

Indiana Department of Revenue
**Indiana Apportioned Income
for Nonresident Individuals**_____
Year

Prepare a separate schedule IT-40PNRA for each entity with multistate business activity.

Attach to Form IT-40PNR or Form IT-40P

Your first name, middle initial and last name	Social Security Number
Name of Business	Federal ID# or SS# (if different from above)

Part 1 Taxpayer InformationCheck box where income was reported on Federal Return (*entries must be included in the amount reported on lines 7A, 9A and 12a through 16a of Schedule A of Form IT-40PNR*): ☐ Federal Schedule C or CEZ ☐ Federal Schedule E☐ Federal Schedule F☐ Federal Form 4797**Part 2 Adjusted Gross Business Income Subject to Apportionment**

1. Enter the net federal income (loss) reported for the business activity 1
2. Enter an amount for each deduction (or income item) used in arriving at Federal Net Income:
 - a) All state income taxes (taxes based on income) 2a
 - b) Bonus depreciation / excess Section 179 deduction 2b
 - c) U.S. Gov't bond interest and other nontaxables 2c
3. Net modifications: add 2a; add or subtract 2b; subtract 2c. (You must also include line 2a on line 23B of Form IT-40PNR Schedule A, or Form IT-40P Schedule X; line 2c should be on line 4 of Form IT-40PNR Schedule D, or Form IT-40P Schedule Y) 3
4. Total income, as modified (add lines 1 and 3) 4

See instructions
for completing
line 2b.**Part 3 Apportioned Income for Nonresident Individuals**

Use this apportionment formula to apportion income received by the business from sources both within and outside Indiana.

Note: Interstate transportation entities must use Schedule E-7, available from the Department upon request.

	Column A Total within Indiana	Column B Total within and outside Indiana	Column C Indiana percentage
1. Property Factor - Enter total of: average real and tangible business property owned (at cost), inventories, and net rents paid (8x annual rental) 1a		1b	
Divide line 1a by line 1b, enter the percent on line 1c 1c %			
2. Payroll Factor - Enter total payroll 2a		2b	
Divide line 2a by line 2b and enter percent on line 2c 2c %			
3. Receipts Factor - Enter total business gross receipts (sales) 3a		3b	
3c. Divide line 3a by line 3b, enter result here % x 200% (2.0) double-weight adjustment 3c %			
4. Total percentages entered on lines 1c, 2c and 3c 4 %			
5. Divide line 4 by 4 (see instructions) (<i>or enter percent from Interstate Transportation Schedule E-7</i>) 5 %			
6. Multiply total income amount in Part 2, line 4 by percent in Part 3, line 5 6			

Combine Indiana Apportioned Income on line 6 with amounts from other IT-40PNRA schedules, if any. Carry grand total to line 19B of Form IT-40PNR Schedule A, or Form IT-40P Schedule X.

Instructions for Completing Schedule IT-40 PNRA

Indiana Apportioned Income for Nonresident Individuals

Who Should File

A nonresident person or proprietor, including an entertainer, independent contractor and other unincorporated individual, who derives business income from Indiana sources is subject to Indiana adjusted gross income tax on that income. On the U.S. income tax return this type of income is reported on Form 1040 Schedules C, C-EZ, E, F, and 4797 (disposition of business property used both within and outside Indiana). Nonresidents with adjusted gross income derived from Indiana sources must file Form IT-40PNR, Indiana Part-Year or Nonresident Individual Income Tax Return. If the nonresident is conducting the trade or business both within and outside Indiana, this income must be apportioned by completing Schedule IT-40PNRA. Part 3 outlines Indiana's three-factor formula for apportioning business income. Using this schedule will determine the taxable portion of business income to carry over to line 19B of Form IT-40PNR, Schedule A, or Form IT-40P, Schedule X.

Note: If Indiana and your resident state of domicile tax the same business income, an offsetting credit may be available on the Indiana return based on existing agreements Indiana may have with your state. See further instructions for the individual income tax return under credits for taxes paid to other states.

How to Report Business Income

Business income means adjusted gross income from transactions and activity in the regular course of taxpayers' trade or business. Business income would include income from tangible property if the acquisition, management, or dispositions of the property are integral parts of the taxpayer's regular trade or business.

Adjusted gross income derived from sources within Indiana includes: (1) income from real or tangible personal property in this state; (2) income from doing business in this state; (3) income from a trade or profession conducted in this state; (4) compensation for labor or services rendered within this state; and (5) income from stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other intangible personal property having a location in Indiana. If income is derived solely from an Indiana business or profession or is totally derived from outside Indiana, it must be assigned (allocated) to that source and reported on lines 7, 9 and 12 through 16 on Form IT-40PNR Schedule A, or Form IT-40P Schedule X. Only the apportioned business income from this schedule is to be reported on line 19 on Form IT-40PNR Schedule A, or Form IT-40P Schedule X.

Caution: Multistate business income received from a S corporation, limited liability company, partnership, limited liability partnership, trust and estate is separately apportioned at the entity's level. Nonresidents must report their distributive shares of income (including modifications) as apportioned by those entities, on lines 12B through 15B on Form IT-40PNR Schedule A, or Form IT-40P Schedule X.

Part 1

Complete all necessary boxes to identify source and type of business income received.

Part 2

Line 1 - Enter the net income received by the business as reported on the Federal income tax return on Schedules C, C-EZ, E, F, and 4797.

Line 2 - a) Enter all state taxes based on income levied by any state;

b) Enter an adjustment equal to the amount that would have been computed if an election had not been made to apply the bonus depreciation (allowed under IRC Section 168(k)) to the property in the year it was placed in service. See Commissioner's Directive #19 for further clarification. Also, add-back your share of the IRC Section 179 deduction that exceeds the amount allowed for state purposes. Indiana adopted the former expensing limit (\$25,000) provided by the Jobs Creation and Workers Assistance Act of 2002; and

c) Enter interest from certain obligations of the United States Government included as income on the federal return (refer to Income Tax Information Bulletin #19 for a listing of eligible items), and other nontaxable income (such as Indiana lottery prize receipts authorized by I.C. 4-30).

Part 3

Indiana generally follows the Uniform Division of Income for Tax Purposes Act for attributing income. Nonresidents who derive business income from sources within the state of Indiana and from sources outside the state of Indiana must apportion their income by completing each total amount necessary on lines 1, 2, and 3. This formula uses each of your available factors to figure the percentage of your business's income derived from sources within Indiana. The numerator of the formula is the sum (line 4) of the property factor plus the payroll factor plus 200% of the receipts factor (double weight). The denominator of the formula is 4 or the number of factor values present.

Note: Nonbusiness income is all income other than business income. It is allocable income and not part of a business's gross receipts in the apportionment formula.

Line 5 - Divide the sum on line 4 by the denominator factor of 4 if all factor values are present in Column B. If either the property or payroll factor is absent, divide line 4 by 3. If the receipts factor (line 3b) is absent, divide line 4 by 2.

Line 6 - Multiply your total modified net business income in Part 2, line 4 by the Indiana apportionment percentage on line 5. Enter the result here and on line 19B on Form IT-40PNR Schedule A, or Form IT-40P Schedule X.