

This Revenue Notice was revoked on April 29, 2002 by Revenue Notice # 02-06.

DEPARTMENT OF REVENUE

Revenue Notice #94-2 Corporate Income Tax- Apportionment of Income- Two Factor Weighted Formula

Apportionment of net income from a trade or business carried on partly within and partly without this state is governed by Minnesota Statute Section 290.191. When a taxpayer only has two of the three factors for apportionment they may elect to use the Two Factor Weighted Formula as computed below. When a taxpayer elects to calculate their apportionment factor using this formula the Department will accept the calculation without the taxpayer petitioning the Department for its use under Minnesota Statute Section 290.20.

For those taxpayers that only have two of the three apportionment factors the following two factor weighted formula should be applied:

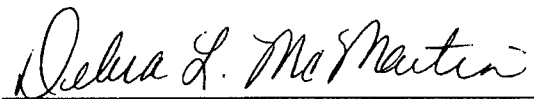
(Example: Taxpayer has property and sales but no payroll.)

Property* Factor	15%	
Sales Factor	<u>70%</u>	
	85%	
Property Weight	<u>15%</u>	= 17.6%
Divided by Total	85%	
Sales Weight	<u>70%</u>	= 82.4%
Divided by Total	85%	
New Weighted Property Factor	17.6%	
New Weighted Sales Factor	<u>82.4%</u>	
Total of Weights	100%	

* The calculation would be the same if a taxpayer had payroll but no property to apportion to the State of Minnesota.

(Example: Taxpayer has property and payroll but no sales.)

Property Factor	15%	
Payroll Factor	<u>15%</u>	
	30%	
Property Weight	<u>15%</u>	= 50%
Divided by Total	30%	
Payroll Weight	<u>15%</u>	= 50%
Divided by Total	30%	
New Weighted Property Factor	50%	
New Weighted Payroll Factor	50%	
Total of Weights	100%	



Debra L. McMartin
Assistant Commissioner for Tax Policy

January 24, 1994