

INTERSTATE TRUCKING COMPANIES

Idaho State Tax Commission
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This publication defines the Idaho income tax filing requirement for interstate trucking companies and explains how to calculate their Idaho taxable income.

Are out-of-state trucking companies required to file Idaho income tax returns?

Yes. Idaho law requires a trucking company to file an Idaho income tax return, apportioning its net business income to this state, if the company does any of these things during the year:

- Owns or rents any real or personal property, except mobile property, in Idaho.
 - Makes any pick-ups or deliveries in Idaho.
 - Travels more than 25,000 mobile property miles in Idaho
 - Makes more than 12 trips into Idaho,
- OR IF**
- **The total mobile property miles traveled in Idaho exceeds 3% of the total mobile property miles traveled in all states by the company.**

These standards are applied to C and S corporations, partnerships, and limited liability companies.

A nonresident individual, operating as a sole proprietorship or a limited liability company filing as a disregarded entity on a federal Schedule C, is required to file an income tax return if the total business gross receipts multiplied by the Idaho apportionment factor exceeds \$2,500.

Definitions

Trucking Company: A motor common carrier, a motor contract carrier, or an express carrier that is paid to primarily transport tangible personal property of others.

Mobile Property: All motor vehicles, including trailers,

used directly in moving tangible personal property.

Mobile Property Mile: The movement of a unit of mobile property a distance of one mile, whether loaded or unloaded. These are usually the same as the miles reported on an International Fuels Tax Agreement (IFTA) return.

Original Cost: The basis of the property when it was purchased for federal income tax purposes; or, if the property has no such basis, the valuation of the property for Interstate Commerce Commission purposes, or the fair market value at the date of acquisition, if the cost can't be determined.

What part of my income does Idaho tax?

Your Idaho taxable income is calculated by multiplying the net business income subject to apportionment (federal net income less allocable nonbusiness income, plus Idaho additions and less Idaho subtractions) by the Idaho apportionment factor.

Idaho apportionment factor

Calculate the Idaho apportionment factor by adding the property factor, the payroll factor, and two times the sales factor, then divide by four.

- Property factor

Divide the average original cost of the company's Idaho property – including mobile property – by the average original cost of its total property – including mobile property – everywhere during the year. Owned property is valued at its original cost, and property rented from others is valued at eight times the net annual rental rate.

The *denominator* of the property factor is the average of all of the taxpayer's real and tangible property owned or

rented and used everywhere during the year. The *numerator* of the property factor is the average value of the taxpayer's property owned or rented and used in Idaho during the year.

Mobile property located solely within Idaho during the year is included in the numerator of the property factor. Mobile property located in and outside Idaho during the year is included in the numerator of the property factor in the ratio that mobile property miles in Idaho bear to mobile property miles everywhere.

- Payroll Factor

Divide the Idaho compensation for the year by all compensation paid everywhere during the year.

Idaho compensation includes the total payroll in Idaho for all personnel, except those performing services in and outside Idaho. Their Idaho compensation is equal to the ratio that their services performed in Idaho bear to their services performed everywhere based on mobile property miles.

- Sales Factor

Divide the company's annual Idaho gross receipts by its total gross receipts.

The Idaho receipts for hauling freight, mail, and express are equal to:

- **Intrastate:** All receipts from any shipments that begin and end in Idaho; and,
- **Interstate:** That portion of the receipts from movements or shipments passing through, into, or out of Idaho as determined by the ratio that the mobile property miles traveled in Idaho bears to the total mobile property miles traveled everywhere.

Idaho apportionment factor example

ABC, Inc. is an interstate trucking company based in Utah. During the year it had 29,500 mobile property miles in Idaho and total mobile property miles of 120,000. The percentage of miles traveled in Idaho equals 24.5833% (29,500/120,000).

ABC, Inc. had the following property, sales, and payroll during the year:

Truck & Trailer	\$ 60,000
Warehouse In Utah	\$ 90,000
Interstate Sales	\$500,000
Interstate Payroll	\$ 20,000
Administrative Payroll	\$ 10,000

Property Factor

Total	Idaho	Percentage
\$150,000	\$14,750	9.8333%

Sales Factor

Total	Idaho	Percentage
\$500,000	\$122,917	24.5833%

Percentage Doubled	49.1666%
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Payroll Factor

Total	Idaho	Percentage
\$30,000	\$4,917	16.3900%

Total Percentage: 75.3899%

Apportionment Factor: 18.8475%

Idaho Property \$14,750 (\$60,000 * 24.5833%)

Idaho Sales \$122,917 (\$500,000 * 24.5833%)

Idaho Payroll \$4,917 (\$20,000 * 24.5833%)

Include a schedule with your return to show how you determined your company's Idaho property, sales, and payroll used in the apportionment factor calculation.

How long should I keep my records after I file my Idaho income tax return?

Keep all records used to calculate the Idaho apportionment factor, income, and deductions until the statute of limitations for the return expires. This is usually three years from the due date of the return or the date the return was filed, whichever is later.

The statute of limitations begins when a return is filed. If a taxpayer doesn't file a return, there is no statute of limitations and the Tax Commission can require that the return be filed at any time.

Where can I get more information?

Visit mtc.gov for more information about calculating the apportionment factor for trucking companies. You can find Idaho income tax forms and other related information at tax.idaho.gov.

This publication doesn't provide full explanations of Idaho tax laws or rules. For more information, contact:

- (208) 334-7660 in the Boise area or (800) 972-7660 toll free
- Hearing impaired: TDD (800) 377-3529
- tax.idaho.gov