

Income/Franchise:

Illinois DOR Denies Alternative Apportionment Requests as Taxpayers Failed to Show Unfair Representation of In-State Activity

General Information Letter IT 25-0001-GIL, Ill. Dept. of Rev. (3/10/25); *General Information Letter IT 25-0002-GIL*, Ill. Dept. of Rev. (3/17/25). Responding to two separate taxpayers petitioning for use of alternative apportionment in computing their respective Illinois corporate income taxes, the Illinois Department of Revenue (Department) denied both of their requests, holding among other reasons that neither taxpayer sufficiently showed that the standard statutory apportionment formula does not fairly represent the extent of their in-state business activities for the tax years in question. In both rulings, the Department explains that an alternative apportionment method may not be invoked, either by the Department or by a taxpayer, merely because it reaches a different apportionment percentage than the required statutory formula. In addition, the taxpayer's alternative proposal to exclude its throwback sales in one ruling was deemed to only "exacerbate" the underlying issue. In the other ruling, the Department denied the request because it merely stated that separate accounting for the taxpayer's Illinois income more accurately reflected its Illinois market activity, which does not meet the regulatory requirement for alternative apportionment. Please contact us with any questions.

URL:

<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/legalinformation/letterrulings/it/documents/2025/it25-0001-gil.pdf>

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