performance of such services, including fees, commissions, and similar items.</p> <p>4. In the case of a taxpayer engaged in renting real or tangible property, "sales" includes the gross receipts from the rental, lease, or licensing the use of the property.</p> <p>5. In the case of a taxpayer engaged in the sale, assignment, or licensing of intangible personal property such as patents and copyrights, "sales" includes the gross receipts therefrom.</p> <p>6. If a taxpayer derives receipts from the sale of equipment used in its business, those receipts constitute sales. For example, a truck express company owns a fleet of trucks and sells its trucks under a regular replacement program. The gross receipts from the sales of the trucks are included in the sales factor.</p>
California	<i>Omitted.</i>	
Colorado	<p>Colo. Rev. Stat. § 39-22-303.5(1)(d)</p> <p>(d) "Sales" means all gross receipts of the taxpayer not allocated under subsection (5) of this section and not otherwise excluded from the calculation of net income; except that, for the sale of intangible property, "sales" means the gain from the sale and not the gross receipts.</p>	
Connecticut	<i>Sales or Gross Receipts are not defined.</i>	
Delaware	<i>Sales or Gross Receipts are not defined.</i>	
Florida	Fla. Stat. § 220.15(5)(a)	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>(a) As used in this subsection, the term “sales” means all gross receipts of the taxpayer except interest, dividends, rents, royalties, and gross receipts from the sale, exchange, maturity, redemption, or other disposition of securities. However:</p> <ol style="list-style-type: none"> 1. Rental income is included in the term if a significant portion of the taxpayer's business consists of leasing or renting real or tangible personal property; and 2. Royalty income is included in the term if a significant portion of the taxpayer's business consists of dealing in or with the production, exploration, or development of minerals. 	
Georgia		<p>Ga. Comp. R. & Regs. r. 560-7-7-.03(5)(c)(2)</p> <p>2. For purposes of subparagraph (5)(c), the term “gross receipts” means all gross receipts received from activities which constitute the taxpayer's regular trade or business. This shall not include:</p> <ol style="list-style-type: none"> i. Receipts from the sale of assets unless such receipts are from activities which constitute the taxpayer's regular trade or business; ii. Apportionable interest and dividends unless the taxpayer's regular trade or business involves the loaning and/or investing of money; iii. Gross receipts from the management of working capital; iv. Receipts from income that is allocable; v. Apportionable rents or royalties unless such receipts are from activities which constitute the taxpayer's regular trade or business; and vi. Other similar income[.]
Hawaii		<p>Haw. Regs. § 18-235-35-02.</p> <p>The denominator of the sales factor shall include the total gross receipts derived everywhere by the taxpayer from transactions and activity in the regular course of its trade or business, except receipts excluded under section 18-235-38-03.</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
Idaho		<p>01. In General. Sales means all gross receipts of a taxpayer not allocated as nonbusiness income. The sales factor for each trade or business of the taxpayer includes all gross receipts derived by the taxpayer from transactions and activity in the regular course of that trade or business.</p>
Illinois		<p>Ill. Admin. Code tit. 86, § 100.3370(a)</p> <p>a) In general.</p> <p>1) IITA Section 1501(a)(21) defines the term “sales” to mean all gross receipts of the person not allocated under IITA Sections 301, 302 and 303. Thus, for the purposes of the sales factor of the apportionment formula for each trade or business of the person, the term “sales” means all gross receipts derived by the person from transactions and activity in the regular course of his or her trade or business. The following are rules for determining “sales” in various situations, except in instances in which an alternative method of determining the sales factor is prescribed in Section 100.3380. If the determination prescribed by this section does not clearly reflect the taxpayer's business activities in Illinois (for taxable years ending before December 31, 2008) or the market for the taxpayer's goods, services or other sources of income in Illinois (for taxable years ending on or after December 31, 2008), the taxpayer may request the use of an alternative method of apportionment under Section 100.3390.</p> <p>A) In the case of a person engaged in manufacturing and selling or purchasing and reselling goods or products, “sales” includes all gross receipts from the sales of those goods or products (or other property of a kind which would properly be included in the inventory of the person if on hand at the close of the tax period) held by the person primarily for sale to customers in the ordinary course of its trade or business. Gross receipts for this purpose means gross sales less returns and allowances, and</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>includes all interest income, service charges, carrying charges, or time-price differential charges attendant to those sales. Federal and state excise taxes (including sales taxes) shall be included as part of the receipts if the taxes are passed on to the buyer or included as part of the selling price of the product.</p> <p>B) In the case of cost plus fixed fee contracts, such as the operation of a government-owned plant for a fee, "sales" includes the entire reimbursed cost, plus the fee.</p> <p>C) In the case of a person engaged in providing services, such as the operation of an advertising agency, or the performance of equipment service contracts, or research and development contracts, "sales" includes the gross receipts from the performance of those services, including fees, commissions and similar items.</p> <p>D) In the case of a person engaged in renting real or tangible property, "sales" includes the gross receipts from the rental, lease or licensing of the use of the property.</p> <p>E) In the case of a person engaged in the sale, assignment or licensing of intangible personal property such as patents and copyrights, "sales" includes the gross receipts therefrom.</p> <p>F) If a person derives receipts from the sale of equipment used in its business, those receipts constitute "sales". For example, a truck express company owns a fleet of trucks and sells its trucks under a regular replacement program. The gross receipts from the sales of the trucks are included in the sales factor.</p>
Indiana		<p>Ind. Admin. Code tit. 45, r. 3.1-1-50</p> <p>"Sales" means all gross receipts of the taxpayer which are not subject to allocation as nonbusiness income.</p>
Iowa	<i>Sales or Gross Receipts are not defined.</i>	
Kansas		<p>Kan. Admin. Regs. 92-12-95</p> <p>For the purposes of the sales factor of the apportionment formula for each trade or</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>business of the taxpayer, the term “sales” means all gross receipts derived by the taxpayer from transactions and activity in the regular course of such trade or business. The following are rules for determining “sales”:</p> <p>(a) In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, “sales” includes all gross receipts from the sales of such goods or products (or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period) held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. Gross receipts for this purpose means gross sales less returns and allowances, and includes all interest income, service charges, carrying charges, or time-price differential charges incidental to such sales. Federal and state excise taxes (including sales taxes) shall be included as part of such receipts if such taxes are passed on to the buyer or included as part of the selling price of the product.</p> <p>(b) In the case of cost plus fixed fee contracts, such as the operation of a government-owned plant for a fee, “sales” includes the entire reimbursed cost, plus the fee.</p> <p>(c) In the case of a taxpayer engaged in providing services, such as the operation of an advertising agency, or the performance of equipment service contracts, research and development contracts, “sales” includes the gross receipts from the performance of such services including fees, commissions, and similar items.</p> <p>(d) In the case of a taxpayer engaged in renting real or tangible property, “sales” includes the gross receipts from the rental, lease, or licensing the use of the property.</p> <p>(e) In the case of a taxpayer engaged in the sale, assignment, or licensing of intangible personal property such as patents and</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>copyrights, “sales” includes the gross receipts therefrom.</p> <p>(f) If a taxpayer derives receipts from the sale of equipment used in its business, such receipts constitute “sales.”</p> <p>In some cases certain gross receipts should be disregarded in determining the sales factor in order that the apportionment formula will operate fairly to apportion to this state the income of the taxpayer's trade or business.</p> <p>In filing returns with this state, if the taxpayer departs from or modifies the basis for excluding or including gross receipts in the sales factor used in returns for prior years, the taxpayer shall disclose in the return for the current year the nature and extent of the modification.</p> <p>If the returns or reports filed by the taxpayer with all states to which the taxpayer reports under the multistate tax compact or the uniform division of income for tax purposes act are not uniform in the inclusion or exclusion of gross receipts, the taxpayer shall disclose in its return to this state the nature and extent of the variance.</p>
Kentucky		<p>103 Ky. Admin. Regs. 16:270(1)</p> <p>(1) “Gross receipts” means the total amount of consideration, including cash, credit, property, and services, paid for the sale, lease, rental, or use of property.</p>
Louisiana		<p>La. Admin. Code tit. 61, § 1134(D)</p> <p>D. Revenue Ratio. This ratio is generally composed of sales, charges for service, and other gross apportionable income. Neither allocable income nor income excluded from gross income, such as interest and dividends, is included in the ratio. For all formulas except that provided by R.S. 47:287.95(F), the revenue ratio consists of the ratio of the gross apportionable income of the taxpayer from Louisiana sources to the total gross apportionable income of the taxpayer. For the formula provided by R.S. 47:287.95(F),</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>the revenue ratio consists of the ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer. Sales not made in the regular course of business are not included in the formula provided by R.S. 47:287.95(F).</p>
Maine	<p>Me. Rev. Stat. Ann. tit. 36, § 5210(5)</p> <p>5. Sales. "Sales" means all gross receipts of the taxpayer.</p>	
Maryland		<p>Md. Regs. Code § 03.04.03.08.C(3)</p> <p>(3) The sales factor includes the amounts of income reported during the taxable year as gross receipts or sales, or both (less returns and allowances), dividends and interest, gross rents and royalties, capital gains, and certain other income as follows:</p> <p>(a) Gross receipts are generally sales of tangible personal property and shall be included in the numerator if the property is delivered or shipped to a purchaser within this State, regardless of f.o.b. point or other conditions of sale.</p> <p>(b) Sales of property in transit destined to this State also shall be included in the numerator.</p> <p>(c) Gross receipts from contracting or service-related activities shall be included in the numerator if the receipts are derived from customers within this State as determined in §D of this regulation.</p> <p>(d) Gross income from intangible items such as dividends, interest, royalties, and capital gains from the sale of intangible property shall be included in the numerator based upon the average of the property and payroll factors.</p> <p>(e) Gross receipts from the rental, leasing, or licensing of real or tangible personal property shall be included in the numerator if the property is located within this State.</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>(f) When tangible personal property is in this State for a portion of the tax year, the income received for that portion shall be included in the numerator.</p> <p>(g) Capital gains from the sale of real and tangible personal property shall be included in the numerator if the property is located within this State. However, ordinary net gain or loss derived from the sale of depreciable assets shall be excluded from the factor.</p> <p>(h) Other income items shall be considered separately, and the actual treatment shall be dependent upon the nature and type of each item.</p>
Massachusetts	<p>Mass. Gen. L. ch. 63, § 38(f)</p> <p>As used in this subsection, unless specifically stated otherwise, “sales” shall mean all gross receipts of the corporation, including deemed receipts from transactions treated as sales or exchanges under the Code, except interest, dividends and gross receipts from the maturity, redemption, sale, exchange or other disposition of securities; provided, however, that “sales” shall not include gross receipts from transactions or activities to the extent that a non-domiciliary state would be prohibited from taxing the income from such transactions or activities under the Constitution of the United States.</p>	
Michigan	<p>Mich. Comp. Laws § 206.607(4)</p> <p>(4) “Gross receipts” means the entire amount received by the taxpayer from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others except for the following:</p> <p>(a) Proceeds from sales by a principal that the taxpayer collects in an agency capacity solely on behalf of the principal and delivers to the principal.</p> <p>(b) Amounts received by the taxpayer as an agent solely on behalf of the principal that</p>	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>are expended by the taxpayer for any of the following:</p> <ul style="list-style-type: none"> (i) The performance of a service by a third party for the benefit of the principal that is required by law to be performed by a licensed person. (ii) The performance of a service by a third party for the benefit of the principal that the taxpayer has not undertaken a contractual duty to perform. (iii) Principal and interest under a mortgage loan or land contract, lease or rental payments, or taxes, utilities, or insurance premiums relating to real or personal property owned or leased by the principal. (iv) A capital asset of a type that is, or under the internal revenue code will become, eligible for depreciation, amortization, or accelerated cost recovery by the principal for federal income tax purposes, or for real property owned or leased by the principal. (v) Property not described under subparagraph (iv) purchased by the taxpayer on behalf of the principal and that the taxpayer does not take title to or use in the course of performing its contractual business activities. (vi) Fees, taxes, assessments, levies, fines, penalties, or other payments established by law that are paid to a governmental entity and that are the legal obligation of the principal. (c) Amounts that are excluded from gross income of a foreign corporation engaged in the international operation of aircraft under section 883(a) of the internal revenue code. (d) Amounts received by an advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person. (e) Notwithstanding any other provision of this section, amounts received by a taxpayer that manages real property owned by the taxpayer's client that are deposited into a separate account kept in the name of the taxpayer's client and that are not 	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>reimbursements to the taxpayer and are not indirect payments for management services that the taxpayer provides to that client.</p> <p>(f) Proceeds from the taxpayer's transfer of an account receivable if the sale that generated the account receivable was included in gross receipts for federal income tax purposes. This subdivision does not apply to a taxpayer that during the tax year both buys and sells any receivables.</p> <p>(g) Proceeds from any of the following:</p> <p>(i) The original issue of stock or equity instruments.</p> <p>(ii) The original issue of debt instruments.</p> <p>(h) Refunds from returned merchandise.</p> <p>(i) Cash and in-kind discounts.</p> <p>(j) Trade discounts.</p> <p>(k) Federal, state, or local tax refunds.</p> <p>(l) Security deposits.</p> <p>(m) Payment of the principal portion of loans.</p> <p>(n) Value of property received in a like-kind exchange.</p> <p>(o) Proceeds from a sale, transaction, exchange, involuntary conversion, or other disposition of tangible, intangible, or real property that is a capital asset as defined in section 1221(a) of the internal revenue code or land that qualifies as property used in the trade or business as defined in section 1231(b) of the internal revenue code, less any gain from the disposition to the extent that gain is included in federal taxable income.</p> <p>(p) The proceeds from a policy of insurance, a settlement of a claim, or a judgment in a civil action less any proceeds under this subdivision that are included in federal taxable income.</p>	
Minnesota	<p>Minn. Stat. § 290.191(5)(a)</p> <p>The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:</p>	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>(1) interest; (2) dividends; (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code; (4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock.</p>	
<p>Mississippi</p>		<p>Miss. Regs. § 35.III.08.06.402.09(3)(a)</p> <p>a. For the purpose of the sales factor of the apportionment formula for each trade or business of the taxpayer, the term “sales” means all gross receipts derived by the taxpayer from transactions and activity in the regular course of such trade or business during the tax period which have not been directly assigned, allocated or excluded as provided in this Regulation. The following are rules for determining “sales” in various situations:</p> <p>i. In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, “sales” includes all gross receipts from the sales of such goods or products held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. Gross receipts for this purpose means gross sales, less returns and allowances, and includes interest income, service charges, carrying charges, or time-priced differential charges incidental to such sales. Federal and state excise taxes (including sales taxes) shall be included as part of such receipts if such taxes are passed on to the buyer or included as part of the selling price of the product.</p> <p>ii. In the case of cost plus fixed fee sales or service contracts, “sales” include the entire reimbursed cost, plus the fee.</p> <p>iii. In the case of a taxpayer engaged in providing services, “sales” includes the gross receipts from the performances of such</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>services including fees, commissions, and similar items.</p> <p>iv. In the case of a taxpayer engaged in renting real and tangible property “sales” includes the gross receipts from the rental, lease, or licensing the use of the property.</p> <p>v. In the case of a taxpayer engaged in the sale, assignment, or licensing of intangible personal property such as patents and copyrights, “sales” include the gross receipts therefrom.</p> <p>vi. In the case of business income derived from interest and dividends, such receipts constitute “sales”.</p> <p>vii. In the case of business income derived from the sale of capital assets (sale of equipment used in business, sales of stocks, bonds, etc.), such receipts constitute “sales” but only to the extent of the gain realized from such sales.</p>
Missouri		<p>Mo. Code Regs. Ann. tit. 12, § 10-2.075(42)</p> <p>(42) Sales Factor - In General. Section 32.200 (article IV.1(7)), RSMo defines the term sales to mean all gross receipts of the taxpayer not allocated under section 32.200 (article IV.5 - 8.), RSMo. Thus, for the purposes of the sales factor of the apportionment formula for each trade or business of the taxpayer, the term sales means all gross receipts derived by the taxpayer from transactions and activity in the regular course of that trade or business. The following are rules for determining sales in various situations:</p> <p>(A) In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, sales includes all gross receipts from the sales of those goods or products (or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period) held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business.</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>Gross receipts for this purpose means gross sales less returns and allowances, and includes all interest income, service charges, carrying charges or time-price differential charges incidental to those sales. Federal and state excise taxes (including sales taxes) shall be included as part of the receipts if those taxes are passed on to the buyer or included as part of the selling price of the product;</p> <p>(B) In the case of cost plus fixed fee contracts, such as the operation of a government-owned plant for a fee, sales include the entire reimbursed cost, plus the fee;</p> <p>(C) In the case of taxpayer engaged in providing services, such as the operation of an advertising agency, or the performance of equipment service contracts, research and development contracts, sales include the gross receipts from the performance of those services including fees, commission and similar items;</p> <p>(D) In the case of a taxpayer engaged in renting real or tangible property, sales include the gross receipts from the rental, lease or licensing the use of the property;</p> <p>(E) In the case of a taxpayer engaged in the sale, assignment or licensing of intangible personal property, such as patents and copyrights, sales include the gross receipts from them; and</p> <p>(F) If a taxpayer derives receipts from the sale of equipment use in its business, these receipts constitute sales. For example, a truck express company owns a fleet of trucks and sells its trucks under a regular replacement program. The gross receipts from the sales of the trucks are included in the sales factor.</p>
Montana		<p>Mont. Admin. R. 42.26.202(12)</p> <p>(12) Gross receipts, even if business income, do not include, for example, such items as:</p> <p>(i) repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>or certificate of deposit or similar marketable instrument;</p> <p>(ii) the principal amount received under a repurchase agreement or other transaction properly characterized as a loan;</p> <p>(iii) proceeds from issuance of the taxpayer's own stock or from sale of treasury stock;</p> <p>(iv) damages and other amounts received as the result of litigation;</p> <p>(v) property acquired by an agent on behalf of another;</p> <p>(vi) tax refunds and other tax benefits recoveries;</p> <p>(vii) pension reversions;</p> <p>(viii) contributions to capital (except for sales of securities by securities dealers);</p> <p>(ix) income from forgiveness or discharge of indebtedness;</p> <p>(x) amounts realized from the exchange of inventory, except those amounts actually received by the taxpayer and that exceeded any corresponding amounts paid to the other party, and which were to account for excess deliveries under the exchange agreement, as calculated on an annual basis. Thus, the net amount of payments received in excess of the net payments made during the year may be included in the sales factor; and</p> <p>(xi) amounts received from hedging transactions involving intangible assets. For purposes of this subsection, a "hedging transaction" means a transaction related to the taxpayer's trading function involving futures and options transactions for the purpose of hedging price risk of the products or commodities consumed, produced, or sold by the taxpayer.</p>
Nebraska	<p>Neb. Rev. Stat. § 77-2734.04(20)</p> <p>(20) Sales means all gross receipts of the taxpayer, except:</p> <p>(a) Income from discharge of indebtedness;</p> <p>(b) Amounts received from hedging transactions involving intangible assets; or</p>	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	(c) Net gains from marketable securities held for investment.	
Nevada	<i>No corporate income tax.</i>	
New Hampshire		<p>N.H. Code Admin. R. Dept. Rev. Admin. 304.04(b)</p> <p>(b) The sales factor shall include:</p> <ol style="list-style-type: none"> (1) Sales less returns and allowances; (2) Dividends not eligible for the dividend deduction under RSA 77-A:4, or the factor relief provided in RSA 77-A:3, II(b); (3) Interest; (4) Rents; (5) Royalties; (6) Capital gain income; (7) Net gains or losses; and (8) Other income unless the other income is properly includible as a reduction of an expense or allowance.
New Jersey	<i>Sales or Gross Receipts are not defined.</i>	
New Mexico	<p>N.M. Stat. Ann. § 7-4-16(A)</p> <p>A. Section 7-4-2 NMSA 1978 defines the term “sales” to mean all gross receipts of the taxpayer not allocated under Sections 7-4-5 through 7-4-9 NMSA 1978. Thus for the purposes of the sales factor of the apportionment formula for each trade or business of the taxpayer, the term “sales” means all gross receipts derived by the taxpayer from transactions and activity in the regular course of such trade or business. The following are rules for determining “sales” in various situations.</p> <p>(1) In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, “sales” includes all gross receipts from the sales of such goods or products (or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period) held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. Gross receipts for this purpose means gross sales, less returns and allowances and</p>	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>includes all interest income, service charges, carrying charges or time-price differential charges incidental to such sales. Federal and state excise taxes (including sales taxes and gross receipts taxes) shall be included as part of such receipts if such taxes are passed on to the buyer or included as part of the selling price of the product.</p> <p>(2) In the case of cost plus fixed fee contracts, such as the operation of a government-owned plant for a fee, "sales" includes the entire reimbursed cost, plus the fee.</p> <p>(3) In the case of a taxpayer engaged in providing services, such as the operation of an advertising agency, or the performance of equipment service contracts or research and development contracts, "sales" includes the gross receipts from the performance of such services including fees, commissions and similar items.</p> <p>(4) In the case of a taxpayer engaged in renting real or tangible property, "sales" includes the gross receipts from the rental, lease or licensing the use of the property.</p> <p>(5) In the case of a taxpayer engaged in the sale, assignment or licensing of intangible personal property, such as patents and copyrights, "sales" includes the gross receipts therefrom.</p> <p>(6) If a taxpayer derives receipts from the sale of equipment used in its business, such receipts constitute "sales". For example, a truck express company owns a fleet of trucks and sells its trucks under a regular replacement program. The gross receipts from the sales of the trucks are included in the sales factor.</p>	
New York	<i>Not explicitly defined. See N.Y. Tax Law § 208(8).</i>	
North Carolina	<p>N.C. Gen. Stat, § 105-130.4(a)(7) and (8).</p> <p>(7) "Sales" means all gross receipts of the corporation except for the following receipts:</p> <p>a. Receipts from a casual sale of property.</p>	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>b. Receipts allocated under subsections (c) through (h) of this section.</p> <p>c. Receipts exempt from taxation.</p> <p>d. The portion of receipts realized from the sale or maturity of securities or other obligations that represents a return of principal.</p> <p>e. The portion of receipts from financial swaps and other similar financial derivatives that represents the notional principal amount that generates the cash flow traded in the swap agreement.</p> <p>f. Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a), (3b), and dividends excluded for federal tax purposes.</p> <p>(8) "Casual sale of property" means the sale of any property which was not purchased, produced or acquired primarily for sale in the corporation's regular trade or business.</p>	
North Dakota		<p>N.D. Admin. Code § 81-03-09-26(1)</p> <p>(1) Subsection 7 of North Dakota Century Code section 57-38.1-01 defines the term "sales" to mean all gross receipts of the taxpayer not allocated under North Dakota Century Code sections 57-38.1-04 through 57-38.1-08 and article IV(1)(g) of North Dakota Century Code section 57-59-01 defines the term "sales" to mean all gross receipts of the taxpayer not allocated under paragraphs 5 through 8 of article IV. Thus, for the purposes of the sales factor of the apportionment formula for each trade or business of the taxpayer, the term "sales" means all gross receipts derived by the taxpayer from transactions and activities in the regular course of such trade or business.</p>
Ohio	<i>No corporate income tax.</i>	
Oklahoma		<p>Okla. Admin. Code § 710:50-17-71(1)(A)</p> <p>(1) Sales factor.</p> <p>(A) Sales factor. The sales factor shall include only sales and does not include sales or</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>revenue which are separately allocated. [See: 68 O.S. §2358(A)(5)(c)] (i) Oklahoma does not allow receipts from items other than sales to be included in the formula even though other types of income (royalties, interest, capital gains, and other income) are included in the apportioned income. (ii) Receipts from the performance of services shall be included in the numerator of the fraction if the receipts are derived from customers within this state or if the receipts are otherwise attributable to this state's marketplace. [See 68 O.S. § 2358(A)(5)]. A "customer within Oklahoma" means (I) a customer that is engaged in a trade or business and maintains a regular place of business in Oklahoma, or (II) a customer that is not engaged in a trade or business whose billing address is in Oklahoma. A "billing address" means the location indicated in the books and records of the taxpayer as the address of record where the bill relating to the customer's account is mailed. (iii) The provisions of (A), (A)(i), and (A)(ii) of this paragraph apply to the sales factor for most corporations, with the exception of gross receipts being used as a basis for a financial organization or other organizations whose sales do not represent their principal activity.</p>
Oregon		<p>Or. Admin. R. 150-314.0445(1)</p> <p>(1) "Gross receipts" are the gross amounts realized (the sum of money and the fair market value of other property or services received) on the sale or exchange of property, the performance of services, or the use of property or capital (including rents, royalties, interest and dividends) in a transaction which produces business income, in which the income or loss is recognized (or would be recognized if the transaction were in the United States) under</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>the Internal Revenue Code. Amounts realized on the sale or exchange of property are not reduced for the cost of goods sold or the basis of property sold. Except as provided in ORS 314.665(6)(a), gross receipts, even if business income, generally do not include such items as:</p> <ul style="list-style-type: none"> (a) Repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of Deposit or similar marketable instrument; (b) The principal amount received under a repurchase agreement or other transaction properly characterized as a loan; (c) Proceeds from issuance of the taxpayer's own stock or from sale of treasury stock; (d) Damages and other amounts received as the result of litigation; (e) Property acquired by an agent on behalf of another; (f) Tax refunds and other tax benefit recoveries; (g) Pension reversions; (h) Contributions to capital (except for sales of securities by securities dealers); (i) Income from forgiveness of indebtedness; or (j) Amounts realized from exchanges of inventory that are not recognized by the Internal Revenue Code.
<p>Pennsylvania</p>	<p>72 Pa. Stat. § 7401(3)(2)(a)(1)(E)</p> <p>“Sales” means all gross receipts of the taxpayer not allocated under this definition other than dividends received, interest on United States, State or political subdivision obligations and gross receipts heretofore or hereafter received from the sale, redemption, maturity or exchange of securities, except those held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business.</p>	
<p>Rhode Island</p>		<p>R.I. Regs. § CT 15-04, Rule 8(i)</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>(i) Exclusion of Receipts from Sales Factor. Gross receipts do not include, for example, such items as:</p> <ol style="list-style-type: none"> (1) Transactions solely between affiliates that are members in the same combined group; (2) Repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of deposit or similar marketable instrument; (3) The principal amount received under a repurchase agreement or other transaction properly characterized as a loan; (4) Proceeds from issuance of the taxpayer's own stock or from the sale of treasury stock; (5) Damages and other amounts received as the result of litigation; (6) Property acquired by an agent on behalf of another; (7) Tax refunds and other benefit recoveries, unless such refunds or benefit recoveries are claimed as deductions; (8) Pension reversions; (9) Contributions to capital other than sales of securities by securities dealers; (10) Income from forgiveness of indebtedness; or (11) Amounts realized from exchanges of inventory that are not recognized by the Internal Revenue Code.
<p>South Carolina</p>	<p>S.C. Code Ann. § 12-6-2295(A) and (B)</p> <p>(A) The terms “sales” as used in Section 12-6-2280 and “gross receipts” as used in Section 12-6-2290 include, but are not limited to, the following items if they have not been separately allocated:</p> <ol style="list-style-type: none"> (1) receipts from the sale or rental of property maintained for sale or rental to customers in the ordinary course of the taxpayer's trade or business including inventory; (2) receipts from the sale of accounts receivable acquired in the ordinary course of trade or business for services rendered or from the sale or rental of property 	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>maintained for sale or rental to customers in the ordinary course of the taxpayer's trade or business if the accounts receivable were created by the taxpayer or a related party. For purposes of this item, a related person includes a person that bears a relationship to the taxpayer as described in Section 267 of the Internal Revenue Code;</p> <p>(3) receipts from the use of intangible property in this State including, but not limited to, royalties from patents, copyrights, trademarks, and trade names;</p> <p>(4) net gain from the sale of property used in the trade or business. For purposes of this subsection, property used in the trade or business means property subject to the allowance for depreciation, real property used in the trade or business, and intangible property used in the trade or business which is:</p> <p>(a) not property of a kind that properly would be includible in inventory of the business if on hand at the close of the taxable year; or</p> <p>(b) held by the business primarily for sale to customers in the ordinary course of the trade or business;</p> <p>(5) receipts from services if the entire income-producing activity is within this State. If the income-producing activity is performed partly within and partly without this State, sales are attributable to this State to the extent the income-producing activity is performed within this State;</p> <p>(6) receipts from the sale of intangible property which are unable to be attributed to any particular state or states are excluded from the numerator and denominator of the factor.</p> <p>(B) The terms "sales" as used in Section 12-6-2280 and "gross receipts" as used in Section 12-6-2290 do not include:</p> <p>(1) repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of deposit or similar marketable instrument;</p>	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>(2) the principal amount received under a repurchase agreement or other transaction properly characterized as a loan;</p> <p>(3) proceeds from the issuance of the taxpayer's stock or from sale of treasury stock;</p> <p>(4) damages and other amounts received as the result of litigation;</p> <p>(5) property acquired by an agent on behalf of another;</p> <p>(6) tax refunds and other tax benefit recoveries;</p> <p>(7) pension reversions;</p> <p>(8) contributions to capital, except for sales of securities by securities dealers;</p> <p>(9) income from forgiveness of indebtedness; or</p> <p>(10) amounts realized from exchanges of inventory that are not recognized by the Internal Revenue Code.</p>	
South Dakota	<i>No corporate income tax.</i>	
Tennessee		<p>Tenn. Comp. R. & Regs. 1320-6-1-.32(1)(a)(1)</p> <p>(1) In General.</p> <p>(a) T.C.A. § 67-4-2004 defines the term "sales" to mean all gross receipts of the taxpayer not allocated under § 67-4-2011. Thus, for the purposes of the sales factor of the apportionment formula, the term "sales" means all gross receipts derived by the taxpayer from transactions and activity producing business earnings.</p>
Texas	<i>No corporate income tax.</i>	
Utah		<p>Utah Admin. Code § R865-6F-8(1)(h)</p> <p>(h) "Gross receipts" are the gross amounts realized (the sum of money and the fair market value of other property or services received) on the sale or exchange of property, the performance of services, or the use of property or capital (including rents, royalties, interest and dividends) in a transaction that produces business income, in which the income or loss is recognized (or would be recognized if the transaction were in the United States) under the Internal</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>Revenue Code. Amounts realized on the sale or exchange of property are not reduced for the cost of goods sold or the basis of property sold.</p> <p>(i) Gross receipts, even if business income, do not include such items as, for example:</p> <ul style="list-style-type: none"> (A) repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of deposit or similar marketable instrument; (B) the principal amount received under a repurchase agreement or other transaction properly characterized as a loan; (C) proceeds from issuance of the taxpayer's own stock or from sale of treasury stock; (D) damages and other amounts received as the result of litigation; (E) property acquired by an agent on behalf of another; (F) tax refunds and other tax benefit recoveries; (G) pension reversions; (H) contributions to capital (except for sales of securities by securities dealers); (I) income from forgiveness of indebtedness; or (J) amounts realized from exchanges of inventory that are not recognized by the Internal Revenue Code. <p>(ii) Exclusion of an item from the definition of "gross receipts" is not determinative of its character as business or nonbusiness income. Nothing in this definition shall be construed to modify, impair or supersede any provision of Subsection (11).</p>
Vermont		<p>Vt. Code R. § 1.5833-1(d)(1)</p> <p>(d) Sales and Receipts Factor</p> <p>(1) The sales and receipt factor is a fraction, the numerator of which is the receipts of the taxpayer in this state during the taxable year and the denominator of which is the receipts of the taxpayer within and without this state during the taxable year. The method of calculating receipts for purposes of the denominator is the same method used in</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>determining receipts for purposes of the numerator. The receipts factor shall include only those receipts which constitute business income and are includable in the apportionable base for the tax year. Receipts from the following are allocable to Vermont:</p> <ul style="list-style-type: none"> (A) sales of tangible personal property in Vermont; (B) services performed in Vermont; (C) rentals from property situated in Vermont; (D) royalties from the use in Vermont of patents and copyrights; (E) all other business receipts earned in Vermont.
<p>Virginia</p>		<p>Va. Regs. § 10-120-210(B)</p> <p>(B) Sales. "Sales" is defined in § 58.1-302 of the Code of Virginia and means all gross receipts of the corporation except dividends allocated under § 58.1-407 of the Code of Virginia. In the case of the sale or disposition of intangible property (including, but not limited to patents, copyrights, bonds, stocks and other securities) gross receipts shall be disregarded and only the net gain from the transaction shall be included. Sales shall be included in the sales factor if the gross receipts or net gain are included in Virginia taxable income and are connected with the conduct of taxpayer's trade or business within the United States. See 23 VAC 10-120-150.</p> <p>(1) Net gain is computed on a per transaction basis. A sale or disposition of intangible property is included in the sales factor only to the extent that it results in a net gain.</p> <p>(2) A disposition of intangible property resulting in a loss is ignored in computing the sales factor. A loss is not used to offset gains from the sale or other disposition of intangible property, and a loss is not used to reduce other gross receipts.</p> <p>(3) The net gain from the transaction must be recognized, i.e., includable in federal</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>taxable income, in order to be included in the Virginia sales factor. (4) "Sale or other disposition" includes the sale, exchange, redemption, maturity or other disposition of intangible property.</p>
Washington	<i>No corporate income tax.</i>	
West Virginia		<p>W.Va. Code R. tit. 110, § 110-24-7.7</p> <p>7.7. Sales factor. 7.7.a. The sales factor is a fraction, the numerator of which is the gross receipts of the taxpayer derived from transactions and activity in the regular course of its trade or business in this State during the taxable year, less returns and allowances attributable to the gross receipts from the West Virginia activity. The denominator of the fraction is the total gross receipts derived by the taxpayer from transactions and activity in the regular course of its trade or business during the taxable year, and reflected in its gross income reported and as appearing on the taxpayer's Federal Form 1120, and consisting of those certain pertinent portions of the elements of gross income set forth. If either the numerator or the denominator includes interest or dividends from obligations of the United States government which are exempt from taxation by this State, the amount of the interest and dividends, if any, shall be subtracted from the numerator or denominator in which it is included. 7.7.a.1. The only sales to be included in the sales factor are those which produce business income. 7.7.a.2. Rules for determining sales in certain circumstances. 7.7.a.2.A. In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, "sales" includes all gross receipts from the sales of such goods or products (or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period) held by the</p>

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
		<p>taxpayer primarily for sale to customers in the ordinary course of its trade or business. Gross receipts for this purpose means gross sales less returns and allowances, and includes all interest income, service charges, carrying charges, or time-price differential charges incidental to such sales. Federal and state excise taxes (including sales taxes) shall be included as part of such receipts if such taxes are reflected in the taxpayer's gross income reported and as appearing on the taxpayer's Federal Form 1120.</p> <p>7.7.a.2.B. In the case of cost fixed fee contracts, such as the operation of a government-owned plant for a fee, "sales" includes the entire reimbursed cost, plus the fee.</p> <p>7.7.a.2.C. In the case of a taxpayer engaged in providing services, such as the operation of an advertising agency, or the performance of equipment service contracts, or research and development contracts, "sales" includes the gross receipts from the performance of the services including fees, commissions, and similar items.</p> <p>7.7.a.2.D. In the case of a taxpayer engaged in renting real or tangible property, "sales" includes the gross receipts from the rental, lease, or licensing of the use of the property.</p> <p>7.7.a.2.E. In the case of a taxpayer engaged in the sale, assignment, or licensing of intangible personal property such as patents and copyrights, "sales" includes the gross receipts therefrom.</p>
Wisconsin	<p>Wis. Stat. § 71.25(9)(e) and (f)</p> <p>(e) Sales defined. In this subsection, "sales" includes, but is not limited to, the following items related to the production of business income:</p> <ol style="list-style-type: none"> 1. Gross receipts from the sale of inventory. 2. Gross receipts from the operation of farms, mines and quarries. 3. Gross receipts from the sale of scrap or by-products. 4. Gross commissions. 	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	<p>5. Gross receipts from personal and other services.</p> <p>6. Gross rents from real property or tangible personal property.</p> <p>7. Interest on trade accounts and trade notes receivable.</p> <p>8. A partner's share of the partnership's gross receipts or a member's share of the limited liability company's gross receipts.</p> <p>9. Gross management fees.</p> <p>10. Gross royalties from income-producing activities.</p> <p>11. Gross franchise fees from income-producing activities.</p> <p>(f) Items that are not sales.</p> <p>The following items are among those that are not included in "sales" in this subsection:</p> <p>1. Gross receipts and gain or loss from the sale of tangible business assets, except those under par. (e)1., 2. and 3.</p> <p>2. Gross receipts and gain or loss from the sale of nonbusiness real or tangible personal property.</p> <p>3. Gross rents and rental income or loss from real property or tangible personal property if that real property or tangible personal property is not used in the production of business income.</p> <p>4. Royalties from nonbusiness real property or nonbusiness tangible personal property.</p> <p>5. Proceeds and gain or loss from the redemption of securities.</p> <p>6. Interest, except interest under par. (e)7, and dividends.</p> <p>7. Gross receipts and gain or loss from the sale of intangible assets, except those under par. (e)1.</p> <p>8. Dividends deductible by corporations in determining net income.</p> <p>9. Gross receipts and gain or loss from the sale of securities.</p> <p>10. Proceeds and gain or loss from the sale of receivables.</p> <p>11. Refunds, rebates and recoveries of amounts previously expended or deducted.</p>	

NOTE: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting on May 18, 2018.

State	Statute Language	Regulation Language
	12. Other items not includable in apportionable income. 13. Foreign exchange gain or loss. 14. Royalties and income from passive investments in the property under sub. (5)(a)21. 16. Pari-mutuel wager winnings or purses under ch. 562. 17. Gross receipts from sales of property or services as part of performing disaster relief work, as defined in s. 323.12 (5) (a) 3.	
Wyoming	<i>No corporate income tax.</i>	