

Income/Franchise:

Indiana: Out-of-State Equity Firm Successfully Showed its Apportionment Factor is Zero Rather than 100%

Letter of Findings, No. 02-20242037, Ind. Dept. of Rev. (12/30/24). An Indiana Department of Revenue (Department) corporate income tax letter of findings involving an out-of-state equity firm held in the taxpayer's favor that the Department erred in adjusting its Indiana apportionment factor from 0% to 100% on the income it received from an Indiana investment – concluding that there was nothing in the records or the taxpayer's return that supported the adjustment. Under the facts, the taxpayer had explained that it:

URL: <https://iar.iga.in.gov/register/20250226-IR-045250073NRA>

1. Does not have any in-state physical presence or any of its own apportionment factors (sales, property, or payroll) in Indiana – thus supporting its 0% Indiana apportionment factor claim, and
2. Filed an Indiana income tax return solely to report the allocated income/loss received from a buyout investment firm located outside Indiana wherein the buyout firm received income from Indiana investments. Please contact us with any questions.

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