

TABLE 1: Taxable Income of MICRO Corp in State A

	Sepaprate Entity reporting			Combined Reporting		
	Entity A	Entity B	Entity C	Joyce: Neither Throwout ² nor Throwback ³	Joyce: With Throwout	Finnigan
Nexus	Yes	Yes	No ¹	A & B Only	A & B Only	A, B, and C
Apportionment						
<u>Sales Factor</u>						
In-State Sales	\$800	\$7,700	\$2,000	\$8,500	\$8,500	\$10,500
Total US Sales	1,250	15,000	10,000	26,250	24,250	26,250
Out of State Sales	450	7,300	8,000	15,750	15,750	15,750
In-State Sales %	64.0%	51.3%	20.0%	32.4%	35.1%	40.0%
<u>Property Factor</u>						
In-State Property	1,000	3,000	0	4,000	4,000	4,000
Total US Property	1,250	15,000	10,000	26,250	26,250	26,250
Out of State Property	250	12,000	10,000	12,250	22,250	22,250
In-State Property %	80.0%	20.0%	0.0%	15.2%	15.2%	15.2%
<u>Payroll Factor</u>						
Total In-State Payroll	500	2,000	0	2,500	2,500	2,500
Total US Payroll	750	9,000	6,000	15,750	15,750	15,750
Out of State Payroll	250	7,000	6,000	13,250	13,250	13,250
Payroll %	66.7%	22.2%	0.0%	15.9%	15.9%	15.9%
Total Weighted Apportionment % (Double Weighted Sales)	68.7%	36.2%	10.0%	24.0%	25.3%	27.8%
Taxable Income Total (Random No.)	\$750	\$9,000	\$6,000	\$15,750	\$15,750	\$15,750
Taxable Income in State A	\$515	\$3,260	\$0	\$3,775	\$3,985	\$4,375

1 Entity C has no nexus with this state, therefore is not subject to this state's income tax.
 2. All sales that are not assigned to any state are excluded from both the numerator and the denominator.
 3. All sales that are not taxed in this state are excluded from the numerator and reassigned to that state which is deemed to be the source of the sale.