

Instructions for 2005 Form 4C

Who Must File

A corporation engaged in a nonunitary business in and outside Wisconsin must determine the amount of income attributable to Wisconsin by separate accounting. A nonunitary business is one in which the operations in Wisconsin are not dependent upon or contributory to the operations outside Wisconsin.

A unitary business may use separate accounting only with the approval of the Department. An application for such approval should set forth in detail the reasons why separate accounting will more clearly reflect the corporation's Wisconsin net income. Mail the application to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 5-144, P.O. Box 8906, Madison, WI 53708-8906 before the end of the taxable year for which the use of separate accounting is desired.

Attach Form 4C to Wisconsin Form 4.

Specific Instructions

Part I – Allocation of Book Income or Net Income per Income Statement

Lines 1 and 3. Allocate book income and expenses to Wisconsin and outside Wisconsin. Indicate the basis used for the allocation and provide further details in Part II, line 18. Federal Schedule M-3 filers should allocate the income and expenses per the income statement, as figured on a separate company basis.

For example, if the allocation is based on actual expenses incurred at each location, write "actual" in the "Basis of Allocation" column in Part I and explain this in Part II, line 18. If the allocation is based on the percentage of sales at each location, enter the percentage allocable to Wisconsin in Part I and explain how you determined the percentage in Part II, line 18.

Line 5. The total company book income shown on line 5, in column 3, must agree with federal Schedule M-1, line 1. For federal Schedule M-3 filers, the total on line 5, in column 3, should agree with the net income per income statement figured on a separate company basis. Transfer the book income or net income per income statement in all 3 columns of Part I, line 5, to the appropriate columns in Part II, line 6.

Part II – Reconciliation of Book Income or Net Income per Income Statement With Net Income

Complete this schedule instead of Schedules V and W.

Lines 6 through 10. Allocate the federal Schedule M-1 adjustments to Wisconsin and outside Wisconsin. For federal Schedule M-3 filers, allocate the sum of the addition adjustments from Parts II and III on line 7 and the sum of the subtraction adjustments from Parts II and III on line 9.

Lines 11a through 11r. Allocate the additions to federal income to Wisconsin and outside Wisconsin. See the instructions for Schedule V in the Form 4 booklet for detailed explanations of the additions to federal income.

Line 12. Add lines 11a through 11r and enter the totals on line 12. Enter the amount from line 12, column 3, on Form 4, line 2.

Lines 14a through 14k. Allocate the subtractions from federal income to Wisconsin and outside Wisconsin. See the instructions for Schedule W in the Form 4 booklet for detailed explanations of the subtractions from federal income.

Line 15. Add lines 14a through 14k and enter the totals on line 15. Enter the amount from line 15, column 3, on Form 4, line 4.

Line 16. Enter the amount from line 16, column 1, on Form 4, line 11. The amount from line 16, column 3, must agree with Form 4, line 5.

Lines 17 and 18. Enter the information requested. Attach a detailed explanation of how transfer prices were determined for transactions between Wisconsin branches and branches located outside Wisconsin.