

**Schedule E-7**

State Form 49192  
(R5 / 8-10)

Indiana Department of Revenue

**Apportionment for Interstate Transportation Tax Years 2007-2010**

For Tax Year Beginning    and Ending

This apportionment schedule is to be used by entities involved in interstate transportation for tax years beginning after December 31, 2006 in lieu of Schedule E for Form IT-20; and Apportionment of Income Schedule 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%.)

Name of Corporation or Organization

Federal Identification Number

1. Revenue miles in Indiana.....	1		00
2. Revenue miles everywhere.....	2		00
<b>3. Indiana percentage of revenue miles</b> (line 1 ÷ by line 2).....	3	.	%
<b>Indiana Revenue Factor</b>			
4. Transportation revenue everywhere.....	4		00
5. Nontransportation revenue everywhere.....	5		00
6. Total revenue everywhere (line 4 + line 5).....	6		00
7. Transportation revenue from Indiana (line 3 x line 4).....	7		00
8. Nontransportation revenue in Indiana.....	8		00
9. Total Indiana revenue value (line 7 + line 8).....	9		00
10. REVENUE PERCENTAGE (line 9 ÷ by line 6).....	10	.	%
<b>Indiana Payroll Factor</b>			
11. Transportation payroll everywhere.....	11		00
12. Nontransportation payroll everywhere.....	12		00
13. Total payroll everywhere (line 11 + line 12).....	13		00
14. Transportation payroll from Indiana (line 11 x line 3).....	14		00
15. Nontransportation payroll in Indiana.....	15		00
16. Total Indiana payroll value (line 14 + line 15).....	16		00
17. PAYROLL PERCENTAGE (line 16 ÷ by line 13).....	17	.	%
<b>Indiana Property Factor</b>			
18. Transportation property everywhere.....	18		00
<b>19. Transportation rents everywhere</b> (8 x annual rental rate).....	19		00
<b>20. Total transportation property everywhere</b> (line 18 + line 19).....	20		00
21. Nontransportation property everywhere.....	21		00
22. Nontransportation rents everywhere (8 x annual rental rate).....	22		00
23. Total property everywhere (line 20 + line 21 + line 22).....	23		00
<b>24. Transportation property/rents from Indiana</b> (line 20 x line 3).....	24		00
25. Nontransportation property in Indiana.....	25		00
<b>26. Nontransportation rents in Indiana</b> (8 x annual rental rate).....	26		00
<b>27. Total Indiana property value</b> (line 24 + line 25 + line 26).....	27		00
28. PROPERTY PERCENTAGE (line 27 ÷ by line 23).....	28	.	%
29. Total of apportionment percentages (line 10 + line 17 + line 28).....	29	.	%
30. INDIANA APPORTIONMENT PERCENTAGE: line 29 ÷ by.....	30	.	%

x3 for tax year beginning in 2007  
x4.67 for tax year beginning in 2008  
x8 for tax year beginning in 2009  
x18 for tax year beginning in 2010

5 for tax year beginning in 2007  
6.67 for tax year beginning in 2008  
10 for tax year beginning in 2009  
20 for tax year beginning in 2010



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**Schedule E-7 - Apportionment Schedule for Interstate Transportation**  
**(for Tax Years 2007-2010)**

**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 multistate 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 factor to be applied is based on a three-factor formula of property, payroll, and sales (revenue).

**PL 162-2006 amends IC 6-3-2-2 to phase in a single-factor formula based on sales for apportioning business income of corporations and nonresident persons for taxable years beginning in 2007. The total value of the property and payroll factors shall gradually be diminished in each of the succeeding four taxable years. The single-factor formula will be fully implemented for taxable years beginning after Dec. 31, 2010.**

**Instructions for Completing Schedule E-7 for 2010**

The apportionment factor to be applied to an interstate transportation company's business income to determine the amount taxable by Indiana during the transition period is based on a three-factor formula of property, payroll, and revenue miles.

**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 the total income from nontransportation sources, such as income from interest, dividends, sale of capital assets, etc. Service fees (boxing and tagging items and so on), sales income (packing boxes, insurance, and so on), and all other nonmobile-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 nontransportation activity in Indiana.

**Line 9.** Enter the total of line 7 and line 8.

**Line 10.** Divide line 9 by line 6 to determine the Indiana revenue percentage.

Enter the result in the first box (cc) on line 10:

- For taxable years beginning after Dec. 31, 2006, and before Jan. 1, 2008, multiply the amount by **3** and enter the result in the second box on line 10;
- For taxable years beginning after Dec. 31, 2007, and before Jan. 1, 2009, multiply the amount by **4.67** and enter the result in the second box on line 10;
- For taxable years beginning after Dec. 31, 2008, and before Jan. 1, 2010, multiply the amount by **8** and enter the result in the second box on line 10;
- For taxable years beginning after Dec. 31, 2009, and before Jan. 1, 2011, multiply the amount by **18** 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 must be included in the payroll factor of this state. Wages of personnel operating interstate transportation equipment are assigned to Indiana on the basis of total miles traveled in Indiana, as compared to miles traveled everywhere.

**Caution:** Compensation of operators 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.

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**Line 12.** Enter the total amount of payroll for nontransportation personnel everywhere. This entry must include wages paid to bookkeepers, clerks, secretaries, and so on.

**Line 13.** Enter the 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 nontransportation personnel in Indiana.

**Line 16.** Enter the 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 values of all transportation equipment and divide by 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 subrentals. Rented/leased property is valued at eight times its annual rental rate. Purchased transportation is defined as "the taxpayer's use of a 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 percent. **Caution:** The 20 percent 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 nontransportation business activity everywhere. This will include all buildings, land, shop and terminal equipment, and nonrevenue-producing vehicles.

**Line 22.** Multiply annual rents paid during the tax period for nontransportation property everywhere by 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 nontransportation business activity.

**Line 26.** Enter the rents paid during the tax period for nontransportation property in Indiana, at eight 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, the total value of the denominator for tax periods beginning after Dec. 31, 2006, varies according to the phase-in schedule:

- For a tax period that begins in 2007, divide line 29 by **5**;
- For a tax period that begins in 2008, divide line 29 by **6.67**;
- For a tax period that begins in 2009, divide line 29 by **10**;
- For a tax period that begins in 2010, divide line 29 by **20**.

The payroll and property factors are each valued as a factor of 1 in the apportionment formula. 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.

**Examples:** In the case of a taxpayer who lacks either the payroll or property factor in the three-factor formula, the taxpayer's business income will be apportioned by using the remaining factor or factors. For 2010, divide line 29 by 19. This denominator is the remaining value of the payroll (1) or property (1) factor plus the value of the revenue (18) factor for 2010.

If both the payroll and property factors are absent, divide line 29 by 18 for 2010. This denominator is the remaining value of the revenue factor.

If the revenue factor (line 10) is absent (e.g., for a start-up company), you must divide line 29 by 2. The denominator is the total value of the payroll and property factors for 2010.

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