

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

## 50 State Analysis Market Sourcing of Services

Staff comments are *italicized*.

State	Statute Language	Regulation Language
<p><b>Alabama</b></p>	<p>Ala. Code § 40-27-1, Article IV, § 17</p> <p>17. Sales, other than sales described in Section 16, are in this State if the taxpayer's market for the sale is in this state.</p> <p>(a) The taxpayer's market for a sale is in this state: [¶] ... [¶]</p> <p>(3) In the case of sale of a service, if and to the extent the service is delivered to a location in this state.</p>	<p>Ala. Admin. Code r. 810- 27-1-.17(2)(a-c)</p> <p>(a)(1) In the case where a taxpayer's customer is an individual and the service provided is a direct personal service, the sale shall be sourced to the state where the customer received the direct personal service. "Direct personal services" are services that are delivered or rendered in person by or on behalf of the service provider to the customer. This type of service requires the service provider and the customer be together at one location. Direct personal services include, but are not limited to, salon services, medical and dental services including examinations and surgeries, dance lessons and other similar services.</p> <p>(a)(2) Services delivered to customers which are individuals with an Alabama billing address that are not direct personal services should be sourced to this state.</p> <p>(b)(2) To the extent a service is provided to an unrelated business enterprise and the service being provided has a substantial connection to a specific geographic location, the income shall be sourced to Alabama if the geographic location is in this state. If the service receipts have a substantial connection to geographic locations in more than one state, the sales shall be reasonably sourced between those states.</p> <p>(b)(3) To the extent a service is provided to an unrelated business enterprise and the service being provided does not have a substantial connection to a specific geographic location, sales from services delivered to unrelated business enterprises, commercially domiciled in Alabama, should be sourced to Alabama. A business enterprise is commercially domiciled in Alabama if its principal place of business is in Alabama. If the "Principal place of business" or the nerve center of the business is unknown or it is cost prohibitive to determine, the taxpayer should source the sale to the "Principal Address" of the entity as noted on the public records of</p>

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		<p>the corporations section of the Alabama Secretary of State or the equivalent in the taxpayer's state of domicile.</p> <p>(c) The delivery of a tangible medium representing the output of a service does not control the sourcing of receipts from the underlying service.</p>
<b>Alaska</b>	<i>Non-market sourcing state.</i>	
<b>Arizona</b>	<p>Ariz. Rev. Stat. § 43-1147(E)2,4</p> <p>2. "Market sales" means the total sales from services for which the purchaser received the benefit of the service in this state. [¶] ... [¶] 4. "Received the benefit of the service in this state" means the services are received by the purchaser in this state. If the state where the services are received cannot be readily determined, the services are considered to be received at the home of the customer or, in the case of a business, the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering location cannot be determined, the services are considered to be received at the home or office of the customer to which the services were billed.</p>	<p><i>Arizona has not provided regulatory guidance. Market based sourcing only applies for electing "multistate service providers."</i></p>
<b>Arkansas</b>	<i>Non-market sourcing state.</i>	
<b>California</b>	<i>Omitted.</i>	
<b>Colorado</b>	<i>Non-market sourcing state.</i>	
<b>Connecticut</b>	<p>Conn. Gen. Stat. § 12-218(b)(2)</p> <p>(b)(2) Gross receipts from services are assignable to this state if the market for services is in this state. The taxpayer's market for the services is in this state if and to the extent the service is used at a location in this state.</p>	<p><i>No Regulatory Guidance, see: Connecticut Special Notice 2017(1) (April 17, 2017)</i></p>
<b>Delaware</b>	<i>Non-market sourcing state.</i>	
<b>Florida</b>	<i>Non-market sourcing state.</i>	
<b>Georgia</b>	<p>Ga. Code § 48-7-31(d)(1)(A)(i)</p> <p>(i) The gross receipts factor is a fraction, the numerator of which is the total gross receipts from business done within this state during the tax period and the denominator of which is the total gross receipts from business done everywhere during the tax period. For the purposes of this subparagraph, receipts shall be deemed to have been derived from business done within this state only if the receipts are received from products shipped to customers in</p>	<p>GA Comp.R. &amp; Regs. 560-7-7-.03(5)(c)(6)(ii)</p> <p>(ii) Except as otherwise provided, all gross receipts from the performance of services are included in the numerator of the apportionment factor if the recipient of the service receives all of the benefit of the service in Georgia. If the recipient of the service receives some of the benefit of the service in Georgia, the gross receipts are included in the numerator of the apportionment factor in proportion to the extent</p>

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	this state, or from products delivered within this state to customers. In determining the gross receipts within this state, receipts from sales negotiated or effected through offices of the taxpayer outside this state and delivered from storage in this state to customers outside this state shall be excluded ....	the recipient receives benefit of the service in Georgia ... .
<b>Hawaii</b>	<i>Non-market sourcing state.</i>	
<b>Idaho</b>	<i>Non-market sourcing state.</i>	
<b>Illinois</b>	<p>35 ICLS 5/304(a)(3)(C-5)(iv)</p> <p>(iv) Sales of services are in this State if the services are received in this State. For the purposes of this section, gross receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where that corporation, partnership, or trust has a fixed place of business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed. If the taxpayer is not taxable in the state in which the services are received, the sale must be excluded from both the numerator and the denominator of the sales factor. The Department shall adopt rules prescribing where specific types of service are received, including, but not limited to, publishing, and utility service.</p>	<p>Ill. Admin. Code tit. 86, § 100.3370(c)(6)(D)</p> <p>(D) Sales of services are in this State if the services are received in this State. (IITA Section 304(a)(3)(C-5)(iv))</p> <p>(i) General Rule. Gross receipts from services are assigned to the numerator of the sales factor to the extent that the receipts may be attributed to services received in Illinois.</p> <p>(ii) A contract that involves the provision of a service by the taxpayer and the use of property of the taxpayer by the service recipient shall be treated as a sale of service unless the contract is properly treated as a lease of property under 26 USC 7701(e)(1), taking into account all relevant factors, including whether:</p> <ul style="list-style-type: none"> <li>• the service recipient is in physical possession of the property;</li> <li>• the service recipient controls the property;</li> <li>• the service recipient has a significant economic or possessory interest in the property;</li> <li>• the service provider does not bear any risk of substantially diminished receipts or substantially increased expenditures if there is nonperformance under the contract;</li> <li>• the service provider does not use the property concurrently to provide significant services to entities unrelated to the service recipient; and</li> <li>• the total contract price does not substantially exceed the rental value of the property for the contract period.</li> </ul> <p>(iii) Services received in this State include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• When the subject matter of the service is an item of tangible personal property, the service is received in this State if possession of the property is restored to the recipient of the service under the principles in subsection (c)(1) for determining whether a sale of that property is in this State.</li> </ul>

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		<ul style="list-style-type: none"> <li>• When the subject matter of the service is an item of real property, the service is received in the state in which the real property is located.</li> <li>• When the service is performed on or with respect to the person of an individual (for example, medical treatment services), the service is received in the state in which the individual is located at the time the service is performed.</li> <li>• Services performed by a taxpayer that are directly connected to or in support of services received in this State are also services received in this State.</li> </ul> <p>[Examples omitted.]</p>
<b>Indiana</b>	<i>Non-market sourcing state.</i>	
<b>Iowa</b>	<p>Iowa Code § 422.33(2)(a)(2)(c)</p> <p>Where income is derived from business other than the manufacture or sale of tangible personal property, the income shall be specifically allocated or equitably apportioned within and without the state under rules of the director.</p>	<p>Iowa Admin Code 701-54.6</p> <p>54.6(1) Services other than those set forth in subrules 54.6(3) to 54.6(5) and rule 701-54.7(422). With respect to a specific contract or item of income, all gross receipts from the performance of services are includable in the numerator of the apportionment factor if the recipient of the service receives all of the benefit of the service in Iowa. If the recipient of the service receives some of the benefit of the service in Iowa with respect to a specific contract or item of income, the gross receipts are includable in the numerator of the apportionment factor in proportion to the extent the recipient receives benefit of the service in Iowa.</p>
<b>Kansas</b>	<i>Non-market sourcing state.</i>	
<b>Kentucky</b>	<i>Non-market sourcing state.</i>	
<b>Louisiana</b>	<p>La. Rev. Stat. §§ 47:287.95L(1)(c)(1)(c) and 47:287.95L(1)(c)(2),(3)</p> <p>(1) Sales other than sales of tangible personal property are to be sourced to this state if the taxpayer's market for the sale is in this state. The taxpayer's market for a sale is in this state and the sale is assigned to the state for the purpose of this Section as follows: [¶] ... [¶]</p> <p>(c) In the case of sale of a service, if and to the extent the service is delivered to a location in the state. The delivery of a tangible medium representing the output of a service does not control the sourcing of receipts from the underlying service.</p>	<i>No regulatory guidance.</i>

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	<p>(2) In the case where the taxpayer's customer is an individual, the taxpayer shall source receipts from the sale of a service as follows:</p> <p>(a) In the case where a taxpayer's customer is a natural person and the service provided is a direct personal service, the sale shall be sourced to the state where the customer received the direct personal service.</p> <p>(b) Services that are not direct personal services that are delivered to customers who are natural persons with a Louisiana billing address shall be sourced to this state.</p> <p>(c) In the case where the sourcing methodology specified by Subparagraph (a) or (b) of this Paragraph fails to clearly reflect the taxpayer's market in this state, the taxpayer may utilize, or the department may require, the use of other criteria and methodologies that will reasonably approximate the taxpayer's market in this state. If an alternate approach is utilized, the taxpayer shall attach to the tax return a detailed explanation of why it was unreasonable to utilize the methodology specified by Subparagraph (a) or (b) of this Paragraph and an explanation of the methodology used. If the taxpayer fails to make such a disclosure on the return, the taxpayer shall be presumed to consent to the sourcing as detailed in Subparagraph (a) or (b) of this Paragraph as applicable.</p> <p>(3) In the case where the taxpayer's customer is an entity that is unrelated to the taxpayer, the taxpayer shall source receipts from the sale of a service as follows:</p> <p>(a) To the extent a service is provided to an unrelated entity and the service being provided has a substantial connection to a specific geographic location, the income shall be sourced to Louisiana if the geographic location is in this state. If the service receipts have a substantial connection to geographic locations in more than one state, the sales shall be reasonably sourced between those states.</p> <p>(b) To the extent a service is provided to an unrelated entity and the service being provided does not have a substantial connection to a specific geographic location, sales from services delivered to unrelated entities shall be sourced to the commercial domicile of the taxpayer.</p> <p>(c) In the case where the sourcing methodology specified by Subparagraph (a) or (b) of this Paragraph fails to clearly reflect the taxpayer's</p>	

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	<p>market in this state, the taxpayer may utilize, or the department may require, the use of other criteria and methodologies that will reasonably approximate the taxpayer's market in this state. If an alternate approach is utilized, the taxpayer shall attach to the tax return a detailed explanation of why it was unreasonable to utilize the methodology specified by Subparagraph (a) or (b) of this Paragraph and an explanation of the methodology used. If the taxpayer fails to make such a disclosure on the return, the taxpayer shall be presumed to consent to the sourcing as detailed in Subparagraph (a) or (b) of this Paragraph as applicable.</p>	
<b>Maine</b>	<p>Maine Rev. Stat. § 5211(16-A)A</p> <p>A. Except as otherwise provided by this subsection, receipts from the performance of services must be attributed to the state where the services are received. If the state where the services are received is not readily determinable, the services are deemed to be received at the home of the customer or, in the case of a business, the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering location cannot be determined, the services are deemed to be received at the home or office of the customer to which the services are billed. In instances in which the purchaser of the service is the Federal Government, the receipts are attributable to this State if a greater proportion of the income-producing activity is performed in this State than in any other state based on costs of performance.</p>	<p>Code Me. R. § 18-125-801(F)(1)F.</p> <p>F. Sales other than sales of tangible personal property. Receipts from the sales of other than tangible personal property must be sourced as follows below. When no other sourcing rule is applicable, the sales must be sourced so as to fairly represent the extent of the taxpayer's business activity in this State.</p> <p>(1) Receipts from the performance of services. Generally, receipts from the performance of services must be sourced to the state where the services are received.</p> <p>(a) Non-business customer. When it is unclear where the services were received, the sale is deemed to have occurred at the home of the customer.</p> <p>(b) Business customer. When it is unclear where the services were received, the sale is deemed to have occurred at the office of the business customer where the services were ordered in the regular course of the customer's trade or business. If the ordering location can not be determined, the sale is deemed to have occurred at the office to which the services were billed.</p> <p>(c) Federal government. If the customer is the federal government, the services are deemed to have been received in this State if the greater proportion of the income-producing activity is performed in this State than in any other state based on costs of performance.</p>
<b>Maryland</b>		<p>MD Regs. Code 03.04.03.08.C(3)(c)</p> <p>(c) Gross receipts from contracting or service-related activities shall be included in the numerator if the receipts are derived from</p>

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		<p>customers within this State as determined in §D of this regulation.</p> <p>MD Regs. Code 03.04.03.08.D</p> <p>D. Customers Within this State.</p> <p>(1) "Customers within this State" shall be determined as provided in this section.</p> <p>(2) Domicile.</p> <p>(a) Individuals. Except as provided in this section, a customer to whom a service is provided shall be considered a customer within this State if the customer is an individual domiciled in this State.</p> <p>(b) Business Enterprises.</p> <p>(i) "Business enterprise" includes a proprietorship, partnership, limited liability partnership, corporation, limited liability company, and any other entity, regardless of how structured or denominated, that is engaged in business.</p> <p>(ii) A business enterprise shall be considered a customer within this State if the business enterprise is domiciled in this State.</p> <p>(iii) If the customer is a business enterprise, then the domicile is the state in which is located the office or place of business that provides the principal impetus for the sale. If an office or place of business cannot be identified as providing the principal impetus for the sale, then the domicile shall be the state in which the headquarters or principal place of business management of the customer is located.</p> <p>(3) Services Related to Real Property. If a person provides a service relating to construction or improvement to real property, then whether the customer is a customer within this State will be determined by the situs of the property.</p> <p>(4) Brokerage Services. Receipts derived from securities brokerages services allocable to this State are determined by multiplying the total dollar amount of sales of securities brokerage services by a fraction, the numerator of which is the receipts from securities brokerage services from customers domiciled in this State and the denominator of which is the receipts from securities brokerage services from all customers. Receipts from securities brokerage services include commissions on transactions, the spread earned on principal transactions in which the broker buys or sells from its account, total margin interest paid on behalf of brokerage</p>

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		<p>accounts owned by the broker's customers, and fees and receipts of all kinds from the underwriting of securities. For principal transactions that are part of brokerage receipts, if the income from these transactions can be tied to, or associated with, an identifiable customer that provides the impetus for the transaction, the receipt shall be assigned to the domicile of that customer. If it is impossible to identify or associate a specific customer with a receipt, the receipt shall be excluded from both the numerator and the denominator of the receipts factor. If receipts from brokerage services can be associated with a particular customer, but it is impractical to associate the receipts with the address of the customer, the customer shall be presumed to have a domicile at the branch office that generates transactions for the customer.</p> <p>(5) Services to Regulated Investment Companies.</p> <p>(a) Receipts from services that are derived directly or indirectly from the sale of management, distribution, administration, or securities brokerages services to, or on behalf of, a regulated investment company or its beneficial owners (including receipts derived directly or indirectly from trustees, sponsors, or participants of employee benefit plans that have accounts in a regulated investment company) shall be allocated to this State to the extent that shareholders of the regulated investment company are domiciled in this State. A separate computation shall be made with respect to the receipts derived from each regulated investment company. The total amount of receipts derived from each regulated investment company which are allocable to this State shall be equal to the total receipts so derived multiplied by a fraction:</p> <p>(i) The numerator of which is the average of the sum of the beginning-of-the-year and end-of-the-year number of shares owned by the regulated investment company share-holders domiciled in this State; and</p> <p>(ii) The denominator of which is the average of the sum of the beginning-of-the-year and end-of-the-year number of shares owned by all shareholders.</p> <p>(b) For purposes of the fraction, the year shall be the taxable year of the regulated investment company that ends with or within the taxable year of the taxpayer.</p>

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		<p>(c) "Domicile" means the shareholder's mailing address on the records of the regulated investment company. If the regulated investment company or the person providing management services to the regulated investment company has actual knowledge that the shareholder's primary residence or principal place of business is different than the shareholder's mailing address, then the shareholder's primary residence or principal place of business is the shareholder's domicile. If the shareholder's address is not known or determinable and it is impracticable to obtain this information, then the domicile of the shareholder will be the location or domicile of the business entity that provides the impetus for the transaction.</p> <p>(6) Broadcast and Print Media. All revenue, including advertising receipts, derived from print and broadcast media shall be included in the numerator of the sales factor based on a reasonable estimate of the Maryland component of the audience for the broadcaster or publisher. In the case of print media, audience shall be measured by circulation.</p> <p>(7) Processing or Similar Services to Business Customers. If a business enterprise provides processing or similar services to a customer having a location in more than one state, then the business enterprise's customers within this State are determined by the point of sale between the ultimate consumer and the business enterprise's customer.  <i>[Examples omitted.]</i></p>
Massachusetts	<p>63 Mass. G.L. § 38(f)(3)</p> <p>(3) In the case of sale of a service, if and to the extent the service is delivered to a location in the commonwealth....</p>	<p>Mass. Regs. Code tit. 830, § 63.38.1(9)(d)(4)a</p> <p>a. General Rule. The sale of a service is in Massachusetts if and to the extent that the service is delivered at a location in Massachusetts. In general, the term "delivered" shall be construed to refer to the location of the taxpayer's market for the service provided and is not to be construed by reference to the location of the property or payroll of the taxpayer as otherwise determined for corporate apportionment purposes pursuant to 830 CMR 63.38.1(7) and (8). The rules to determine the location of the delivery of a service in the context of several specific types of service transactions are set forth at 830 CMR 63.38.1(9)(d)4.b. through d.</p>

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		<p><i>More detailed rules are also provided for:</i></p> <p><i>b) In-person Services</i>  <i>c) Services Delivered to the Customer or on Behalf of the Customer, or Delivered Electronically Through the Customer</i>  <i>d) Professional Services</i></p>
<b>Michigan</b>	<p>Mich. Comp. Laws § 206.665(2)(a)</p> <p>(a) Except as otherwise provided in this section, all receipts from the performance of services are included in the numerator of the apportionment factor if the recipient of the services receives all of the benefit of the services in this state. If the recipient of the services receives some of the benefit of the services in this state, the receipts are included in the numerator of the apportionment factor in proportion to the extent that the recipient receives benefit of the services in this state.</p>	<p><i>No regulatory guidance.</i></p>
<b>Minnesota</b>	<p>Minn. Stat 290.191(5)(j)</p> <p>(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.</p>	<p><i>No regulatory guidance.</i></p>
<b>Mississippi</b>	<p><i>Non-market sourcing state.</i></p>	
<b>Missouri</b>	<p>Mo. Rev. Stat. § 143.451.2(3)(e)(c)</p> <p>(c) In the case of sale of a service, if and to the extent the ultimate beneficiary of the service is located in this state and shall not be in this state if the ultimate beneficiary of the service rendered by the taxpayer or the taxpayer's designee is located outside this state....</p>	<p><i>No regulatory guidance.</i></p>
<b>Montana</b>	<p>Mont. Code § 15-1-601, Article IV(17)</p>	<p>Mont. Admin. R. 42.26.248(1)</p>

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	<p>(17) In the case of sale of a service, if and to the extent the service is delivered to a location in this state....</p>	<p>(1) The receipts from a sale of a service are in Montana if and to the extent that the service is delivered to a location in Montana. In general, the term “delivered to a location” refers to the location of the taxpayer’s market for the service, which may not be the location of the taxpayer’s employees or property. The methods to determine the location of the delivery of service in the context of several specific types of service transactions are set forth in this rule.</p> <p><i>More detailed rules are also provided for:</i></p> <p><i>2) In-person Services</i>  <i>3) Services Delivered to the Customer or on Behalf of the Customer, or Delivered Electronically Through the Customer</i>  <i>4) Professional Services</i></p>
<p><b>Nebraska</b></p>	<p>Neb. Rev. Stat. § 77-2734.14(3)(a) &amp; (b)</p> <p>(3) For sales other than sales of tangible personal property, except for sales as described in subsection (4) of this section:</p> <p>(a) Sales of a service are in this state if the sales are derived from a buyer within this state. Sales of a service are derived from a buyer within this state if:</p> <p>(i) The service, when rendered, relates to real property located in this state;</p> <p>(ii) The service, when rendered, relates to tangible personal property located in this state at the time the service is received;</p> <p>(iii) The service, when rendered, is provided to an individual physically present in this state at the time the service is received; or</p> <p>(iv) The service, when rendered, is provided to a buyer engaged in a trade or business in this state and relates to that part of the trade or business then operated in this state. For services described in this subdivision, if the buyer uses the service within and without this state, calculated using any reasonable method, the sales are apportioned between the use in this state in proportion to the use of the service in this state and the other states;</p> <p>(b) Sales of an application service are in this state if the buyer uses the application service in this state. The application service is used in this state if, the buyer, from a location in this state:</p>	<p>Neb. Admin Rules &amp; Regs. 24-333.01 &amp; 24-333.02</p> <p>333.01 Services. Sales of services are attributable to Nebraska if the service, when rendered:</p> <p>333.01A Relates to real property located in Nebraska;</p> <p>333.01B Relates to tangible personal property located in Nebraska at the time the service is received, even if the buyer is located in another state;</p> <p>333.01C Is provided to an individual physically present in Nebraska at the time the service is received; or</p> <p>333.01D Is provided to a buyer engaged in a trade or business in Nebraska and the service relates to a part of the trade or business that is operated in Nebraska. It is presumed that a service provided to a buyer operating in Nebraska relates to a part of the trade or business that is operated in Nebraska.</p> <p>333.01D(1) If the service relates to a part of the trade or business that is operated both within and outside Nebraska, the sales are sourced to Nebraska in proportion to the use of the service in Nebraska and the use of the service everywhere for the tax period calculated using any reasonable method.</p>

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	<p>(i) Uses it in the regular course of business in this state; or</p> <p>(ii) If the buyer is an individual, his or her billing address is in this state.</p>	<p>333.01D(2) For purposes of Reg-24-333.01D(1), operating or engaged in a trade or business in Nebraska means having property, payroll, or customers in Nebraska.</p> <p>333.01D(3) Services which relate to a product of the buyer are considered used by the buyer at a location without considering where the customers of the buyer are located. Services that relate to the buyer as a trade or business are considered used by the buyer at multiple locations where the buyer operates its trade or business.</p> <p>333.01D(4) For example:</p> <p>333.01D(4)(a) If the service is a payroll service and the buyer only has employees in Nebraska, the receipts from providing that service are entirely attributable to Nebraska. However, if the buyer has employees in multiple states, the receipts from providing the service to the buyer could be attributed to Nebraska in proportion to the number of employees in Nebraska.</p> <p>333.01D(4)(b) If the service contributes to finishing a product that the buyer produces only in Nebraska, the receipts from providing the service are entirely attributable to Nebraska even if the product is sold outside Nebraska.</p> <p>333.01D(4)(c) If the service is advertising services that will be broadcast in many states, the sales could be attributed to Nebraska in proportion to the market in Nebraska relative to the market in all states.</p> <p>333.02 Application Services. Sales of application services are attributable to Nebraska if the buyer uses the application service in Nebraska. The application service is used in Nebraska if the buyer:</p> <p>333.02A Is an individual, and his or her billing address is in Nebraska; or</p> <p>333.02B Is a business entity, and uses the application service in a trade or business in Nebraska.</p>

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		<p>333.02B(1) If the buyer uses the application service within and outside Nebraska, these sales are attributed to Nebraska in proportion to the use of the application service in Nebraska and the use everywhere for the tax period, calculated using any reasonable method.</p> <p>333.02B(2) If the location of use of the application cannot be determined, the sale of an application service is in the state from which the order was placed in the regular course of the buyer's business.</p> <p>333.02B(3) If that location cannot be determined, the sales are attributable to the buyer's billing address.</p>
<p><b>Nevada</b></p>	<p>Nev. Rev. Stat. § 363C.220(f),(g) (Note: Commerce Tax.)</p> <p>(f) Gross revenue from the sale of any services not otherwise described in this section is situated to this State in the proportion that the purchaser's benefit in this State, with respect to what was purchased, bears to the purchaser's benefit everywhere with respect to what was purchased. For the purposes of this paragraph, the physical location at which the purchaser of a service ultimately uses or receives the benefit of the service that was purchased is paramount in determining the proportion of the benefit in this State to the benefit everywhere. If the records of a business entity do not allow the taxpayer to determine that location, the business entity may use an alternative method to situs gross revenue pursuant to this section if the alternative method is reasonable, is consistently and uniformly applied and is supported by the taxpayer's records as those records exist when the service is provided or within a reasonable period of time thereafter.</p> <p>(g) Gross revenue not otherwise described in this section is situated to this State if the gross receipts are from business conducted in this State. For the purposes of this paragraph, the physical location of the purchaser is paramount in determining if business is done in this State. If the records of a business entity do not allow the business entity to determine the location of the purchaser, the gross revenue must not be</p>	<p>Uncodified Regulation, LCB File No. R123-15</p> <p><i>Provides multiple industry-specific rules.</i></p>

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State	Statute Language	Regulation Language
	considered to be from business conducted in this State.	
<b>New Hampshire</b>	<i>Non-market sourcing state.</i>	
<b>New Jersey</b>	<i>Non-market sourcing state.</i>	
<b>New Mexico</b>	<i>Non-market sourcing state.</i>	
<b>New York</b>	<p>N.Y. Tax Law § 210-A(10)(a),(b)</p> <p>(a) Receipts from other services and other business receipts. Receipts from services not addressed in subdivisions one through nine of this section and other business receipts not addressed in such subdivisions shall be included in the numerator of the apportionment fraction if the location of the customer is within the state. Such receipts from customers within and without the state are included in the denominator of the apportionment fraction. Whether the receipts are included in the numerator of the apportionment fraction is determined according to the hierarchy of method set forth in paragraph (b) of this subdivision. The taxpayer must exercise due diligence under each method described in such paragraph (b) before rejecting it and proceeding to the next method in the hierarchy, and must base its determination on information known to the taxpayer or information that would be known to the taxpayer upon reasonable inquiry.</p> <p>(b) Hierarchy of methods.            (1) The benefit is received in this state;            (2) Delivery destination;            (3) The apportionment fraction for such receipts within the state determined pursuant to this subdivision for the preceding taxable year; or            (4) The apportionment fraction in the current taxable year determined pursuant to this subdivision for those receipts that can be sourced using the hierarchy of sourcing methods in subparagraphs one and two of this paragraph.</p>	<i>No regulatory guidance.</i>
<b>North Carolina</b>	<i>Non-market sourcing state.</i>	
<b>North Dakota</b>	<i>Non-market sourcing state.</i>	
<b>Ohio</b>	<p>Ohio Rev. Code § 5733.05(B)(2)(c)(ii)</p> <p>(ii) Receipts from the sale of services, and receipts from any other sales not eliminated or excluded from the sales factor and not otherwise situated under division (B)(2)(c) of this section, shall be situated to this state in the proportion to the purchaser's benefit, with respect to the sale, in this state to the purchaser's benefit, with</p>	<p>Ohio Admin. Code 5703-29-17</p> <p><i>Provides multiple industry-specific rules.</i></p>

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State	Statute Language	Regulation Language
	<p>respect to the sale, everywhere. The physical location where the purchaser ultimately uses or receives the benefit of what was purchased shall be paramount in determining the proportion of the benefit in this state to the benefit everywhere.</p>	
<p><b>Oklahoma</b></p>	<p>Okla. Stat. tit. 68, § 2358(A)(5)(c)</p> <p>(c) The sales factor is a fraction, the numerator of which is the total sales or gross revenue of the taxpayer in this state during the tax period, and the denominator of which is the total sales or gross revenue of the taxpayer everywhere during the tax period. "Sales", as used in this subsection does not include sales or gross revenue which are separately allocated in paragraph 4 of this subsection.</p>	<p>Okla. Admin. Code § 710:50-17-71(1)(A)(ii)</p> <p>(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</p> <p>(I) a customer that is engaged in a trade or business and maintains a regular place of business in Oklahoma, or</p> <p>(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.</p>
<p><b>Oregon</b></p>	<p>ORS § 314.665(4)</p> <p>(4) Sales, other than sales of tangible personal property, are in this state if the taxpayer's market for sales is in this state, as determined under section 2 of this 2017 Act.</p>	
<p><b>Pennsylvania</b></p>	<p>72 Pa. Stat. § 7401(3)(2)(a)(16.1)(C)</p> <p>(C)(I) Sales from the sale of service, if the service is delivered to a location in this State. If the service is delivered both to a location in and outside this State, the sale is in this State based upon the percentage of total value of the service delivered to a location in this State.</p> <p>(II) If the state or states of assignment under subparagraph (I) cannot be determined for a customer who is an individual that is not a sole proprietor, a service is deemed to be delivered at the customer's billing address.</p> <p>(III) If the state or states of assignment under subparagraph (I) cannot be determined for a customer, except for a customer under subparagraph (II), a service is deemed to be delivered at the location from which the services were ordered in the customer's regular course of operations. If the location from which the services were ordered in the customer's regular</p>	<p><i>No Regulatory Guidance, see: Pennsylvania Information Notice Corporation Taxes 2014-01 (Dec. 12, 2014)</i></p>

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State	Statute Language	Regulation Language
	course of operations cannot be determined, a service is deemed to be delivered at the customer's billing address.	
<b>Rhode Island</b>	<p>R.I. Gen. Laws § 44-11-14(b)(1)(ii)</p> <p>(ii) Gross income from the performance of services where the recipient of the service receives all of the benefit of the service in this state. If the recipient of the service receives some of the benefit of the service in this state, gross income which shall be included in the numerator of the apportionment factor in proportion to the extent the recipient receives benefit of the service in this state....</p>	<p>R.I. Regs. § CT 15-04, Rule 8(i)(8)(B)</p> <p>(B) Sale of a Service. Rhode Island sales of services are determined according to the principle of market-based sourcing and include gross receipts from the performance of services including commissions, fees, management charges, and similar items. The receipts from a sale of a service are in Rhode Island if and to the extent that the recipient of the service receives the benefit of the service in Rhode Island. The rules to determine the location where the recipient receives the benefit of the service in the context of several specific types of service transactions are set forth below in Rules 8(i)(8)(B)(i) through 8(i)(8)(B)(iii). In any instance where, applying the applicable rules set forth below in this Rule 8(i)(8)(B) pertaining to sales of services, a taxpayer can ascertain the state or states of assignment of a substantial portion of its receipts from sales of substantially similar services (“assigned receipts”), but not all of such sales, and the taxpayer reasonably believes, based on all available information, that the geographic distribution of some or all of the remainder of such sales generally tracks that of the assigned receipts, it shall include receipts from those sales which it believes tracks the geographic distribution of the assigned receipts in its sales factor in the same proportion as its assigned receipts. This rule also applies in the context of licenses and sales of intangible property where the substance of the transaction resembles a sale of goods or services.</p> <p><i>More detailed rules are also provided for:</i></p> <p><i>i) In-person Services</i></p> <p><i>ii) Services Delivered to the Customer or on Behalf of the Customer, or Delivered Electronically Through the Customer</i></p> <p><i>iii) Professional Services</i></p>
<b>South Carolina</b>	<i>Non-market sourcing state.</i>	
<b>South Dakota</b>	<i>No corporate income tax.</i>	
<b>Tennessee</b>	Tenn. Code Ann. § 67-4-2012(i)(1)(C)	<p>Tenn. Comp. R. &amp; Regs. 1320-6-1-.42(4)(a)</p> <p>(a) General Rule. The sale of a service is in Tennessee if and to the extent that the service is</p>

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	<p>(C) In the case of sale of a service, if and to the extent the service is delivered to a location in this state...</p>	<p>delivered at a location in Tennessee. In general, the term “delivered” shall be construed to refer to the location of the taxpayer's market for the service provided and is not to be construed by reference to the location of the property or payroll of the taxpayer as otherwise determined for corporate apportionment purposes. The rules to determine the location of the delivery of a service in the context of several specific types of service transactions are set forth at Rule 1320-6-1-.42(4)(b)-(e).</p> <p><i>More detailed rules are also provided for:</i></p> <p><i>b) In-person Services</i>  <i>c) Services Delivered to the Customer or on Behalf of the Customer, or Delivered Electronically Through the Customer</i>  <i>d) Professional Services</i></p>
<p><b>Texas</b></p>	<p>Tex. Tax Code Ann. § 171.103(a)(2) <i>(Note: Margin Tax)</i></p> <p>(2) Services are assigned to the state if the services are performed in the state, except receipts derived from servicing loans secured by real property in the state are sourced to the state.</p>	<p>Tex. Admin. Code 3.591(e)(26) <i>(Note: Margin Tax)</i></p> <p>(26) Receipts from a service are apportioned to the location where the service is performed. If services are performed both inside and outside Texas, then such receipts are Texas receipts on the basis of the fair value of the services that are rendered in Texas. The regulation provides special rules for assigning receipts from sales of services to RICs, certain employee retirement plans (as defined), and services provided pursuant to a defense readjustment project.</p>
<p><b>Utah</b></p>	<p>Utah Code Ann. § 59-7-319(3)(a),(b)</p> <p>(a) Subject to Subsection (3)(b), a receipt from the performance of a service is considered to be in this state if the purchaser of the service receives a greater benefit of the service in this state than in any other state.</p> <p>(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule prescribe the circumstances under which a purchaser of a service receives a greater benefit of the service in this state than in any other state.</p>	<p>Utah Admin. R. R865-6F-8(10)(g)(i-iv)</p> <p>(g) Receipts from the Performance of Services.            (i) Under Subsection 59-7-319(3), gross receipts from the performance of a service are considered to be in this state if the purchaser of the service receives a greater benefit of the service in this state than in any other state. In general, the “benefit of the service” approach under the statute reflects a market based approach, and the greater benefit of the service is typically received in the state in which the market for the service exists and where the purchaser is located.            (ii) For businesses engaged in certain industries, specific sourcing rules and guidelines that address the attribution of gross receipts from the performance of a service have been adopted. See Subsection (11)(b).</p>

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		<p>(iii) The benefit from performance of a service is in this state if any of the following conditions are met:</p> <p>(A) The service relates to tangible personal property and is performed at a purchaser's location in this state.</p> <p>(B) The service relates to tangible personal property that the service provider delivers directly or indirectly to a purchaser in this state after the service is performed.</p> <p>(C) The service is provided to an individual who is physically present in this state at the time the service is received.</p> <p>(D) The service is provided to a purchaser exclusively engaged in a trade or business in this state and relates to that purchaser's business in this state.</p> <p>(E) The service is provided to a purchaser that is present in this state and the service relates to that purchaser's activities in this state.</p> <p>(iv) If the benefit of the service is received in more than one state, the gross receipts from the service are to be sourced using reasonable and consistent methods of analysis to determine in which state the greater benefit of the service is received. Such methods must be supported by the service provider's business records at the time the service was provided. If the benefit of a service is received in Utah and one or more other states and the state where the greater benefit of the service is received cannot otherwise be readily determined through the provisions of this rule, the following sourcing rules are applied in sequential order:</p> <p>(A) The receipt is sourced to this state if the office from which the purchaser placed the order for the service is in this state.</p> <p>(B) If the office from which the order was placed cannot be determined, the receipt is sourced to this state if the purchaser's billing address is in this state.</p> <p>(C) If the state of the purchaser's billing address cannot be determined, the receipt shall be included in the sales factor in this state.</p>
<b>Vermont</b>	<i>Non-market sourcing state.</i>	
<b>Virginia</b>	<i>Non-market sourcing state.</i>	
<b>Washington</b>	<p>Wash. Rev. Code §82.04.462(3)(b)  <i>(Note: Business and Occupation Tax.)</i></p> <p>(b) Except as otherwise provided in this section, for purposes of computing the receipts factor,</p>	<p>Wash. Admin. Code §458-20-19402(301)  <i>(Note: Business and Occupation Tax.)</i></p> <p>(301) Attribution of receipts generally. Except as specifically provided for in WAC 458-20-19403</p>

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	<p>gross income of the business generated from each apportionable activity is attributable to the state:</p> <p>(i) Where the customer received the benefit of the taxpayer's service or, in the case of gross income from royalties, where the customer used the taxpayer's intangible property. When a customer receives the benefit of the taxpayer's services or uses the taxpayer's intangible property in this and one or more other states and the amount of gross income of the business that was received by the taxpayer in return for the services received or intangible property used by the customer in this state can be reasonably determined by the taxpayer, such amount of gross income must be attributed to this state.</p> <p>(ii) If the customer received the benefit of the service or used the intangible property in more than one state and if the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i) of this subsection (3), gross income of the business must be attributed to the state in which the benefit of the service was primarily received or in which the intangible property was primarily used.</p> <p>(iii) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i) or (ii) of this subsection (3), gross income of the business must be attributed to the state from which the customer ordered the service or, in the case of royalties, the office of the customer from which the royalty agreement with the taxpayer was negotiated.</p> <p>(iv) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), or (iii) of this subsection (3), gross income of the business must be attributed to the state to which the billing statements or invoices are sent to the customer by the taxpayer.</p> <p>(v) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), (iii), or (iv) of this subsection (3), gross income of the business must be attributed to the state from which the customer sends payment to the taxpayer.</p> <p>(vi) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), (iii), (iv), or (v) of this subsection (3), gross income of the business must be attributed to the state where the customer is located as indicated by the customer's address: (A) Shown</p>	<p>for the attribution of apportionable royalty receipts, this Part 3 explains how to attribute apportionable receipts. Receipts are attributed to states based on a cascading method or series of steps. The department expects that most taxpayers will attribute apportionable receipts based on (a)(i) of this subsection because the department believes that either the taxpayer will know where the benefit is actually received or a "reasonable method of proportionally attributing receipts" will generally be available. These steps are:</p> <p>(a) Where the customer received the benefit of the taxpayer's service (see subsection (302) of this rule for an explanation and examples of the benefit of the service);</p> <p>(i) If a taxpayer can reasonably determine the amount of a specific apportionable receipt that relates to a specific benefit of the services received in a state, that apportionable receipt is attributable to the state in which the benefit is received. When a customer receives the benefit of the taxpayer's services in this and one or more other states and the amount of gross income of the business that was received by the taxpayer in return for the services received by the customer in this state can be reasonably determined by the taxpayer, such amount of gross income must be attributed to this state. This may be shown by application of a reasonable method of proportionally attributing the benefit among states. The result determines the receipts attributed to each state. Under certain situations, the use of data based on an attribution method specified in (b) through (f) of this subsection may also be a reasonable method of proportionally attributing receipts among states (see Examples 4 and 5 below).</p> <p>(ii) If a taxpayer is unable to separately determine or use a reasonable method of proportionally attributing the benefit of the services in specific states under (a)(i) of this subsection, and the customer received the benefit of the service in multiple states, the apportionable receipt is attributed to the state in which the benefit of the service was primarily received. Primarily means, in this case, more than fifty percent.</p> <p>(b) If the taxpayer is unable to attribute an apportionable receipt under (a) of this subsection, the apportionable receipt must be</p>

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	<p>in the taxpayer's business records maintained in the regular course of business; or (B) obtained during consummation of the sale or the negotiation of the contract for services or for the use of the taxpayer's intangible property, including any address of a customer's payment instrument when readily available to the taxpayer and no other address is available.</p> <p>(vii) If the taxpayer is unable to attribute gross income of the business under the provisions of (b)(i), (ii), (iii), (iv), (v), or (vi) of this subsection (3), gross income of the business must be attributed to the commercial domicile of the taxpayer.</p> <p>(viii) For purposes of this subsection (3)(b), "customer" means a person or entity to whom the taxpayer makes a sale or renders services or from whom the taxpayer otherwise receives gross income of the business. "Customer" includes anyone who pays royalties or charges in the nature of royalties for the use of the taxpayer's intangible property.</p>	<p>attributed to the state from which the customer ordered the service.</p> <p>(c) If the taxpayer is unable to attribute an apportionable receipt under (a) or (b) of this subsection, the apportionable receipt must be attributed to the state to which the billing statements or invoices are sent to the customer by the taxpayer.</p> <p>(d) If the taxpayer is unable to attribute an apportionable receipt under (a), (b), or (c) of this subsection, the apportionable receipt must be attributed to the state from which the customer sends payment to the taxpayer.</p> <p>(e) If the taxpayer is unable to attribute an apportionable receipt under (a), (b), (c), or (d) of this subsection, the apportionable receipt must be attributed to the state where the customer is located as indicated by the customer's address:</p> <p>(i) Shown in the taxpayer's business records maintained in the regular course of business; or</p> <p>(ii) Obtained during consummation of the sale or the negotiation of the contract, including any address of a customer's payment instrument when readily available to the taxpayer and no other address is available.</p> <p>(f) If the taxpayer is unable to attribute an apportionable receipt under (a), (b), (c), (d), or (e) of this subsection, the apportionable receipt must be attributed to the commercial domicile of the taxpayer.</p> <p>(g) The taxpayer may not use an attribution method that distorts the apportionment of the taxpayer's apportionable receipts.</p>
<b>West Virginia</b>	<i>Non-market sourcing state.</i>	
<b>Wisconsin</b>	<p>Wis. Stat. § 71.25(9)(dh)</p> <p>(dh) 1. Gross receipts from services are in this state if the purchaser of the service received the benefit of the service in this state.</p> <p>2. The benefit of a service is received in this state if any of the following applies:</p> <p>a. The service relates to real property that is located in this state.</p> <p>b. The service relates to tangible personal property that is delivered directly or indirectly to customers in this state.</p> <p>c. The service is purchased by an individual who is physically present in this state at the time that the service is received.</p>	<p>Wis. Admin. Code Tax 2.39(6)(f)</p> <p>(f) Services are sourced pursuant to Wisconsin Statute § 71.25(9)(dh).</p>

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	<p>d. The service is provided to a person engaged in a trade or business in this state and relates to that person's business in this state.</p> <p>3. Except as provided in subd. 4. if the purchaser of a service receives the benefit of a service in more than one state, the gross receipts from the performance of the service are included in the numerator of the sales factor according to the portion of the service received in this state.</p> <p>4. For taxable years beginning after December 31, 2018, a broadcaster's gross receipts from advertising are in this state only if the advertiser's commercial domicile is in this state.</p> <p>With regard to a broadcaster who is a member of a combined group, as defined in s. 71.255 (1) (a), this subdivision does not apply to the gross receipts of the members who are not broadcasters.</p>	
<b>Wyoming</b>	<i>No corporate income tax.</i>	