



Indiana Department of Revenue

Apportionment for Interstate Transportationfor tax year beginning AA / / and ending BB / / **Schedule E-7**
(Revised 10/04)
SF 49192

Name of Corporation or Organization <u>B</u>	Federal Identification Number <u>A</u>
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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 for Form IT-20; and Apportionment of Income Worksheet for 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).....	CC		%	x 200% (2.0) double-weighted).... 10. <u> </u> . <u> </u> %
Indiana Payroll Factor				
11. Transportation payroll everywhere.....	11.			
12. Non-transportation payroll everywhere.....	12.			
13. Total payroll everywhere (line 11 + line 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 line 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).....	30.			%

Indiana Department of Revenue
Schedule E-7 - Apportionment Schedule For Interstate Transportation

Revised 10/04

Income Tax Liability of Entities Involved in Interstate Transportation

Schedule E-7 is to be used by entities who are engaged in the transportation of persons and property for hire. All entities involved in public transportation who operate or whose property is operated in or through Indiana are subject to Indiana income tax. This schedule is to 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.

Adjusted Gross Income

The Indiana adjusted gross income tax applies to all entities who derive income from the provision of public transportation services operated in or whose property is operated through Indiana. A transportation company carrying persons or goods in or through Indiana is sufficient to subject them to Indiana adjusted gross income tax.

All multi-state taxpayers are required under IC 6-3-2-2(b) to use an apportionment formula to determine the amount of business income taxable in Indiana. The apportionment formula is computed using an average of the sum of the property, payroll and sales (revenue) factors. PL 65-1991(ss) amended IC 6-3-2-2 to provide that the sales factor would be double-weighted for purposes of apportioning adjusted gross income to Indiana.

INSTRUCTIONS FOR COMPLETING SCHEDULE E-7

The Indiana apportionment percentage for interstate transportation companies is determined by dividing the sum of the property factor, payroll factor, and the revenue factor (double-weighted) by four (4).

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 through which the property, freight, or passengers move based on mileage. Pipeline companies may substitute barrel miles, cubic foot miles, or other appropriate measures for revenue miles. In practice, revenue miles usually equal 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 located 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 total income from non-transportation sources, e.g. income from interest, dividends, sale of capital assets, etc. Service fees (e.g. boxing and tagging items, etc.), sales income (e.g. packing boxes, insurance, etc.), and all other non-mobile type income must be included.

Line 6. Enter the total of line 4 and line 5.

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 9. Enter total of line 7 and line 8.

Line 10. Divide line 9 by line 6 to determine the Indiana revenue percentage. Enter result in first box on line 10. Multiply the amount 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. **Caution:** Compensation of operators is included in the total charged for purchased transportation should not be included. See further explanation in line 19.

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 13. Enter total of line 11 and line 12.

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 16. Enter total of line 14 and line 15.

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

Indiana Property Factor

Fixed property (buildings and land used in business, shop and terminal equipment, trucks, cars and all other tangible property connected with the transportation business) should be assigned to the state in which the property is located. The value of mobile equipment used in interstate transportation will be assigned based on total miles traveled in Indiana compared to total miles everywhere.

Line 18. Enter the total average value of all mobile transportation revenue producing equipment. Property owned by the transportation company is valued at original cost. Add the beginning and ending value of all transportation equipment and divide by two (2) to determine the average value.

Line 19. Enter rents paid during the tax period for mobile 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." Any charge incurred for purchased transportation should be included in the calculation of rented property. When the charge for the use of 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 operator compensation 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. Multiply annual rents paid during the tax period for non-transportation property everywhere by eight (8) and enter the amount.

Line 23. Add line 20, line 21 and line 22. Enter the total here.

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 27. Add line 24, line 25 and line 26. Enter the total here.

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

Line 29. Add line 10, line 17 and line 28. Enter the result here.

Indiana Apportionment Percentage

Line 30. To determine the Indiana apportionment percentage for the tax period divide line 29 by four (4).

The property and payroll factors are each valued as a factor of one (1) in the apportionment formula. The revenue factor value for tax periods beginning after December 31, 1994, is two (2). The combined three-factor formula value for the denominator equals four (4). In instances in which 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.