New Hampshire
Department of
Revenue Administration

2015
DP-80

BUSINESS PROFITS TAX APPORTIONMENT

INSTRUCTIONS

WHO MUST APPORTION

A business organization must apportion its income if:

- Its business activities are conducted both inside and outside New Hampshire, **AND**
- The business organization is subject to a net income tax, franchise tax based upon net income or capital stock tax in another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, whether or not actually imposed by the other state. See RSA 77-A:3.

INCOME SUBJECT TO APPORTIONMENT

The Business Profits Tax law, RSA 77-A, does not contain a provision differentiating between business and non-business income. All income constitutes business income subject to apportionment unless specifically excluded by RSA 77-A.

LINE-BY-LINE INSTRUCTIONS

NAME AND TAXPAYER IDENTIFICATION NUMBER

Enter the business organization's name and Taxpayer Identification Number (Federal Employer Identification Number (FEIN), Social Security Number (SSN), or Department Identification Number (DIN)) in the spaces provided. For the purpose of administering any state tax as allowed under 42 U.S.C Section 405, the Commissioner of the Department of Revenue Administration is authorized to require the submission of an SSN, FEIN, or any other identifying number used in filing or preparing federal tax returns by individuals, businesses, or return preparers. (See RSA 21-J:27-a; N.H. Code of Admin. Rules, Rev 2903.02 (c); and 42 USCS sec. 405 (c) (2) (C) (i)). Where SSNs or FEINS are required, taxpayers who have been issued a DIN, must use their DIN only, not their SSN or FEIN.

Enter the beginning and ending dates of the taxable period if different from the calendar year.

ROUNDING OFF

Money items on all BET and BPT forms shall be rounded off to the nearest whole dollar.

Business organizations included in a combined group must eliminate all intercompany transactions with other members of the unitary group from both the numerator and the denominator. Business organizations that have flow through items should not include those items in their apportionment factors.

LINE 1: SALES/RECEIPTS FACTOR:

Enter "EVERYWHERE" sales in 1(a).
Enter "New Hampshire" sales in 1(b).
Divide 1(b) by 1(a). Multiply the result by 2. Enter the result in Line 1(c) expressed as a decimal to six places.

The sales/receipts factor includes, but may not be limited to:

- Sales, less returns and allowances;
- Interest, rents and royalties;
- Capital gain net income;
- Net gains or losses; and
- Other income unless the item is properly includible as a reduction of an expense or allowance.

LINE 2: PAYROLL FACTOR:

Enter Everywhere payroll in 2(a).
Enter New Hampshire payroll in 2(b).
Divide 2(b) by 2(a) and enter the result expressed as a decimal to six places in 2(c).

The payroll factor is the total compensation consisting of wages, salaries, commissions, and other forms of remuneration paid during the taxable period to employees for personal services. Employee benefits should not be included in the payroll factor. Do not include payments to independent contractors where no employer/employee relationship exists.

LINE 3: PROPERTY FACTOR

Enter Everywhere property in 3(a).

Enter New Hampshire property in 3(b).

Divide 3(b) by 3(a) and enter the result expressed as a decimal to six places in 3(c).

LINE-BY-LINE INSTRUCTIONS - continued

The property factor includes all real and tangible personal property owned, rented, and employed by the business organization during the tax period in the regular course of its trade or business. Leasehold improvements are treated as property owned by the business organization. Other tangible assets should be listed separately under 3(a) and 3(b).

"Real and tangible personal property" includes land, buildings, improvements, equipment, merchandise or manufacturing inventories, leasehold improvements and other similar property that reflects the organization's business activities. Property shall be included in the property factor if it is actually used, available for use, or capable of being used during the taxable period in the regular course of the trade or business of the organization. Property or equipment under construction during the taxable period, except inventory of goods in process, shall be excluded from the factor until such property is actually used or available for use by the business organization in its regular trade or business.

Valuation of Owned Property: Property owned by the business organization must be valued at its original cost. "Original cost" is the basis of the property for federal income tax purposes at the time of acquisition, prior to any federal adjustments, and adjusted by subsequent sale, exchange, abandonment, etc. Inventory is included in the property factor in accordance with the valuation method used for federal income tax purposes.

Valuation of Rented Property: Property rented by a business organization is valued at **8 times** the net annual rental rate. The net rental rate is the annual rental rate paid by the business organization less any annual rental rate received by the business organization from sub-rentals.

Average Value of Owned Property: The beginning and ending cost of owned property is used to determine the average cost for the property factor. Where fluctuations in values exist during the period or where property is acquired or disposed of during the period, a monthly average shall be used to prevent distortions. "Beginning of Period" means the start of the tax period or when the assets are available for use.

LINE 4:

Enter the total of Lines 1(c), 2(c) and 3(c).

LINE 5: NEW HAMPSHIRE APPORTIONMENT

Enter the result of Line 4 divided by 4. Express as a decimal to six places.

If there are less than three factors with an "EVERYWHERE" denominator, then divide Line 4 as follows:

Sales/Receipts and Payroll -	divide by 3
Sales/Receipts and Property -	divide by 3
Payroll and Property -	divide by 2
Sales/Receipts only -	divide by 2
Property OR Payroll only -	divide by 1