About Mandatory Combined (Unitary) Reporting

Unitary combined reporting requires companies with multiple business units (for example, branches or subsidiaries) in different states to file a single state tax return. Under a separate reporting system, which Connecticut currently employs, different business units that are part of a larger group file their own state tax returns in the states where they operate.

Mandatory unitary combined reporting would hurt the very businesses we need for job growth in Connecticut. That's because it directly impacts companies that have multiple locations—which just happens to be our economic-base industries, such as manufacturing, R&D, and headquarters companies that employ tens of thousands of our residents.

Some say that mandatory unitary combined reporting will be easy for the companies to administer, but that's not true. Each state that has adopted the system is interpreting the law differently, which has only led to confusion and caused lengthy and costly litigation to straighten things out.

States with the system also have found that its impact on state revenues has been volatile—and often disappointing. Lawmakers should reject attempts to move to unitary system and instead stay with the more predictable and less litigious system Connecticut now uses.

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