

701—54.8(422) Apportionment of income derived from more than one business activity carried on within a single corporate structure. Net income from corporations where more than one business activity is conducted within a single unitary corporate structure shall be apportioned by combining gross receipts or gross revenues of each business activity in the business activity ratio. Where necessary, formulas authorized by the department's rules or statute shall be used to ascertain the gross receipts from such business activities.

EXAMPLE: The taxpayer is engaged in the business of both manufacture of tangible personal property and trucking. During the tax year, the taxpayer received \$1,000,000 in gross receipts, \$400,000 of which was from its manufacturing operations and \$600,000 of which was from its trucking operations. In its trucking operations, the taxpayer traveled 100,000 miles in Iowa and 400,000 everywhere, and in its manufacturing operations, \$300,000 of sales were attributable to this state. The numerator of the business activity ratio would be \$450,000, which includes \$300,000 from manufacturing operations and \$150,000 ($100,000/400,000 \times 600,000 = 150,000$) from trucking operations. See subrule 54.7(2). The denominator of the business activity ratio would be \$1,000,000.

This rule is intended to implement Iowa Code section 422.33.