INDIANA DEPARTMENT OF REVENUE

APPORTIONMENT FOR INTERSTATE TRANSPORTATION

FOR TAX YEAR BEGINNING ________, 19 _____ AND ENDING ________, 19 _____

Schedule E-7
(Revised 12-95)

Name of Corporation or Organization	Federal Identification Number

This apportionment schedule is to be used by entities involved in interstate transportation for tax years beginning after December 31, 1994 in lieu of Schedule E on Form IT-20, Schedule D on Form IT-20SC, and Apportionment Worksheet on Form IT-20S, IT-20NP and IT-65. (Entries on lines 3, 10, 17, 28, and 30 must be rounded to two decimal places, i.e. 98.76%)

1. Revenue miles in Indiana	1.			
2. Revenue miles everywhere	2.			
3. **Indiana percentage of revenue miles** (line 1 divided by line 2)	3.	. %		
Indiana Revenue Factor				
4. Transportation revenue everywhere	4.			
5. Non-transportation revenue everywhere	5.			
6. Total revenue everywhere (line 4 + line 5)	6.			
7. Transportation revenue from Indiana (line 3 x line 4)			7.	
8. Non-transportation revenue in Indiana			8.	
9. Total Indiana revenue value (line 7 + line 8)			9.	
10. REVENUE PERCENTAGE **(line 9 divided by line 6**		. %	**x 200% (2.0) double-weighted)** 10.	. %
Indiana Payroll Factor				
11. Transportation payroll everywhere	11.			
12. Non-transportation payroll everywhere	12.			
13. Total payroll everywhere (line 11 + 12)	13.			
14. Transportation payroll from Indiana (line 11 x line 3)			14.	
15. Non-transportation payroll in Indiana			15.	
16. Total Indiana payroll value (line 14 + line 15)			16.	
17. PAYROLL PERCENTAGE (line 16 divided by 13)			17.	. %
Indiana Property Factor				
18. Transportation property everywhere	18.			
19. **Transportation rents everywhere** (8 times annual rental rate)	19.			
20. **Total transportation property everywhere** (line 18 + line 19)	20.			
21. Non-transportation property everywhere			21.	
22. Non-transportation rents everywhere (8 times annual rental rate)			22.	
23. Total property everywhere (**line 20 +** line 21 + line 22)			23.	
24. **Transportation property/rents from Indiana** (line 20 x line 3)	24.			
25. Non-transportation property in Indiana	25.			
26. **Non-transportation rents in Indiana** (8 times annual rental rate)	26.			
27. **Total Indiana property value** (line 24 + line 25 + line 26)	27.			
28. PROPERTY PERCENTAGE (line 27 divided by line 23)			28.	. %
29. Total of apportionment percentages (line 10 + line 17 + line 28)			29.	. %
30. INDIANA APPORTIONMENT PERCENTAGE (line 29 divided by 4 for tax years 1995 and after)			30.	. %

INDIANA DEPARTMENT OF REVENUE

APPORTIONMENT SCHEDULE FOR INTERSTATE TRANSPORTATION

Revised 12-95

Income Tax Liability of Entities Involved in Interstate Transportation

This schedule is to be used by entities who transport for hire. Entities involved with interstate transportation who operate or whose property is operated in or through Indiana are subject to Indiana income tax. This schedule shall be used by airlines, railroads, truck lines, bus lines, interurban lines, pipeline systems, and inland water carriers for purposes of apportioning Indiana adjusted gross income tax.

Gross Income Tax

The Indiana gross income tax is imposed on all receipts from Indiana activities and sources. With respect to those entities moving items in interstate commerce, this means income from an intrastate haul (i.e. one beginning and terminating at points within Indiana) is subject to gross income tax, regardless of whether the goods have moved or will later move in interstate commerce. Pursuant to I.C. 6-2.1-3-4, receipts from transactions linked to the transportation of property or passengers by truck or rail are exempt from gross income tax, to the extent the activity is an initial, intermediate, or final link in interstate transportation. This rule applies only when one particular entity is involved in the transportation. This rule does not apply when a separate entity is performing the intrastate haul that may have previously been, or will later be, moved in interstate commerce. However, exemption from the gross income tax does not exempt an entity from the adjusted gross income tax or the supplemental net income tax.

Adjusted Gross Income and Supplemental Net Income Tax

The Indiana adjusted gross income tax applies to all entities involved in interstate transportation who operate or whose property is operated in or through Indiana on a revenue producing basis. A transportation company that provides the services of hauling goods in or through Indiana is sufficient to subject the transportation company to adjusted gross and supplemental net income tax.

I.C. 6-3-2-2(b) requires that all multi-state taxpayers use an apportionment formula in determining the amount of business income taxable to Indiana by taking an average of the sum of their property factor, payroll factor and sales (revenue) factor. P.L. 65-1991(ss), amended I.C. 6-3-2-2, contained a conditional provision that double-weighted the revenue factor for apportioning adjusted gross income to Indiana.

INSTRUCTIONS FOR COMPLETING SCHEDULE E-7

For tax years beginning on or after January 1, 1995, the Indiana apportionment percentage for interstate transportation companies will be determined by dividing the sum of the property factor, payroll factor, and 200% of the revenue factor (double-weighted) by four.

Mileage Percentage

Line 1. Enter the total revenue miles traveled in Indiana. The total revenue dollars from transportation (both intrastate and interstate) are to be assigned to the states traversed on the basis of mileage in each state in which the property, freight, or passengers move. Pipelines may substitute revenue miles with barrel miles, cubic foot miles, or other appropriate measures. In practice, revenue miles usually equals road miles.

Line 2. Enter the total revenue miles traveled everywhere. For purposes of apportionment, the term "everywhere" does not include property, payroll, or sales of a foreign corporation in a place outside the United States and its territories.

Line 3. Divide the revenue miles in Indiana (line 1) by the revenue miles everywhere (line 2) to determine the percentage of transportation activity within Indiana.

Indiana Revenue Factor

Line 4. Enter the total amount of income derived from transportation activity everywhere.

Line 5. Enter income from non-transportation activity everywhere. This will include income from interest, dividends, capital assets, etc. This entry should also include service fees (e.g. the service of boxing and tagging items, etc.), sales income (e.g. the sale of packing boxes, insurance, etc.), and any other non-mobile type revenue.

Line 7. Multiply line 4 by line 3 to determine the amount of transportation revenue from Indiana.

Line 8. Enter the amount of income derived from non-transportation activity in Indiana.

Line 10. Divide line 9 by line 6 to determine the Indiana revenue percent factor and enter result in first box on line 10. For tax years beginning after December 31, 1994, multiply the amount in box by 200% and enter the result in the second box on line 10.

Indiana Payroll Factor

Wages and salaries of employees assigned to fixed locations within Indiana will be included in the payroll factor of this state. Wages of personnel operating interstate transportation equipment will be assigned to Indiana on the basis of total miles traveled in Indiana, as compared to miles traveled everywhere.

Line 11. Enter the total amount of payroll for transportation personnel everywhere.

Line 12. Enter the total amount of payroll for non-transportation personnel everywhere. This entry will include wages paid to bookkeepers, clerks, secretaries, etc.

Line 14. Multiply line 11 by line 3 to determine the amount of Indiana payroll for transportation personnel.

Line 15. Enter the total amount of payroll for non-transportation personnel in Indiana.

Line 17. Divide line 16 by line 13 to determine the Indiana payroll percent factor.

Indiana Property Factor

Fixed properties, such as buildings and land used in business, shop and terminal equipment and trucks or cars used locally or any other tangible property connected with the transportation business will be assigned to the state where the properties are located. The value of movable equipment in interstate transportation will be assigned to Indiana on the basis of total miles traveled in this state, as compared to total miles traveled everywhere.

Line 18. Enter the total average value of all movable transportation revenue producing equipment used in interstate transportation activities everywhere. Property owned by the transportation company is valued at original cost. The average is determined by adding the value at the beginning and end of the tax period and dividing by two.

Line 19. Enter rents paid during the tax period for movable transportation revenue producing property rented and/or purchased through a lease contract, less any sub-rentals. Rented/leased property is valued at eight (8) times its annual rental rate.

Purchased transportation, defined as "the taxpayer's use of motor vehicle owned and operated by ... for which a charge is incurred," is included in the calculation of rented property, which is valued at eight (8) times the net annual rate. When the charge for the use of such purchased property cannot be separated from the charge for compensating the operator of the property, the value of the total charge is reduced by 20%. CAUTION: The 20% attributable to compensating the operator should not be included in the payroll factor.

Line 20. Add lines 18 and 19 to determine the total value of transportation property everywhere.

Line 21. Enter the average value of property from non-transportation business activity everywhere. This will include all buildings, land, shop and terminal equipment, and non-revenue producing vehicles.

Line 22. Enter the rents paid during the tax period for non-transportation property everywhere, at eight (8) times the annual rental rate.

Line 24. Multiply line 20 by line 3 to determine the value of property and rents from Indiana transportation activity.

Line 25. Enter the average value of property in Indiana from non-transportation business activity.

Line 26. Enter the rents paid during the tax period for non-transportation property in Indiana, at eight (8) times the annual rental rate.

Line 28. Divide line 27 by line 23 to determine the Indiana property percent factor.

Indiana Apportionment Percentage

Line 30. To determine the Indiana apportionment percentage for a tax year, divide line 29 by 4.

The property and payroll factors are each valued as a factor of one in the apportionment formula. The revenue factor value for a tax year beginning in 1995 is 2. Therefore, the combined three-factor formula value for the denominator equals 4. In cases where there is a total absence of one of these factors (e.g. no payroll anywhere) divide the sum of the percentages by the number of the remaining factor values present in the apportionment formula.

Carry the resulting average Indiana apportionment percentage to the appropriate line on the annual Indiana income tax return.