Instructions for 2017 Form A-2:
Wisconsin Apportionment Data for Multiple Factor Formulas

Purpose of Form A-2

Corporations, partnerships, tax-option (S) corporations, and nonresident estates, trusts, and individuals that are engaged in a unitary business both in and outside Wisconsin use Form A-2 if they are required under the Wisconsin Administrative Code to apportion their income from the unitary business using more than one factor.

The types of companies to which Form A-2 applies are:

- Direct air carriers (Part I-A)
- Interstate Air Freight Forwarders Affiliated with a Direct Air Carrier (Part I-B)
- Motor carriers (Part I-C)
- Railroads (Part I-D)
- Pipeline companies (Part I-E)
- Telecommunications companies (Part I-F)

All other taxpayers required to use apportionment must use Form A-1, Wisconsin Apportionment Data for Single Factor Formulas.

General Instructions for Combined Groups

Each corporation in a combined group must complete Form A-2, if applicable, to report the apportionment data for its own activities. The combined group then carries forward the amounts from each member’s Form A-2 (or Form A-1, if applicable) to Form 6, Part III, lines 1a and 1b, to determine the combined group’s Wisconsin share of combined unitary income.

However, as a substitute for preparing multiple Forms A-2, a combined group may choose to prepare a columnar spreadsheet with the rows representing the appropriate lines of Form A-2 and each column representing a company in the combined group.

All combined group members that file Form A-2 must complete Part II.

Specific Instructions for Each Part

These instructions are presented in the order the parts appear on Form A-2:

Part I: Apportionment Percentage for Companies in Specialized Industries

Notes on Part I for Combined Return Filers

If the taxpayer is a combined group member, its apportionment factors must be adjusted to reflect its status as a combined group member. The following adjustments must be made to the factors as otherwise computed in Part I:

Intercompany Transactions. Apportionment factors that represent intercompany sales must be excluded from the amounts you enter in Part I. The following factors represent intercompany sales:

- Gross receipts of sales between combined group members.
- Aircraft arrivals and departures, revenue tons, or originating revenue attributable to flights performed for other combined group members.
- Ton miles, revenue ton miles, or traffic units attributable to transport performed for other combined group members.

The amounts in Part I must also exclude intercompany sales involving combined group members’ interests in pass-through entities. See the instructions for Form A-1, line 11 for further details.

Sales Excluded from Combined Unitary Income. If you reported an amount on Form 6, Part II, line 6 for separately apportioned income, you must exclude any apportionment factors attributable to those sales. See the instructions to Form N, Wisconsin Nonapportionable and Separately Apportioned Income, for further details on how to report and apportion separately apportioned income.

Intercompany Sales Previously Deferred.

If a combined group member made a sale to another member of the combined group in a prior year and the gain or loss on the transaction was deferred under the provisions in sec. 71.255(4)(g), Wis. Stats., the seller must include the gross receipts from the sale (or the arrivals and departures, revenue tons, originating revenue, ton miles, revenue ton miles, or traffic units which generated those gross receipts, as applicable) in its applicable apportionment factors in the year the
gain or loss is recognized. See the instructions for Form A-1, line 15 for details.

**Part I-A: Air Carriers**

The apportionment percentage is the average of the following three ratios:

1. Aircraft arrivals and departures within Wisconsin scheduled by the carrier to total aircraft arrivals and departures scheduled.
2. Revenue tons handled by the carrier at airports within Wisconsin to total revenue tons handled.
3. Originating revenue within Wisconsin to total originating revenue.

See section Tax 2.46, Wisconsin Administrative Code, for further details.

**Part I-B: Air Freight Forwarders Affiliated with a Direct Air Carrier**

The apportionment percentage is the average of the following three ratios:

1. The ratio which aircraft arrivals and departures within this state scheduled by the affiliated direct air carrier during the calendar or fiscal year bears to the total aircraft arrivals and departures in and without this state scheduled by such direct air carrier during the same period; provided that if the affiliated direct air carrier conducts nonscheduled operations all arrivals and departures shall be substituted for scheduled arrivals and departures.
2. The ratio which the revenue tons handled by the affiliated direct air carrier at airports within this state during the calendar or fiscal year bears to the total revenue tons handled at airports within and without this state during the same period.
3. The ratio which such qualified air freight forwarder’s originating revenue in this state for the calendar or fiscal year bears to the total revenue of such qualified air freight forwarder within and without this state for the same period.

See section Tax 2.465, Wisconsin Administrative Code, for further details.

**Part I-C: Motor Carriers**

The apportionment percentage is the average of the following two ratios:

1. Gross receipts from carriage of persons or property first acquired for carriage in Wisconsin to total gross receipts from carriage of persons or property everywhere.
2. Ton miles of carriage in Wisconsin to ton miles of carriage everywhere. If the above information isn’t available, the Department may authorize or direct the substitution of a similar factor (for example, gross tonnage instead of gross receipts or revenue miles instead of ton miles).

See section Tax 2.47, Wisconsin Administrative Code, for further details.

**Part I-D: Railroads**

The apportionment percentage is the average of the following two ratios:

1. Gross receipts from carriage of property or persons, or both, first acquired for carriage in Wisconsin to total gross receipts from carriage of property or persons, or both, everywhere.
2. Revenue ton miles of carriage in Wisconsin to revenue ton miles of carriage everywhere.

See section Tax 2.475, Wisconsin Administrative Code, for further details.

**Part I-E: Pipeline Companies**

The apportionment percentage is the average of the following three ratios:

1. Net cost (for Wisconsin tax purposes) of tangible property owned and used in Wisconsin to produce apportionable income to total net cost of such property everywhere.
2. Total compensation paid to employees located in Wisconsin to total compensation paid to employees everywhere.
3. Traffic units (for example, barrel miles, cubic foot miles, or other appropriate measure of product movement) in Wisconsin to total company traffic units.

See section Tax 2.48, Wisconsin Administrative Code, for further details.
Part I-F: Telecommunications Companies

The apportionment percentage is the average of the property factor, payroll factor, and sales factor. Sales of telecommunications services are in Wisconsin if the purchaser of the service received the benefit of the service in Wisconsin.

See section Tax 2.502, Wisconsin Administrative Code, for further details. This section explains where the benefit of the service is considered received for specific types of telecommunications services.

Part II: Conversion to Modified Sales Factor for Combined Return Filers

Combined return filers complete Part II to convert the apportionment percentage they computed in Part I to the "modified sales factor" amounts that will determine their Wisconsin share of combined unitary income.

- **Line 1. Sales Factor Amounts** – Even if the corporation did not use a sales factor in Part I, you must complete lines 1a through 1l.

- **Line 3. Intercompany Adjustments** – Intercompany sales between combined group members must be eliminated from the amounts on lines 1a through 1l.

If you included any sales between combined group members on lines 1a through 1l, enter on line 3 the amount so included. See the instructions for Intercompany Transactions under Part I for details.

- **Line 4. Sales Excluded from Combined Unitary Income** – Sales that are not included in combined unitary income must be eliminated from the amounts on lines 1a through 1l. If you included any sales on lines 1a through 1l that are not includable in combined unitary income, enter on line 4 the amount so included. See the instructions for Sales Excluded from Combined Unitary Income under Part I for details.

- **Line 7. Intercompany Sales Previously Deferred** – If a combined group member made a sale to another member of the combined group in a prior year and the gain or loss on the transaction was deferred under the provisions in sec. 71.255(4)(g), Wis. Stats., the seller must include the gross receipts from the sale in its sales factor in the year the gain or loss is recognized. Enter the gross receipts from the recognized sale on line 7.

See the instructions for Intercompany Sales Previously Deferred under Part I for details.

Additional Information and Assistance

**Web Resources**

The Department of Revenue’s web page, available at revenue.wi.gov, has a number of resources to provide additional information and assistance, including:

- Related forms and their instructions
- Common questions
- Publications on specific tax topics
- The Wisconsin Tax Bulletin
- A home page specifically for combined reporting topics
- Links to the Wisconsin Statutes and Administrative Code

**Contact Information**

If you cannot find the answer to your question in the resources available on the Department of Revenue’s web page, contact the Department using any of the following methods:

- E-mail your question to: revenue.wi.gov/Pages/ContactUs/dorhelp.aspx?subject=dorfranchise
- Call (608) 266-2772 (Telephone help is also available using TTY equipment. Call the Wisconsin Telecommunications Relay System at 711 or, if no answer, (800) 947-3529. These numbers are to be used only when calling with TTY equipment.)
- Send a fax to (608) 267-0834
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 3-107, PO Box 8906, Madison, WI 53708-8906