

Multi-State Tax Solutions

THE STATE TAX APPORTIONMENT MANAGEMENT SOLUTION, AVAILABLE AS A POWERFUL SOFTWARE SOLUTION OR AS SUMMARY STATE REPORTS:

- Provides the most accurate view of shareholder domiciled assets used to produce the most accurate sales factors while saving time and reducing risk.
- Leverages Broadridge's proprietary shareholder database to determine assets by region
- Provides substantiating details for state tax department audits
- Reduces risk of improperly filed returns
- **The Software Solution:**
 - Combines Broadridge beneficial shareholder data with direct shareholder data from the T/A system
 - Eliminates spreadsheets and manual sales factor calculations
 - Configures multiple sales factor calculation scenarios based on varying state tax requirements such as the handling of non-transparent accounts
 - Provides alternative sales factors based on census or GDP data
 - Allows creation of local municipality sales factor reports based on ZIP Codes, such as New York City and NY MTA
- **The Summary State Reports:**
 - Provides beneficial data by state that can be used by the client in their in-house sales factor calculations

STATE TAXES AND THE INVESTMENT INDUSTRY

The current economy is a challenge for state budgets as expenditures are increasing faster than tax revenues. State governments have been searching for additional tax revenue and have focused on out-of-state businesses providing services or products to customers in the state. This strategy uses nexus to determine tax eligibility of out-of-state businesses. Managing nexus in each state is not an easy task and not filing a state tax return once nexus is met will result in penalties, interest, and publicity. This pursuit of tax revenue is not limited to states. Local municipalities are also pursuing the collection of local taxes.

For Mutual Fund companies and ETF issuers this means increased scrutiny in regard to apportioning and paying taxes owed in states where they have investors. An accurate way to apportion income across all 50 states has never been more vital.

INDUSTRY CHALLENGES

The investment industry's use of omnibus accounting is challenging for companies in determining the revenue actually received within any state. This challenge makes it difficult to accurately determine taxes owed to a state if it is determined that they have nexus within that state. Typically, a company will simply allocate its revenue across states using census data. Not only can this be inaccurate, but also outside the acceptable guidelines of many state tax codes.

States also have unique tax laws making it difficult and time-consuming to determine the income taxable in each state. For example, a few states allow the removal of non-transparent (e.g., omnibus) assets from both the numerator and denominator resulting in the need for different calculations across states.

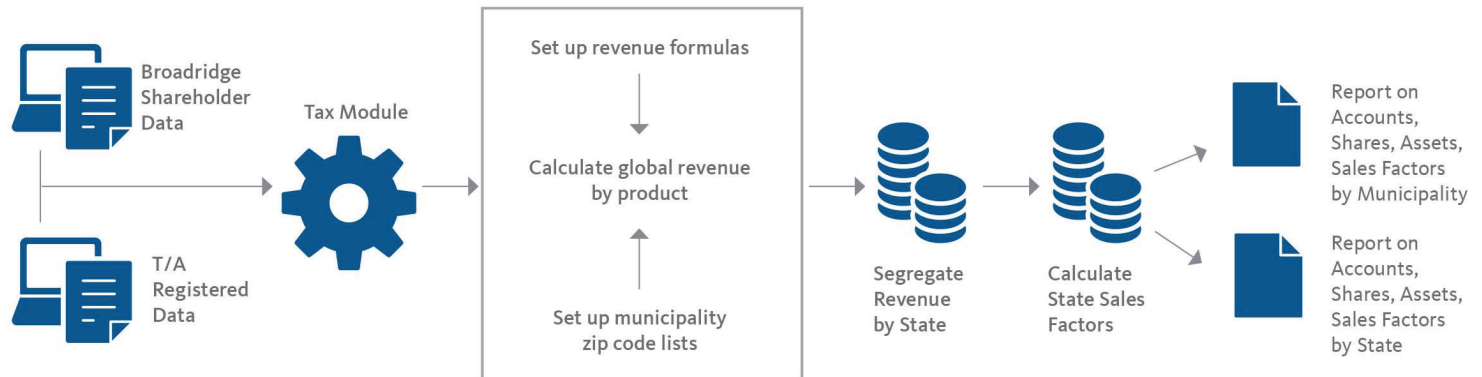
MEETING THE INDUSTRY CHALLENGE

With an expansive proprietary database of shareholder data, Broadridge's State Tax Apportionment Management Solutions leverage unprecedented transparency into individual shareholder positions. Broadridge offers this data through a powerful software solution or as a summary state report. These solutions tap into Broadridge's expansive database of shareholder positions to provide unmatched visibility into sub-omnibus account positions across all distribution platforms.

STATE TAX APPORTIONMENT MANAGEMENT SOFTWARE

Broadridge offers asset managers an innovative software solution that collects, organizes, tabulates and reports on shareholder assets held in all 50 states plus US territories. The solution's powerful suite of tools calculates revenue and sales factors by state and product to help accurately assess tax obligations at both the state and local municipality levels. The Tax Apportionment Management Software provides the ability to calculate several sales factor calculations based on different criteria. The system also allows the client to upload census or GDP data to provide and compare alternative sales factors.

The software combines direct shareholder data from the client's T/A system with Broadridge's proprietary shareholder data. A flexible rules engine applies data filters to properly apportion income to individual states. The system also allows the user to create local sales factor reports based on client defined ZIP code lists of municipalities.



SUMMARY STATE REPORTS

For clients that have an established, in-house tax apportionment process, Broadridge offers a summary report of beneficial shareholder positions by state and territory for each product. These reports disclose accounts, shares and assets by state for each product. The client can combine the data from the summary report with their direct shareholder positions to achieve a complete view into positions by state.

PROVEN TECHNOLOGY

Broadridge's State Tax Apportionment Management solutions were created in collaboration with clients to tackle a real industry issue. The result is a powerful business solution that enables the Chief Financial Officer and Corporate Tax Managers to accurately and easily manage multi-state tax apportionment and meet year-end state tax obligations.

Don't miss a single opportunity

Explore the full suite of solutions on our Distribution Insight Platform. Sign in or register today at distributioninsight.broadridge.com

Schedule a demo or request a complimentary analysis of your fund's opportunities today. Call Fred Kosanovic at +1 412 201 6084 or email fred.kosanovic@broadridge.com.

Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with \$5 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than U.S. \$9 trillion of equities, fixed income and other securities globally.

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