

Subject Corporate tax base erosion study

Authors Howard and Gomez

Analyst Chris Kleman

Date March 5, 2024

Overview

This bill would require the commissioner of revenue to prepare a report to the legislature on corporate tax base erosion, with an emphasis on how worldwide combined reporting might address that erosion.

Summary

Section	Description
---------	-------------

1	Corporate tax base erosion study.
----------	--

Requires the commissioner of revenue to provide a report on corporate tax base erosion to the legislative tax committees by January 1, 2025. The required report would include a discussion of the following topics:

- 1) the common international corporate structures that allow Minnesota corporate taxpayers to avoid tax (i.e. base erosion);
- 2) a review of the most reliable analyses of the extent of base erosion and how to determine Minnesota's share;
- 3) a review of the effect of the state's taxation of global intangible low-taxed income (GILTI) on base erosion;
- 4) the options for addressing base erosion, including worldwide combined reporting;
- 5) for worldwide combined reporting, the report would require a description of how combined reporting would subject the Minnesota share of shifted profits in clause 2) to tax in this state, the administrative impact of a worldwide system, and recommendations to address these impacts;
- 6) the legislative recommendations for options other than worldwide combined reporting;
- 7) the legal and constitutional risks of (and mitigation strategies for) the various options for addressing base erosion; and
- 8) any other topic the commissioner decides to include.

Section	Description
---------	-------------

Effective date: Day following final enactment.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155