

Name as shown on return

Federal Employer Identification Number (EIN)

Part I. Apportionment Formula

| Property (Owned Property at Original Cost) | Total | | Idaho | Percentage | |
|---|--------------|---|--------------|-------------------|---|
| Beginning of Year | | | | | |
| 1. Inventories | 1 | ▪ | ▪ | | |
| 2. Real and tangible personal property | 2 | ▪ | ▪ | | |
| Ending of Year | | | | | |
| 3. Inventories | 3 | ▪ | ▪ | | |
| 4. Real and tangible personal property | 4 | ▪ | ▪ | | |
| 5. Total of lines 1 through 4 | 5 | | | | |
| 6. Average. Line 5 divided by 2 | 6 | | | | |
| 7. Rented property (capitalized at 8 times rents paid) | 7 | ▪ | ▪ | | |
| 8. Total property. Add lines 6 and 7 | 8 | ▪ | ▪ | | |
| 9. Idaho property percentage. Compute percentage to four decimal places | | | 9 | % | |
| Sales (Gross Receipts) | | | | | |
| 10. Gross sales, less returns and allowances | 10 | ▪ | | | |
| 11. Sales delivered or shipped to Idaho purchasers | 11 | | ▪ | | |
| 12. Idaho "throwback" sales | 12 | | ▪ | | |
| 13. Sales of services | 13 | ▪ | ▪ | | |
| 14. Other business gross receipts | 14 | ▪ | ▪ | | |
| 15. Total gross receipts. Add lines 10 through 14 | 15 | ▪ | ▪ | | |
| 16. Idaho sales percentage. Compute percentage to four decimal places | | | 16 | % | |
| 17. Idaho sales percentage doubled. Multiply line 16 by 2. Utility companies see instructions | | | 17 | % | |
| Payroll | | | | | |
| 18. Total wages and salaries | 18 | ▪ | ▪ | | |
| 19. Idaho payroll percentage. Compute percentage to four decimal places | | | 19 | | % |
| 20. Total Percentage. Add lines 9, 17 and 19. Utility companies add lines 9, 16 and 19 | | | 20 | | % |
| 21. Idaho Apportionment Factor. See instructions | | | 21 | % | |

Part II. Combined Reporting Adjustments

| | Water's Edge | | Worldwide | |
|--|---------------------|---|------------------|---|
| Additions | | | | |
| 1. Income of unitary foreign subsidiaries. See instructions | 1 | | ▪ | |
| 2. Federal taxable income of unitary subsidiaries not included on the federal return | 2 | ▪ | ▪ | |
| 3. Income of foreign corporations subject to federal taxation | 3 | ▪ | | |
| 4. Intercompany transactions eliminated on the federal return | 4 | ▪ | ▪ | |
| 5. Other additions. Include explanation | 5 | ▪ | ▪ | |
| 6. Total additions. Add lines 1 through 5. Enter on Form 41, line 17 | 6 | | | |
| Subtractions | | | | |
| 7. Federal taxable income of nonunitary subsidiaries included on the federal return | 7 | ▪ | ▪ | |
| 8. Exclusion for foreign dividends | | | | |
| a. Foreign dividends | 8a | ▪ | | |
| b. Enter 80% if no spreadsheets filed or 85% if spreadsheets filed | 8b | | | % |
| c. Dividend exclusion. Multiply line 8a by line 8b | 8c | ▪ | | |
| 9. Intercompany dividends included on the combined return | 9 | ▪ | ▪ | |
| 10. Intercompany transactions included on the federal return | 10 | ▪ | ▪ | |
| 11. Other subtractions. Include explanation | 11 | ▪ | ▪ | |
| 12. Total subtractions. Add lines 7, 8c, 9, 10 and 11. Enter on Form 41, line 29 | 12 | | | |

Part I of this form provides the computation of the Idaho apportionment factor and is used by taxpayers who have income from business activity that's taxable in Idaho and another state or country.

If the taxpayer is a partner in a partnership or a shareholder in an S corporation, the taxpayer must take into account the activity of the pass-through entity in determining whether the taxpayer has income from business activity that's taxable in Idaho and another state or country. Include the taxpayer's share of the pass-through entity's property, payroll, and sales numbers from Form ID K-1 in the amounts reported on this form.

Part II of this form provides the worldwide and water's-edge adjustments to compute combined income. Part II is used by a corporation that has ownership in at least one foreign affiliate.

Partnerships don't use Part II.

Part I Apportionment Formula

General Information

If the taxpayer transacts business in Idaho and another state or country, include a schedule showing apportionment detail by company.

Corporations

When a unitary group files using the combined reporting method, each corporation included in the combined group must compute its own apportionment factors. It does this by including its total Idaho property, sales and payroll in the numerators and using the property, sales and payroll of all the corporations included in the combined report in the denominators. Use this form to show the total for the unitary group. Include a schedule detailing the Idaho apportionment factor computation for each corporation in the group.

Worldwide Filers. For multinational unitary groups using the worldwide filing method, the denominators include the total property, sales and payroll of all domestic and foreign corporations included in the unitary group.

Water's-edge Filers. For multinational unitary groups using the water's-edge filing method, the denominators include only the total property, sales and payroll of the water's-edge combined group. Exclude the property, sales and payroll of foreign subsidiaries whose income isn't included in the computation of apportionable income. To the extent

dividends are included in apportionable income, they're included in the sales factor denominator.

Exclude all intercompany amounts from the computation of the apportionment factors.

Property Factor

The property factor is a fraction. The numerator is the average value of real and tangible personal property owned or rented and used in Idaho during the tax year to produce business income. The denominator is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax year to produce business income. Exclude property used in the production of nonbusiness income from the factor.

Include property in the factor if it's actually used or capable of being used during the tax year in the regular course of the taxpayer's trade or business. Exclude property under construction.

Value property owned by the taxpayer at its original cost. Original cost is the basis of the property for federal income tax purposes (before any federal adjustments) when it was acquired by the corporation and adjusted for subsequent capital additions or improvements, special deductions or partial disposition because of sale, exchange, abandonment, etc. Depreciation doesn't reduce original cost.

Compute the average value of property owned by the taxpayer by averaging the values at the beginning and ending of the tax year. The Tax Commission may require or allow the averaging of monthly values to properly reflect the average values.

Value rented property at eight times the net annual rental rate. The net annual rental rate for any item of rented property is the total rents paid for the property minus the aggregate annual subrental rates paid by subtenants. Subrents aren't deducted when the subrents are business income.

Sales Factor

The sales factor is double-weighted for all taxpayers except electrical and telephone utilities. Electrical and telephone utilities use a single-weighted sales factor.

The sales factor is a fraction. The numerator is the gross receipts derived during the tax year from transactions and activities attributable to Idaho in the regular course of the taxpayer's trade or business. The denominator is the total gross receipts derived during the tax year from transactions and activities everywhere in the regular course of the taxpayer's

trade or business. Exclude receipts derived from the production of nonbusiness income from the sales factor.

Sales includes all gross receipts derived from transactions and activities in the regular course of trade or business. Gross receipts means gross sales minus returns and allowances. Gross receipts from sales of tangible personal property are assigned to Idaho if:

- Property is delivered or shipped to a buyer in Idaho regardless of Free On Board (FOB) point or other conditions of sales
- Property is shipped from an office, store, warehouse, factory or other place of storage in Idaho and the taxpayer isn't taxable in the state of the buyer (throwback sales) or the buyer is the U.S. government

Sales also includes gross receipts from services and all other gross receipts such as interest, dividends, rents, royalties, gross receipts from the sale of property and other income derived by the taxpayer in the regular course of business. If gross receipts don't fairly represent the extent of your business activity in Idaho, you may petition or may be required to use another method to obtain an equitable result. Income from services is attributable to this state to the extent that the services are performed in Idaho.

Although the following amounts may be business income, gross receipts don't include:

- The repayment, maturity or redemption of the principal of a loan, bond, mutual fund or certificate of deposit or similar marketable instrument
- The principal amount received under a repurchase agreement
- The proceeds from issuing your own stock or from the sale of treasury stock
- Damages or other amounts received from litigation
- Property acquired by an agent on behalf of another
- Tax refunds or other tax benefit recoveries
- Pension reversions
- Contributions to capital
- Income from the forgiveness of indebtedness and
- Amounts realized from exchanges of inventory that aren't recognized by the Internal Revenue Code (IRC)

Payroll Factor

The payroll factor is a fraction. The numerator is the compensation paid in Idaho during the tax year. The denominator is the total compensation paid during the tax year. Exclude compensation connected with the production of nonbusiness income from the payroll factor.

Determine the total amount paid to employees on the basis of the taxpayer's accounting method. Under the accrual method, all compensation properly accrued is deemed to have been paid. If you're required to report compensation under the cash method for unemployment compensation purposes, you can use the cash method to include compensation paid to employees in the payroll factor.

Compensation means wages, salaries, commissions and any other form of payment to employees for personal services. Exclude payments made to an independent contractor or any other person not properly classifiable as an employee.

Compensation is paid in Idaho if any one of the following tests are met:

- The individual's service is performed entirely within Idaho
- The individual's service is performed both in and outside Idaho but the service performed outside Idaho is incidental to the individual's service in Idaho
- Some of the service is performed in Idaho and the base of operations, or if there's no base of operations, the place from which the service is directed or controlled is in Idaho
- Some of the service is performed in Idaho and the base of operations, or the place from which the service is directed or controlled, isn't in any state in which some part of the service is performed, but the individual's residence is in Idaho

Modified Factors for Certain Industries

Idaho has adopted the Multistate Tax Commission (MTC) regulations for the following special industries. Examples of the computations of these factors are found in the applicable MTC regulations on the internet. The Tax Commission website has a link to the regulations at tax.idaho.gov.

Airlines. If you're in the business of transporting passengers, freight, or mail by air, your apportionment factor should reflect the movement of your transportation equipment and personnel. Include transportation revenue, property ready

for flight and transportation payroll in the Idaho numerators based on the percentage of Idaho departures of aircraft weighted as to the value of aircraft by type to the total departures similarly weighted. Allocate the value of nonflight property and nonflight payroll to the state based on the general apportionment rules.

Railroads and Trucking Companies. If you're in the business of transporting passengers, freight or mail by motor carrier or rail, your apportionment factor should reflect the movement of your transportation equipment and personnel. Include the transportation revenue, property and payroll in the Idaho numerators based on the percentage of miles traveled in Idaho to miles traveled everywhere.

Include other revenue, fixed property and compensation of employees assigned to fixed locations in the factors based on the general apportionment rules. Don't include per diem and mileage charges paid or received for the temporary use of railroad cars in the sales or property factors.

Construction Contractors. You must use the same long-term contract accounting method for Idaho reporting purposes that you used for federal reporting purposes. If the percentage of completion method is used, the following special rules apply in addition to the general property, payroll and sales factor rules.

The property factor denominator includes the average value of the taxpayer's cost of construction in progress (including materials and labor) to the extent the costs exceed progress billings. Include the portion of this amount attributable to construction projects in Idaho in the Idaho numerator. If progress billings exceed construction costs, don't include any value in the property factors for the taxpayer's equity in the project.

The sales factor includes only the portion of the gross contract price that corresponds to the percentage of the entire contract that was completed at the end of the tax year. For example, if the project was 30% complete at the end of the tax year, include 30% of the bid price in the gross receipts. Gross receipts from a construction project are attributable to Idaho if the construction is located in Idaho. Gross receipts from a construction project located partly in Idaho are included in the numerator based on ratio of construction costs for the project in Idaho for the tax year to the total of construction costs for the project for the tax year.

Include compensation paid for work on a particular construction project in the payroll factor even though capitalized into the cost of construction. Compensation is attributable to the state where most of the employee's service is performed, regardless of where it's reported for unemployment tax purposes.

Publishers. If you publish, sell, license or distribute books, newspapers, magazines, periodicals, trade journals or other printed material, include outer-jurisdictional property in the property factor, whether owned or rented, if used in your business. Outer-jurisdictional property includes orbiting satellites and undersea transmission cables that aren't physically located in any particular state. Compute the portion of outer-jurisdictional property attributable to Idaho using the ratio of Idaho usage to usage everywhere.

The sales numerator includes gross receipts from the sale of printed materials delivered or shipped to a buyer or subscriber in Idaho. Gross receipts from the advertising and the sale, rental or other use of customer lists are included as Idaho sales as determined by a circulation factor.

If the buyer or subscriber is the U.S. government or you aren't taxable in the state, the gross receipts are attributable to Idaho if the printed material or other property is shipped from a business location in Idaho.

Broadcasters. If you conduct television or radio broadcasts, either through a network or through an affiliated, unaffiliated or independent television or radio broadcasting station, your apportionment factor should exclude outer-jurisdictional, film and radio programming property. Outer-jurisdictional property includes orbiting satellites and undersea transmission cables that aren't physically located in any particular state. Film programming means performances, events or productions telecast, live or otherwise, on television. It includes news and sporting events in the format of a motion picture, a video tape or other medium. Radio programming means all performances, events or productions broadcast live or otherwise on radio. It includes commercial, educational or artistic works, in the format of an audio tape, disc or other medium.

Include audio or video cassettes, discs or similar media containing film or radio programming intended for sale or rental for home viewing or listening in the property factor at original cost.

The value of property located or used in Idaho for part of the tax year is included in the Idaho property numerator based on the ratio that the number of

days the property is located or used in Idaho bears to the total number of days you owned or rented the property during the tax year.

Idaho sales include advertising revenue from live television, film or radio programming in release to or by television and radio stations located in Idaho and receipts from live telecasts, films and radio programs based on the audience factor.

The payroll factor includes residual and profit participation payments paid to employees, directors, actors, newscasters and other individuals in a role of employee. Include amounts paid to an individual, corporation or other business entity for providing the services of directors, actors, newscasters and other talent for a live television broadcast, film or radio program if the payments were at least 25% of total compensation paid to employees and the extent of your business activity in Idaho wouldn't be fairly represented by not including the amounts. Determine the portion of these amounts attributable to Idaho according to the general apportionment rules.

Financial Institutions. The apportionment factor of a financial institution should reflect the business of extending credit through loans and credit cards by including the value of these intangibles in the property factor.

Financial institution means:

- A corporation registered under state law as a bank holding company or registered under the Federal Bank Holding Company Act, as amended, or registered as a savings and loan holding company under the Federal National Housing Act, as amended
- A national bank organized under the National Bank Act
- A savings association or federal savings bank as defined in the Federal Deposit Insurance Act
- A bank or thrift institution incorporated or organized under the laws of any state
- A corporation organized under the provisions of Title 12 United States Code (U.S.C.) sections 611 to 631
- An agency or branch of a foreign depository as defined in Title 12 U.S.C. section 3101
- A production credit association organized under the Federal Farm Credit Act of 1933, all of whose stock held by the Federal Production Credit Corporation has been retired

- A corporation whose voting stock is more than 50% owned by a financial institution (insurance companies excluded)
- A corporation that in the current year and immediately preceding two years derived more than 50% of its total gross income for financial accounting purposes from finance leases

In addition to the property included under the standard property factor, the property factor must also include the average value of loans and credit card receivables. Loans and credit card receivables are valued at their average outstanding principal balance, without regard to any reserve for bad debts.

Loans and credit card receivables are considered located in Idaho if they're properly assigned to a regular place of business in this state; that is, if the loan has a majority of substantive contacts with that place of business. To determine the state where the majority of substantive contacts relating to a loan have occurred in, consideration is given to activities such as the solicitation, investigation, negotiation, approval and administration of the loan.

There are also special sales factor rules for attributing receipts to a state. The payroll factor is computed the same as under the standard apportionment rules.

Specific Instructions

Instructions are for lines not fully explained on the form. Compute all percentages to four places to the right of the decimal point (00.0000%). Include a schedule showing apportionment detail by company if filing for a unitary group.

Property

Lines 1 through 4. Enter the beginning and end of the year total property and Idaho property amounts.

Line 9. Divide Idaho property by total property (amounts on line 8).

Sales

Lines 11 and 12. Enter the amounts from line 10 that were delivered or shipped to Idaho buyers (line 11) or that were throwback sales to Idaho (line 12). A sale made in a state that has no jurisdiction to tax the seller is a throwback sale.

Line 14. Include a detailed schedule.

Line 16. Divide Idaho gross receipts by total gross receipts (amounts on line 15.)

Electrical and telephone utilities. This is your single-weighted sales factor. Go to line 18.

Line 17. For all taxpayers other than electrical and telephone utilities, multiply the amount on line 16 by two. This is your double-weighted sales factor.

Payroll

Line 19. Divide Idaho wages and salaries by total wages and salaries (amounts on line 18).

Total Percentage

Line 20. For all taxpayers other than electrical and telephone utilities, add the percentages on lines 9, 17 and 19. For electrical and telephone utilities, add the percentages on lines 9, 16 and 19.

Idaho Apportionment Factor

Line 21. For all taxpayers other than electrical and telephone utilities, divide the total on line 20 by four. For electrical and telephone utilities, divide the total on line 20 by three.

If any of the factors don't apply to your business, divide the total on line 20 by the number of factors used. For example, if your business has no employees anywhere, your factor is reduced by one.

for all foreign affiliates not included in a consolidated federal return and must be adjusted for the Idaho additions and subtractions listed on Form 41.

Option 1. Enter the net income before income taxes stated on each affiliate's profit and loss statement prepared for the United States Securities and Exchange Commission (SEC). If the profit and loss statement isn't filed with the SEC, enter the net income or loss before income taxes reported on the profit and loss statement prepared for reporting to shareholders that's subject to review by an independent auditor.

Option 2. The net income or loss reported on the profit and loss statements may be adjusted to tax accounting standards as would be required by the IRC if the corporation were incorporated in the United States. If a corporation chooses to make the book-to-tax adjustments, all book-to-tax adjustments must be made for all unitary foreign corporations not included in the consolidated federal return. The book-to-tax adjustments must be consistently applied each year the group files a worldwide return.

Include a schedule of the foreign affiliate income by corporation. Also include schedules of the book-to-tax adjustments, if any.

**Part II Combined Reporting Adjustments
General Information**

The worldwide filing method is required for all corporations unless you've made the water's-edge election. You must make the water's-edge election by filing Form 14 with the original tax return filed by the corporation for the tax year. The election can't be made on an amended return. You must request permission from the Tax Commission to change from the water's-edge method to the worldwide method.

Specific Instructions

To the extent that amounts listed for water's-edge filers are different than the amounts listed for worldwide filers, separate instructions are listed.

Additions

Line 1 Income From Unitary Foreign Subsidiaries

Water's-edge Filers. Disregard this line and go to line 2.

If foreign affiliates aren't included in a consolidated federal return, the corporation can select one of the following options. The option selected must be used

Line 2 Federal Taxable Income of Nonconsolidated Unitary Subsidiaries

Enter the federal taxable income of unitary subsidiaries incorporated in the United States that are more than 50% commonly owned and that weren't included in the federal consolidated return. This is the amount reported on the subsidiary's federal income tax return, Form 1120, adjusted for the Idaho additions and subtractions listed on Form 41. Include a schedule identifying this income by corporation.

Line 3 Income of Foreign Corporations Subject to Federal Taxation

Water's-edge Filers. Enter the federal taxable income reported by corporations incorporated outside the United States that are required to file a federal income tax return. This includes foreign corporations filing a federal Form 1120F.

Worldwide Filers. The income of foreign corporations is included on line 1.

Include a schedule identifying this income by corporation and also include copies of the federal income tax returns filed by each.

Line 4 Intercompany Eliminations

Enter the amount of intercompany transactions between the combined group and nonunitary subsidiaries eliminated on the federal consolidated return. The income of the nonunitary subsidiaries is a subtraction on line 7. Include a schedule identifying the intercompany transactions by corporation.

Line 5 Other Additions

Enter any miscellaneous Idaho additions. Include a schedule identifying each miscellaneous addition by corporation.

Subtractions**Line 7 Federal Taxable Income of Nonunitary Subsidiaries Included on the Federal Return**

Enter the federal taxable income of nonunitary subsidiaries included in the federal consolidated return. Include a schedule identifying the income or loss by corporation.

Line 8 Dividend Exclusion

The following dividend exclusions are applicable only to water's-edge filers.

- a. Foreign Dividends. Enter the total amount of dividends paid by foreign affiliates. Include the amounts of income from controlled foreign corporations under subpart F if included in federal taxable income. Enter the income from possession corporations included in line 2. Don't include on this line any actual dividends paid by the possession corporations.
- b. Exclusion Percentage. If you elected to forgo filing the water's-edge spreadsheets as indicated on line 8b, Form 41, enter 80%. Enter 85% if you're filing the water's-edge domestic disclosure spreadsheets.

Line 9 Intercompany Dividends Included on the Combined Return

Enter the amount of dividends paid by one member to another member of the unitary group that haven't been subtracted elsewhere on this form or Form 41.

Include a schedule identifying payors, payees and dividend amounts regardless of the filing method.

Line 10 Intercompany Transactions Included on the Federal Return

Enter the intercompany transactions between members of the combined group that haven't otherwise been eliminated.

Line 11 Other Subtractions

Enter any miscellaneous Idaho deductions. Include a schedule identifying each miscellaneous deduction by corporation.

Contact us:

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tax.idaho.gov/contact