

Name as shown on return

Federal Employer Identification Number (EIN)

Part I. Apportionment Formula

Check if using three factor apportionment

Property (Owned Property at Original Cost)	Total	Idaho	Percentage	
Beginning of Year				
1. Inventories	1	▪		
2. Real and tangible personal property	2	▪		
Ending of Year				
3. Inventories	3	▪		
4. Real and tangible personal property	4	▪		
5. Total of lines 1 through 4	5			
6. Average. Line 5 divided by 2	6			
7. Rented property (capitalized at 8 times rents paid)	7	▪		
8. Total property. Add lines 6 and 7	8	▪		
9. Idaho property percentage. Compute percentage to four decimal places			9 %	
Sales (Gross Receipts)				
10. Gross sales, less returns and allowances	10	▪		
11. Sales delivered or shipped to Idaho purchasers	11			
12. Idaho "throwback" sales	12	▪		
13. Sales of services	13	▪		
14. Other business gross receipts	14	▪		
15. Total gross receipts. Add lines 10 through 14	15	▪		
16. Idaho sales percentage. Compute percentage to four decimal places			16 %	
17. Reserved			17	
Payroll				
18. Total wages and salaries	18	▪		
19. Idaho payroll percentage. Compute percentage to four decimal places				19 %
20. Total Percentage. See instructions				20 %
21. Idaho Apportionment Factor. See instructions			21 %	

Part II. Combined Reporting Adjustments

Water's Edge

Worldwide

Additions

1. Income of unitary foreign subsidiaries. See instructions	1		▪
2. Federal taxable income of unitary subsidiaries not included on the federal return	2	▪	
3. Income of foreign corporations subject to federal taxation	3	▪	
4. Intercompany transactions eliminated on the federal return	4	▪	▪
5. Other additions. Include explanation	5	▪	▪
6. Total additions. Add lines 1 through 5. Enter on Form 41, line 17	6		

Subtractions

7. Federal taxable income of nonunitary subsidiaries included on the federal return	7	▪	▪	
8. Exclusion for foreign dividends				
a. Foreign dividends	8a	▪		
b. Enter 80% if no spreadsheets filed or 85% if spreadsheets filed	8b			%
c. Dividend exclusion. Multiply line 8a by line 8b	8c	▪		
9. Intercompany dividends included on the combined return	9	▪	▪	
10. Intercompany transactions included on the federal return	10	▪	▪	
11. Other subtractions. Include explanation	11	▪	▪	
12. Total subtractions. Add lines 7, 8c, 9, 10, and 11. Enter on Form 41, line 29	12			

Part I of this form provides the computation of the Idaho apportionment factor and is used by taxpayers who have income from business activity that's taxable in Idaho and another state or country.

If the taxpayer is a partner in a partnership or a shareholder in an S corporation, the taxpayer must take into account the activity of the pass-through entity in determining whether the taxpayer has income from business activity that's taxable in Idaho and another state or country. Include the taxpayer's share of the pass-through entity's property, payroll, and sales numbers from Form ID K-1 in the amounts reported on this form.

Part II of this form provides the worldwide and water's-edge adjustments to compute combined income. Part II is used by a corporation that has ownership in at least one foreign affiliate.

Partnerships don't use Part II.

Factor information is available at tax.idaho.gov.

Part I Specific Instructions

Instructions are for lines not fully explained on the form. Compute all percentages to four places to the right of the decimal point (00.0000%). Include a schedule showing apportionment detail by company if filing for a unitary group.

Single sales factor is the default apportionment method. Electrical, telephone and communications corporations (as defined in Idaho Code) and MTC special industries (construction contractors, airlines, railroads, trucking companies, television and radio broadcasting, publishing, and financial institutions) can elect to use a three factor method. If you're using three factor apportionment, check this box and provide a list of the companies using the three factor method.

All taxpayers must complete all three sections (property, payroll and sales) of Part I. Only three-factor taxpayers will use all three factors to compute their apportionment factor.

Property

Lines 1 through 4. Enter the beginning and end of the year total property and Idaho property amounts.

Line 9. Divide Idaho property by total property (amounts on line 8).

Sales

Lines 11 and 12. Enter the amounts from line 10 that were delivered or shipped to Idaho buyers (line 11) or that were throwback sales to Idaho (line 12). A sale made in a state with no jurisdiction to tax the seller is a throwback sale.

Line 14. Include a detailed schedule.

Line 16. Divide Idaho gross receipts by total gross receipts (amounts on line 15.)

Payroll

Line 19. Divide Idaho wages and salaries by total wages and salaries (amounts on line 18).

Total Percentage

Line 20. For taxpayers using the three-factor apportionment method, add the percentages on lines 9, 16 and 19. For all other taxpayers, use the percentage on line 16.

Idaho Apportionment Factor

Line 21. For taxpayers using the three-factor apportionment method, divide the total on line 20 by three. If any of the factors don't apply to your business, divide the total on line 20 by the number of factors used. For example, if your business has no employee anywhere, your factor is reduced by one.

For all other taxpayers, use the percentage on line 20.

Part II Specific Instructions

To the extent that amounts listed for water's-edge filers are different than the amounts listed for worldwide filers, separate instructions are listed.

Additions

Line 1 Income From Unitary Foreign Subsidiaries

Water's-edge Filers. Disregard this line and go to line 2.

If foreign affiliates aren't included in a consolidated federal return, the corporation can select one of the following options. The option selected must be used for all foreign affiliates not included in a consolidated federal return and must be adjusted for the Idaho additions and subtractions listed on Form 41.

Option 1. Enter the net income before income taxes stated on each affiliate's profit and loss statement prepared for the United States Securities and Exchange Commission (SEC). If the profit and loss statement isn't filed with the SEC, enter the net income or loss before income taxes reported on the profit and loss statement prepared for reporting to shareholders that's subject to review by an independent auditor.

Option 2. The net income or loss reported on the profit and loss statements may be adjusted to tax accounting standards as would be required by the Internal Revenue Code (IRC) if the corporation were incorporated in the United States. If a corporation chooses to make the book-to-tax adjustments, all book-to-tax adjustments must be made for all unitary foreign corporations not included in the consolidated federal return. The book-to-tax adjustments must be consistently applied each year the group files a worldwide return.

Include a schedule of the foreign affiliate income by corporation. Also include schedules of the book-to-tax adjustments, if any.

Line 2 Federal Taxable Income of Nonconsolidated Unitary Subsidiaries

Enter the federal taxable income of unitary subsidiaries incorporated in the United States that are more than 50% commonly owned and that weren't included in the federal consolidated return. This is the amount reported on the subsidiary's federal income tax return, Form 1120, adjusted for the Idaho additions and subtractions listed on Form 41. Include a schedule identifying this income by corporation.

Line 3 Income of Foreign Corporations Subject to Federal Taxation

Water's-edge Filers. Enter the federal taxable income reported by corporations incorporated

outside the United States that are required to file a federal income tax return. This includes foreign corporations filing a federal Form 1120F.

Worldwide Filers. The income of foreign corporations is included on line 1.

Include a schedule identifying this income by corporation and also include copies of the federal income tax returns filed by each.

Line 4 Intercompany Eliminations

Enter the amount of intercompany transactions between the combined group and nonunitary subsidiaries eliminated on the federal consolidated return. The income of the nonunitary subsidiaries is a subtraction on line 7. Include a schedule identifying the intercompany transactions by corporation.

Line 5 Other Additions

Enter any miscellaneous Idaho additions. Include a schedule identifying each miscellaneous addition by corporation.

Subtractions

Line 7 Federal Taxable Income of Nonunitary Subsidiaries Included on the Federal Return

Enter the federal taxable income of nonunitary subsidiaries included in the federal consolidated return. Include a schedule identifying the income or loss by corporation.

Line 8 Dividend Exclusion

The following dividend exclusions are applicable only to water's-edge filers.

- a. **Foreign Dividends.** Enter the total amount of dividends paid by foreign affiliates. Include the amounts of income from controlled foreign corporations under subpart F if included in federal taxable income. Enter the income from possession corporations included in line 2. Don't include on this line any actual dividends paid by the possession corporations.
- b. **Exclusion Percentage.** If you elected to forgo filing the water's-edge spreadsheets as shown on line 8b, Form 41, enter 80%. Enter 85% if you're filing the water's-edge domestic disclosure spreadsheets.

Line 9 Intercompany Dividends Included on the Combined Return

Enter the amount of dividends paid by one member to another member of the unitary group that haven't been subtracted elsewhere on this form or Form 41.

Include a schedule identifying payors, payees and dividend amounts regardless of the filing method.

Line 10 Intercompany Transactions Included on the Federal Return

Enter the intercompany transactions between members of the combined group that haven't otherwise been eliminated.

Line 11 Other Subtractions

Enter any miscellaneous Idaho deductions. Include a schedule identifying each miscellaneous deduction by corporation.

Contact us:

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Hearing impaired (TDD) (800) 377-3529

tax.idaho.gov/contact