

**Subject** Mandatory worldwide combined reporting established

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## Overview

HF 2228 would require worldwide combined reporting under the state's corporate franchise tax. Minnesota is currently a "water's edge" state, meaning that only the income of domestic corporations are subject to apportionment. The effect of HF 2228 would be to subject the income of all foreign unitary corporations to apportionment in Minnesota and include their sales in the state's apportionment formula.

## Summary

Section	Description
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1	<b>Unitary business principle.</b>
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Clarifies that the entire worldwide income of a unitary business is subject to apportionment in Minnesota and strikes existing language creating the state's "water's edge" apportionment system.

**Effective date:** Tax years in 2021 and thereafter.

2	<b>Foreign corporations and other foreign entities.</b>
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Establishes rules for reporting of foreign income, including provisions relating to the preparation of and adjustments to profit and loss statements, adjustments to United States accounting principles, and the conversion of net income to dollars.

**Effective date:** Tax years in 2021 and thereafter.