

Instructions for 2025 Schedule A-11: Wisconsin Apportionment Percentage for Interstate Air Freight Forwarders Affiliated with a Direct Air Carrier

Purpose of Schedule A-11

Interstate air freight forwarders affiliated with a direct air carrier required to use apportionment must use the factor prescribed in sec. Tax [2.465](#), Wisconsin Administrative Code.

An air freight forwarder is "affiliated" with a direct air carrier if all the following apply:

- The air freight forwarder owns or controls either directly or indirectly at least 80% of the ownership interests of the direct air carrier, or at least 80% of the ownership interests of the air freight forwarder is owned or controlled either directly or indirectly by the direct air carrier, or at least 80% of the ownership interests of both the air freight forwarder and the direct air carrier is owned or controlled either directly or indirectly by the same interests.
- The air freight forwarder is principally engaged in the business of air freight forwarding.
- The air freight forwarder's air freight forwarding business is carried on principally with the direct air carrier.

"Direct air carrier" means a business entity principally engaged in air transportation through the direct operation of aircraft under a certificate issued by the federal aviation administration.

"Engaged in business in and outside this state" means having business activity which is sufficient to create nexus in this state and at least one other state or foreign country. For a combined group, the activities of the combined group are taken as a whole in determining if the combined group is engaged in business in and outside this state, as provided in sec. [71.255 \(5\) \(a\)](#), Wis. Stats.

"Originating revenue in this state" means all revenue derived from shipments that were first physically consigned to a qualified air freight forwarder in this state for transportation, regardless of the method or methods of transportation.

"Qualified air freight forwarder" means a person to whom all the following apply:

- The person is engaged primarily in the facilitation of the transportation of property by air.
- The person does not operate aircraft.
- The person is in the same combined group as an affiliated direct air carrier.

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. Aircraft Arrivals and Departures** – For the Wisconsin column, enter the amount of aircraft arrivals and departures in Wisconsin that were scheduled by the affiliated direct air carrier during the calendar or fiscal year.

For the Total Company column, enter the amount of total aircraft arrivals and departures everywhere that were scheduled by the affiliated direct air carrier during the calendar or fiscal year.

For both the Wisconsin and Total Company columns, if the affiliated direct air carrier conducts nonscheduled operations, all arrivals and departures will be substituted for scheduled arrivals and departures.

■ **Line 5. Revenue Tons Handled by Affiliated Direct Air Carriers** – For the Wisconsin column, enter the revenue tons handled by the carrier at airports within Wisconsin during the calendar or fiscal year.

For the Total Company column, enter the total revenue tons handled at airports within and without Wisconsin during the same period.

■ **Line 9. Originating Revenue** – For the Wisconsin column, enter the air freight forwarder's revenue derived from shipments that were first physically consigned to a qualified air freight forwarder in Wisconsin for transportation, regardless of the method of transportation.

For the Total Company column, enter the air freight forwarder's revenue derived from shipments that were first physically consigned to a qualified air freight forwarder everywhere for transportation, regardless of the method of transportation.

■ **Line 13. Apportionment Percentage** (Separate return filers and pass-through entities) – Add lines 4, 8, and 12. **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 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 14 through 23 to compute the “modified sales factor” that will determine their Wisconsin share of combined unitary income.

■ **Line 14. Sales Factor Amounts** – Enter the total company sales for each line.

■ **Line 16. 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 14a through 14l.

Report the excluded amount of intercompany sales on line 16. If you already excluded these intercompany sales from the amounts you entered on lines 14a through 14l, do not enter any amounts on line 16.

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 17. 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 17. However, if you already excluded these sales from the amounts you entered on lines 14a through 14l, do not enter any amounts on line 17.

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 20. 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 20. If you already included these receipts in the amounts you entered on lines 14a through 14l, do not enter any amounts on line 20.

Under sec. Tax 2.61(7)(d), Wisconsin Administrative Code, special sourcing rules apply to amounts reported on line 20. 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