

**Vermont Department of Taxes**  
**TECHNICAL BULLETIN**

**TB-22**

**TAX: Corporation Income Tax**

**SUBJECT: Consolidated Returns - Investment and Holding Companies**  
**32 V.S.A. §§ 5837, 5862(c)**

**ISSUED: June 22, 2000**

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This bulletin addresses the procedure for an affiliated group to file a consolidated Vermont Corporation income tax return when one member is an investment and holding company.

The Issue:

Under Vermont law, corporation income tax on certain investment and holding companies (often referred to as passive investment companies or “PIC’s”) is limited by section 5837 to the minimum tax, currently \$250. However, affiliated groups electing to file a consolidated return use combined apportionment factors to apportion the group’s combined income. When a corporation which qualifies under section 5837 is included in a consolidated return, the tax of the consolidated group attributable to this corporation is often more than \$250. In some cases affiliated groups have received relief by petitioning to discontinue consolidated filing but, until now, the Department has required all members of an electing affiliated group to be included the consolidated return.

The Policy Effective June 30, 2000:

Effective with returns for years ending June 30, 2000 or later, the Department will allow an affiliated group which includes an investment and holding company that qualifies under section 5837 to exclude the qualifying corporation from its consolidated return. The excluded investment and holding company must file a separate return and pay the minimum tax.

Signed: George H. Phillips, Tax Policy Analyst

Approved: Sean P. Campbell, Commissioner of Taxes