Insights: Publications

Market-Based Sourcing: Customer Approach Over Customer's Customer

Tax Notes State

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This article discusses the shift from the traditional cost-of-performance method to market-based sourcing, which attributes sales of services to where the benefit is received. This method aligns with the evolving nature of the U.S. and global economies, transitioning from goods-based to more service-based and digital-based economies. The article also addresses the practical problems faced by taxpayers and tax agencies in applying reasonable approximation rules, which are crucial for the effectiveness and success of market-based sourcing regimes.

Related People



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