

Indiana Department of Revenue
**2010 Indiana Apportioned Income
for Nonresident Individuals**

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

File with Form IT-40PNR or Form IT-40P

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

Part 1 Taxpayer Information

Check 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

Round all entries

1. Enter the net federal income (loss) reported for the business activity _____	1	00
2. Enter an amount for each deduction (or income item) used in arriving at Federal Net Income:		
a) Bonus depreciation / other: see instructions _____	2a	00
b) U.S. Gov't bond interest and other nontaxables _____	2b	00
3. Net modifications: subtract 2b from 2a. _____	3	00
4. Total income, as modified (add lines 1 and 3) _____	4	00

Part 3 Apportioned Income for Nonresident Individuals for 2010 tax year

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 at www.in.gov/dor/4441.htm*

	Column A <u>Total within Indiana</u>	Column B <u>Total within and outside Indiana</u>	Column C <u>Indiana percentage</u>
1. Property Factor - Enter total of: average real and tangible business property owned (at cost), inventories, and net rents paid (8x annual rental) _____	1a 00	1b 00	
Divide line 1a by line 1b, enter the percent on line 1c _____			1c . %
2. Payroll Factor - Enter total payroll _____	2a 00	2b 00	
Divide line 2a by line 2b and enter percent on line 2c _____			2c . %
3. Receipts Factor - Enter total business gross receipts (sales) _____	3a 00	3b 00	
3c. Divide line 3a by line 3b, enter result here . % x 18 receipts factor _____			3c . %
4. Total percentages entered on lines 1c, 2c and 3c _____			4 . %
5. Divide line 4 by 20 (<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 00

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-40PNRA Indiana Apportionment Income for Nonresident Individuals

Who Should File

A nonresident person or proprietor, including an entertainer, independent contractor and other unincorporated individuals, who derive 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 this schedule. Part 3 outlines Indiana's 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.

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 instructions for credits for taxes paid to other states in the individual income tax return instruction booklet.

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. Only the apportioned business income from this schedule is to be reported on line 19 on Form IT-40PNR Schedule A.

Caution: Multistate business income received from an 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.

Part 1 Complete all necessary boxes to identify source and type of business income received.

Part 2

Line 2 – a) Net the add-backs (from IT-40PNR Schedule B) which are associated with this business income (loss), and enter here. Do not also enter any of those add-backs from this business income (loss) on the individual's Schedule B; b) 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 income from a business which operates both within and outside the state of Indiana must apportion the business income. This is accomplished by completing Part 3.

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 – The property and payroll factors are each valued as a factor of 1. The receipts factor is valued as a factor of 18. The combined three-factor denominator equals 20. If either the property or the payroll factor for column B is absent, divide line 4 by 19. If the receipts factor (3B) is absent, you must 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.

Note: If you are filing a return for a year other than 2010, get the Schedule IT-40PNRA for that specific year at www.in.gov/dor/3488.htm

