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Re: Definitions of Business and Non-Business Income and a Unitary Business
Task Force C: Issue 2: Treatment of Expenses
Date: June 29, 1997

Treatment of Expenses

Expenses should be determined on facts and circumstances, and to the extent feasible, should be allocated to categories of income; except that indirect expenses should first be allocated to other expense categories. Expenses that cannot be specifically allocated in the preceding manner should be apportioned in a basis that is fair and equitable. In this regard, Treasury Regulation Section 1.861-8 et seq. should be used for reference.