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Re: Definitions of Business and Non-Business Income and a Unitary Business
Task Force C: Issue 4: the definition of non-business income
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The Definition of Non-Business Income

The delineation between business income and non-business income for a business is as follows:

1. Operating income earned by a business constitutes business income.
2. Income earned by a business from passive activities and from portfolio investment constitutes non-business income.
3. Dividends, interest, rents, royalties and non-operating income earned by a business may constitute business income or non-business income based on the facts and circumstances. The nature of the investment, as passive or as a direct investment, may be taken into account. A taxpayer seeking non-business treatment for a category of income should specify and enumerate this treatment on the tax return for all states in which the taxpayer files tax returns.