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Illinois Pepsi Case Puts Spotlight on 80/20 Rule Modernization

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States have for years allowed a domestic “80/20 company” to be excluded from combined reporting based on a straightforward calculation of property and payroll factors. Such rules had rarely been in the spotlight, in part because of the seemingly noncontroversial test. But last month's ruling in *PepsiCo Inc. v. Illinois Department of Revenue* raises the question of whether taxpayers and state policymakers should take a fresh look at the rules.

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