

Instructions for 2025 Schedule A-03: Wisconsin Apportionment Percentage for Interstate Motor Carriers

Purpose of Schedule A-03

Interstate motor carriers required to use apportionment must use the factor prescribed in sec. Tax 2.47, Wisconsin Administrative Code.

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 (line 1).
2. Ton miles of carriage in Wisconsin to ton miles of carriage everywhere (line 5). 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).

Line-by-Line Instructions

Share of Apportionment Factors

Partnerships, corporations, and tax-option (S) corporations must generally include their share of the numerator and denominator of the partnership's apportionment factors in the numerator and denominator of their apportionment factors. Include these amounts using the Wisconsin apportionment Schedules A-01 through A-11, as appropriate.

■ **Line 1. Gross Receipts from Carriage of Persons and Property** – For the Wisconsin column, enter the gross receipts received from the carriage of persons and property that is first acquired in Wisconsin.

For the Total Company column, enter the gross receipts from the carriage of persons and property everywhere.

■ **Line 5. Ton Miles of Carriage** – For the Wisconsin column, enter the ton miles of carriage in Wisconsin. A ton mile is the movement of one ton of persons or property, or both, one mile. Each person is considered the equivalent of 200 pounds.

For the Total Company column, enter the ton miles of carriage everywhere.

■ **Line 9. Apportionment Percentage** (Separate return filers and pass-through entities) – Add lines 4 and 8. **Fill all spaces to the right of the decimal point.** Round to the nearest ten-thousandth of a percent (for example, 12.3456%). See the instructions of the tax form you are filing (Form 1NPR, 2, 3, 4, 4T, 5S, or 6) for how to report and use this percentage.

Conversion to Modified Sales Factor (combined return filers only)

Combined return filers complete lines 10 through 19 to compute the “modified sales factor” that will determine their Wisconsin share of combined unitary income.

■ **Line 10. Sales Factor Amounts** – Enter the total company sales for each line.

■ **Line 12. Intercompany Sales** (Combined Group Members Only) – Any sales made between members of the same combined group (“intercompany sales”), either directly or through interests in a pass-through entity, must be excluded from the amounts you entered on lines 10a through 10l.

Report the excluded amount of intercompany sales on line 12. If you already excluded these intercompany sales from the amounts you entered on lines 10a through 10l, do not enter any amounts on line 12.

Following are additional details about intercompany transactions that involve pass-through entities. For additional information, refer to sec. Tax 2.61(7)(e), Wisconsin Administrative Code.

Sales to Pass-Through Entities Owned by Combined Group Members. If a combined group member makes a sale to a pass-through entity which is more than 50 percent owned, directly or indirectly, by members of the combined group, the member must eliminate an amount equal to the gross receipts of the sale multiplied by the sum of all combined group members' interests in the pass-through entity as of the date of the sale. The examples below illustrate:

Example 1: Combined Group LM consists of Member L and Member M. L owns a 40% interest in Partnership P. M owns a 60% interest in Partnership P. On March 1, 2025, L sells a widget to Partnership P for \$10,000, and this sale is includable in Group LM's combined unitary income. In its computation of apportionment factors for 2025, L must subtract an amount of \$10,000 ($= \$10,000 \times (40\% + 60\%)$) from its sales factor denominator and, if applicable, from its numerator.

Example 2: Assume the same facts as Example 1, except that Member L owns a 25% interest and M owns a 50% interest in Partnership P. In its computation of apportionment factors for 2025, L must subtract an amount of \$7,500 ($= \$10,000 \times (25\% + 50\%)$) from its sales factor denominator and, if applicable, from its numerator.

Sales by Pass-Through Entities Owned by Combined Group Members. If a pass-through entity makes a sale to a combined group member and more than 50 percent of the pass-through entity is directly or indirectly owned by members of the combined group, each member with an interest in the pass-through entity must subtract from its sales factor numerator and denominator any amount that would otherwise be included attributable to the sale.

The example below illustrates:

Example: Combined Group ST consists of Member S and Member T. S owns a 20% interest in Partnership R. T owns an 80% interest in Partnership R. On October 1, 2025, Partnership R sells a widget to S for \$20,000, and this sale is includable in Group ST's combined unitary income. In its computation of apportionment factors for 2025, S must subtract an amount of \$4,000 ($= \$20,000 \times 20\%$) from its sales factor denominator and, if applicable, from its numerator. Similarly, T must subtract an amount of \$16,000 ($= \$20,000 \times 80\%$) from its sales factor denominator and, if applicable, from its numerator.

■ **Line 13. Sales Excluded from Combined Unitary Income (Combined Group Members Only)** – If you reported an amount on Form 6, Part II, line 6 for separately apportioned income, you must exclude the sales attributable to that amount from the numerator and denominator of the sales factor, as applicable. Report the excluded amount of these sales on line 13. However, if you already excluded these sales from the amounts you entered on lines 10a through 10l, do not enter any amounts on line 13.

See the instructions to Form N, *Wisconsin Nonapportionable, Separately Accounted, and Separately Apportioned Income*, for further details on how to report and apportion separately apportioned income.

■ **Line 16. Sales Previously Deferred (Combined Group Members Only)** – If a combined group member made a sale to another member of the combined group in a prior taxable year and gain or loss on the transaction was deferred under the provisions of sec. 71.255(4)(g), Wis. Stats., the selling member must include the gross receipts from the sale in its sales factor in the year the gain or loss is recognized, to the extent those gross receipts are otherwise includable in the sales factor.

NOTE: Section 71.255(4)(g), Wis. Stats., provides that the intercompany deferral provisions of Treas. Reg. §1.1502-13 apply to a combined group similarly to how they apply to a consolidated group for federal purposes. See the instructions to Form 6, Part I, line 33, for details.

Report the gross receipts corresponding to any income recognized under sec. 71.255(4)(g), Wis. Stats., on line 16. If you already included these receipts in the amounts you entered on lines 10a through 10l, do not enter any amounts on line 16.

Under sec. Tax 2.61(7)(d), Wisconsin Administrative Code, special sourcing rules apply to amounts reported on line 16. If a combined group member sells an item or service to another combined group member and the purchaser subsequently resells it to a third party outside of the group, the situs of both sales is determined based on the situs of the sale from the purchasing member to the third party. Also, the purchasing member must exclude from its apportionment factors the amount the selling member already included attributable to that same item or service. The example below illustrates:

Example:

Combined Group YZ consists of Member Y and Member Z. Group YZ is on a calendar year. On December 30, 2024, Y sells a widget with a cost of \$400 to Z, for \$600. Y ships the widget to Z's warehouse in Wisconsin. On January 30, 2025, Z resells the widget to Q, an unrelated third party, for \$700. Z ships the widget to Q's headquarters in Illinois. Assume both the sale by Y and the sale by Z are includable in combined unitary income, and assume that Z has nexus in Illinois.

In 2024, Y did not recognize any gain on the sale to Z because the gain was deferred under the provisions of sec. 71.255(4)(g), Wis. Stats. Since the gain on the sale was not recognized, Y cannot include the \$600 sale in its apportionment factors for 2024.

In 2025, Y must include its \$200 of gain on the sale to Z ($= \$600 - \400) in combined unitary income. Y must also include the sale amount of \$600 in its sales factor denominator for 2025. Z must include its \$100 gain on the sale to Q ($= \$700 - \600) in combined unitary income for 2025. However, since \$600 of Z's sales price has already been included in Y's sales factor, Z may only include the remaining \$100 of the sale amount in its sales factor denominator. Neither Y nor Z include these amounts in their sales factor numerators since both sales are deemed to have a situs in Illinois where Group YZ has nexus.

Additional Information and Assistance

Web Resources

The Department of Revenue's web page, available at revenue.wi.gov, has several 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: DORFranchise@wisconsin.gov
- 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, PO Box 8906, Madison, WI 53708-8906

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of September 26, 2025: Chapter 71 Wis. Stats., and Chapter Tax 2, Wis. Adm. Code