


1120: ALLOCATION AND APPORTIONMENT

The Allocation and Apportionment (“A&A”) system is an integral part of the 1120 Tax Application.

With Allocation and Apportionment, you need to enter allocated or non-business income, payroll, property, and sales amounts. The tax application does the everywhere amounts for you.

A&A calculates the apportionment ratio in accordance with individual state laws.

 This tutorial illustrates Apportionment. Allocation operates in a similar manner.

TOPICS

- [Activating Allocation and Apportionment \(page 3\)](#)
- [Entering Data \(page 5\)](#)
- [Overriding Data \(page 9\)](#)
- [Reviewing Options \(page 13\)](#)
- [Activating States \(page 16\)](#)
- [Reviewing Allocation and Apportionment \(page 16\)](#)
- [Summary \(page 22\)](#)

OVERVIEW

A&A collects information from data entry state by state for non-business income, property, payroll and sales.

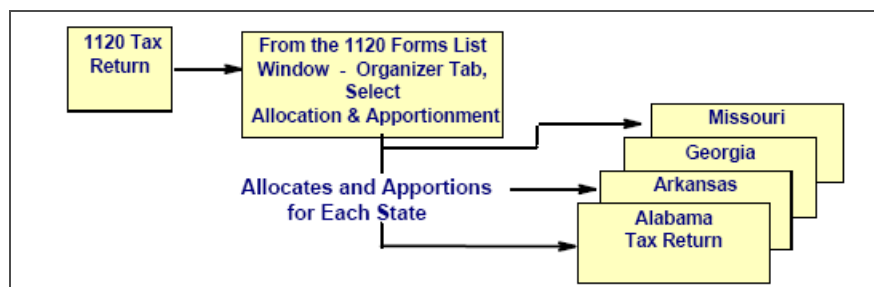


Figure 1

Once your states are activated in 1120, the information flows to the state tax returns based on general state tax law.

The everywhere amounts are calculated automatically, or you can choose to override data.

What Do You Need To Do?

1. **Activate Allocation and Apportionment.** This alerts the system to use the A&A area, compute A&A, and send it to the State tax.
2. **Enter data needed for Allocation and Apportionment.** Use either **Data Entry** folders or the **Organizer/Overrides** folder.
3. **Review Optional Methods.** Review A&A options needed to complete your return or provide for special exceptions.
4. **Activate Individual States.** Generate the state return in the 1120 tax application. This allows information from the **Allocation and Apportionment** folder to automatically flow to the state tax return.
5. **Verify Results.** Review A&A information on the computed A&A detail state tax forms and make adjustments. These adjustments calculate on the state tax return.

ACTIVATING ALLOCATION AND APPORTIONMENT

Access the **Allocation & Apportionment** Organizer by selecting **States > Allocation and Apportionment** from the Organizer Forms List Window.

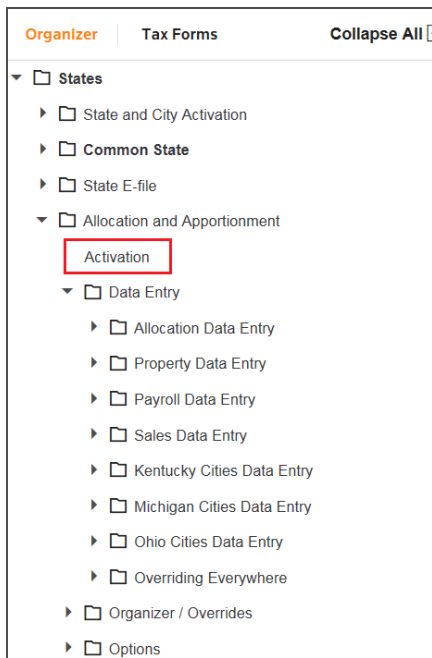


Figure 2

When you are ready for the computations to occur, activate Allocations and Apportionment by selecting the check box. Click the **Allocation and Apportionment** button in the **Help** area for additional instructions.

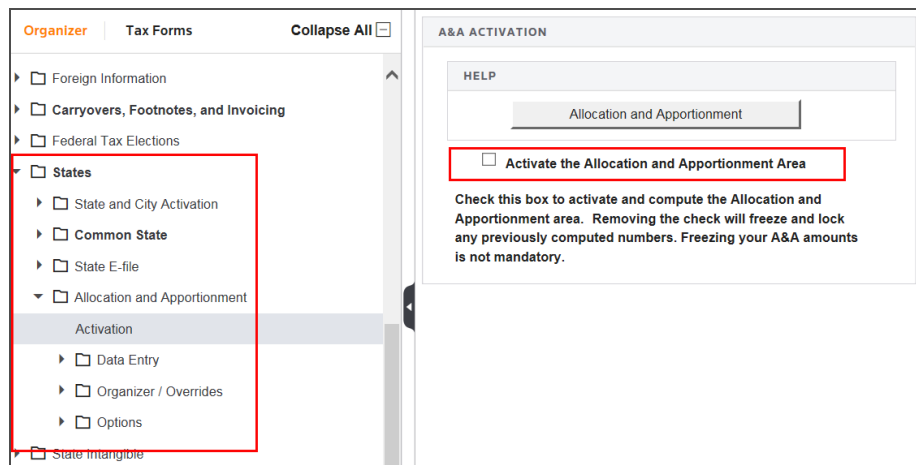


Figure 3

ENTERING DATA

The next step in the Allocation & Apportionment process is data entry. You can access all data entry screens from this list.

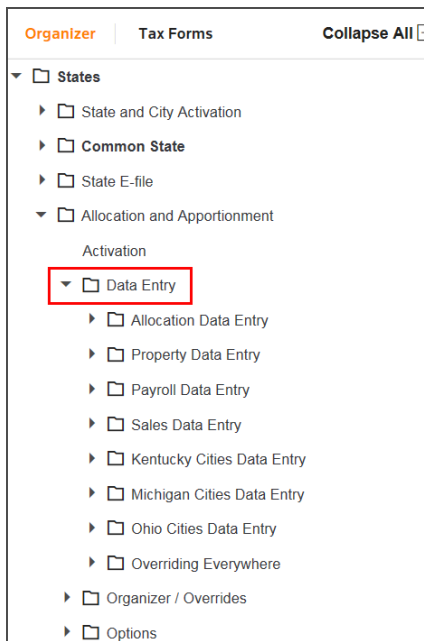


Figure 4

You may enter your amounts using the **Data Entry** forms or the **Organizer/Overrides** forms. Click the applicable folder for the type of information you need to enter; **Allocation**, **Property**, **Payroll**, or **Sales**.

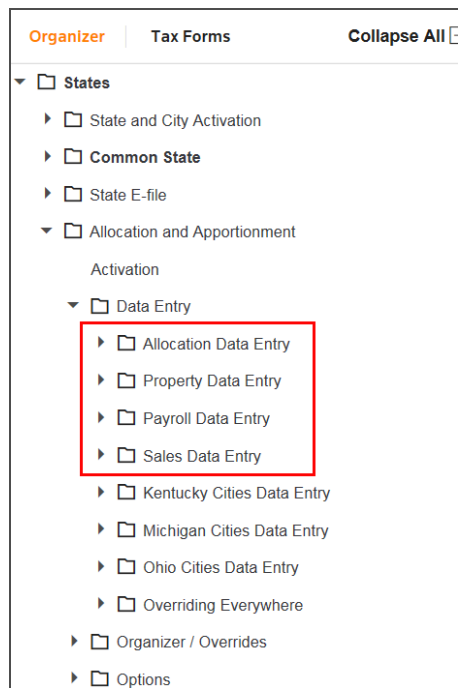


Figure 5

To enter data for **Properties**, select the type of property you want to work with, and click the applicable folder for that type.

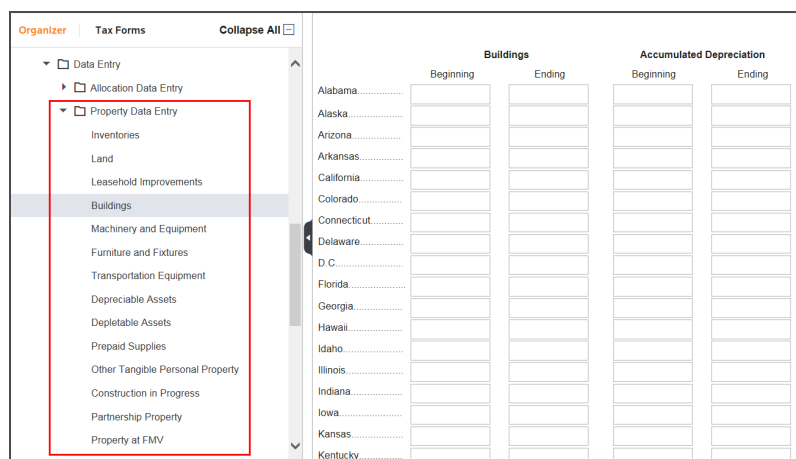


Figure 6

The specific categories are listed at the top of each column. Columns are available for entering beginning and ending balances per state. You can scroll down to access the remaining states.

	Buildings		Accumulated Depreciation	
	Beginning	Ending	Beginning	Ending
Alabama.....				
Alaska.....				
Arizona.....				
Arkansas.....				
California.....				
Colorado.....				
Connecticut.....				
Delaware.....				
D.C.....				
Florida.....				
Georgia.....				
Hawaii.....				
Idaho.....				
Illinois.....				
Indiana.....				
Iowa.....				
Kansas.....				
Kentucky.....				

Figure 7

To enter payroll data, click the **Payroll Data Entry** folder. This folder is used to enter payroll and cost of goods sold information.

	Payroll Data Entry		Cost of Goods Sold	
	Beginning	Ending	Beginning	Ending
Alabama.....				
Alaska.....				
Arizona.....				
Arkansas.....				
California.....				
Colorado.....				
Connecticut.....				
Delaware.....				
D.C.....				
Florida.....				
Georgia.....				
Hawaii.....				
Idaho.....				
Illinois.....				
Indiana.....				
Iowa.....				
Kansas.....				
Kentucky.....				

Figure 8

The **Cost of Goods Sold** screen is set up in a row/column format with the states listed on the side similar to the **Property Data Entry** screens. The **Sales Data Entry** screens also have a similar design.

	Cost of Operations	Cost of Goods Sold
Alabama.....		
Alaska.....		
Arizona.....		
Arkansas.....		
California.....		
Colorado.....		
Connecticut.....		
Delaware.....		
D.C.....		
Florida.....		
Georgia.....		
Hawaii.....		
Idaho.....		
Illinois.....		
Indiana.....		
Iowa.....		
Kansas.....		
Kentucky.....		
Louisiana.....		
La Franchise.....		
Maine.....		
Maryland.....		
Massachusetts.....		
Michigan.....		
Minnesota.....		

Figure 9

OVERRIDING DATA

The **Organizer/Overrides** take your data entered here directly to the state tax returns. Your data flows to the state return without any automatic adjustment the tax application would normally make regarding state tax law requirements.

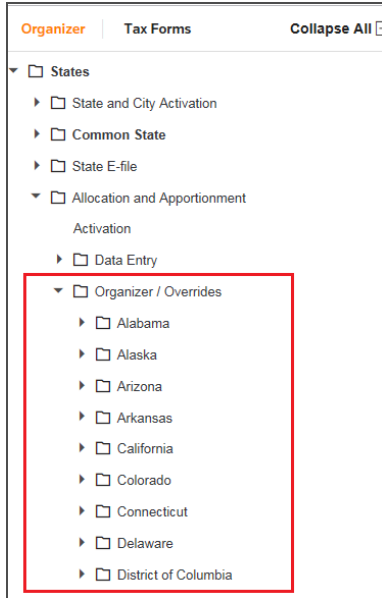


Figure 10

Using the **Organizer/Overrides**, remember to enter your everywhere numbers. You must enter both the within and the everywhere number for the item you override.

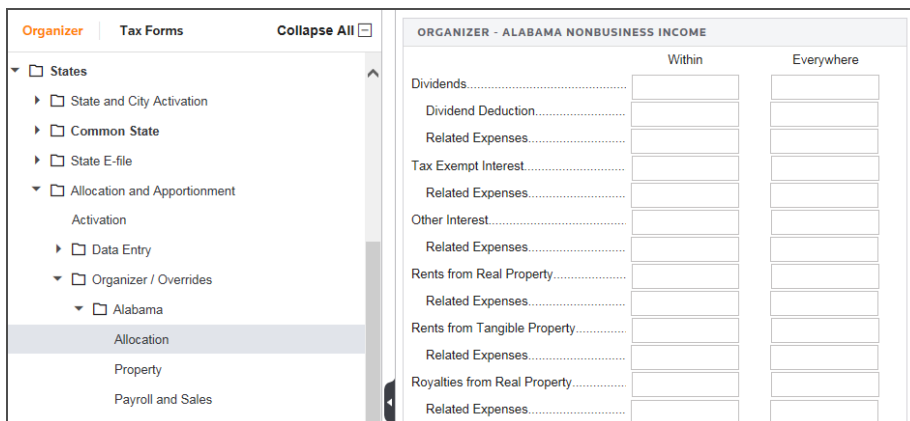


Figure 11

ORGANIZER - ALABAMA PROPERTY APPORTIONMENT				
	Within		Everywhere	
	Beginning	Ending	Beginning	Ending
Inventories.....				
Land.....				
Reserve.....				
Leasehold Improvements.....				
Accumulated Amortization.....				

Figure 12

The information entered here flows to the **A&A Detail** tax forms and calculates for the state tax forms. Anything you enter on these organizers flows directly to a line on the state tax return.

Organizer

Tax Forms

Collapse All

States

State and City Activation

Common State

State E-file

Allocation and Apportionment

Activation

Data Entry

Organizer / Overrides

Alabama

Allocation

Property

Payroll and Sales

Alaska

ORGANIZER - ALABAMA PAYROLL APPORTIONMENT		
	Within	Everywhere
Executive Officers Salaries.....		
Cost of Operations.....		
Cost of Goods Sold.....		
Salesmen's Salaries.....		
Salesmen's Commissions.....		
Repairs.....		
Other Deductions.....		
Other Salaries and Wages.....		
Miscellaneous Other.....		
Salaries, Wages, Payroll for Partners.....		
401K Wages.....		
Total Payroll.....		

Figure 13

Each state in the 1120 A&A **Organizer/Organizer** forms list window includes a list of factors available for data entry. The items listed vary state to state. You can use these Organizer folders to enter A&A overrides and detail for certain items.

The screenshot shows the 'Organizer' window for 'IDaho PROPERTY APPORTIONMENT'. The left sidebar lists various states under 'Allocation and Apportionment', with 'Idaho' selected. The main area displays a table for data entry, organized by 'Within' and 'Everywhere' categories, each with 'Beginning' and 'Ending' columns.

	Within		Everywhere	
	Beginning	Ending	Beginning	Ending
Inventories.....				
Land.....				
Reserve.....				
Leasehold Improvements.....				
Accumulated Amortization.....				
Buildings.....				
Accumulated Depreciation.....				
Machinery and Equipment.....				
Accumulated Depreciation.....				
Furniture and Fixtures.....				
Accumulated Depreciation.....				
Transportation/Mobile Equipment.....				
Accumulated Depreciation.....				
Other Depreciable Assets.....				
Accumulated Depreciation.....				
Depletable Assets.....				
Accumulated Depletion.....				
Prepaid Supplies.....				
Other Tangible Personal Property.....				

Figure 14

To specify an apportionment method other than the default, click the **A&A Options** folder.

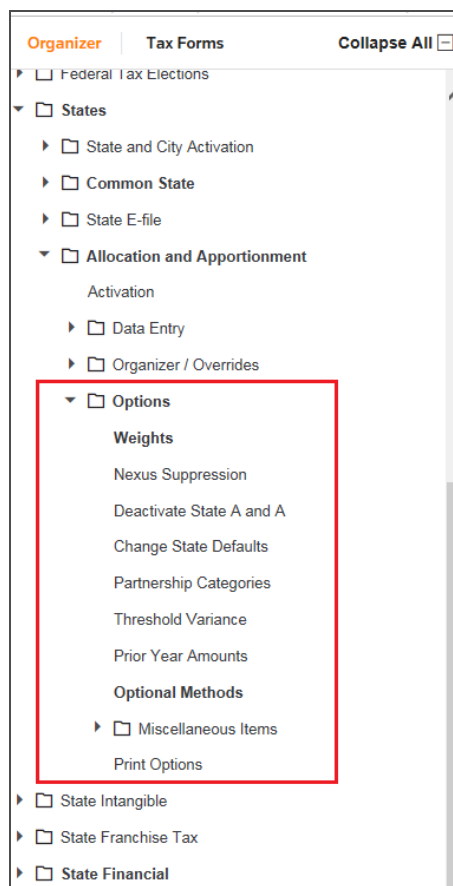


Figure 15

REVIEWING OPTIONS

The **Optional Methods** Organizer is a central place to view any states that have different methods of computing the apportionment factor based on certain qualifications. You can scroll down through all the state options.

The screenshot displays the 'Optional Methods' Organizer interface. On the left is a sidebar with a tree view under the 'Organizer' tab. The tree view includes categories like 'Federal Tax Elections', 'States', 'Allocation and Apportionment', and 'Options'. The 'Options' category is expanded, showing sub-items like 'Weights', 'Nexus Suppression', 'Deactivate State A and A', 'Change State Defaults', 'Partnership Categories', 'Threshold Variance', 'Prior Year Amounts', and 'Optional Methods'. The 'Optional Methods' item is highlighted with a red box. The main panel on the right shows a list of states with their respective options: INSURANCE (Suppress annual statement's Schedule T), MULTISTATE (If rental company), ARIZONA (MULTISTATE CORPORATIONS: Air Carrier, Enhanced, Standard (Default)), ARKANSAS (Financial institution (single weight sales)), COLORADO (Form 112, Schedule SF), CONNECTICUT (Business is other than manufacture, sale, or use of personal property), and DISTRICT OF COLUMBIA (Financial institution (two factor apportionment)).

Figure 16

Missouri, for example, can be prepared using a single factor, 3-factor, or another approved method. If you choose the Single Factor method, you need to enter additional information.

MISSOURI

Method Used:
Method One

Methods Two and Two A

Sales wholly within.....	
Sales partly within and partly without (Method Two only).....	
Sales wholly without (Method Two only).....	
Total Sales (for Method Two A only).....	

Methods Three - Six: Complete the following

Missouri Miles.....	
Total Miles.....	

Figure 17

The **Miscellaneous Items** Organizers allow entries for A&A fields required by certain states that do not fit the normal categories for data entry. It is important to remember this area as you complete your A&A data entry.

Organizer Tax Forms Collapse All

- Federal Tax Elections
- States
 - State and City Activation
 - Common State
 - State E-file
 - Allocation and Apportionment
 - Activation
 - Data Entry
 - Organizer / Overrides
 - Options
 - Weights
 - Nexus Suppression
 - Deactivate State A and A
 - Change State Defaults
 - Partnership Categories
 - Threshold Variance
 - Prior Year Amounts
 - Optional Methods
 - Miscellaneous Items**
 - Alabama

ALABAMA INCOME

	Within	Everywhere
IDB/IRB property - beginning.....		
IDB/IRB property - ending.....		
Government property (FMV) - beginning.....		
Government property (FMV) - ending.....		

Figure 18

Use the **Weights** folder only if you want to override the system ratios which are based on each state's laws.

Organizer | **Tax Forms** | Collapse All

- ☐ Federal Tax Elections
- ☒ States
 - ☐ State and City Activation
 - ☐ Common State
 - ☐ State E-file
 - ☒ Allocation and Apportionment
 - Activation
 - ☐ Data Entry
 - ☐ Organizer / Overrides
 - ☒ Options
 - Weights**
 - Nexus Suppression
 - Deactivate State A and A
 - Change State Defaults
 - Partnership Categories
 - Threshold Variance
 - Prior Year Amounts
 - Optional Methods
 - ☐ Miscellaneous Items
 - Print Options

	Property	Payroll	Sales
Alabama.....	1.000	1.000	2.000
Alaska.....	1.000	1.000	1.000
Arizona.....	1.000	1.000	2.000
Arkansas.....	1.000	1.000	2.000
California.....	1.000	1.000	1.000
Colorado.....			1.000
Connecticut.....			1.000
Delaware.....	1.000	1.000	3.000
D.C.....	1.000	1.000	2.000
Florida.....	1.000	1.000	2.000
Georgia.....			1.000
Hawaii.....	1.000	1.000	1.000
Idaho.....	1.000	1.000	2.000
Illinois.....			1.000
Indiana.....			1.000
Iowa.....			1.000
Kansas.....	1.000	1.000	1.000
Kentucky.....	1.000	1.000	2.000
Louisiana.....	1.000	1.000	1.000
La. Franchise.....	1.000		1.000

Figure 19

ACTIVATING STATES

Activating the state returns is completed in the 1120 Tax Application using the state grid (**States > State and City Activation > State and City Activation**). Select **Add** next to the state returns you are filing to activate them. You can file states as either a single-state return or as part of a state combined report.

Organizer

Tax Forms

Collapse All

Federal E-file Extension

Amended Return

Income and Deductions

Gains and Losses

Taxes

Credits

Payments and Extension

Estimates and Penalties

Balance Sheet/M1-M2-M3

Letters and Filing Instructions

Current-Year to Prior-Year Comparison

Informational Forms

Foreign Information

Carryovers, Footnotes, and Invoicing

Federal Tax Elections

States

State and City Activation

State and City Activation

Kentucky Common Form Cities

Michigan Cities

Ohio Cities

DIF Import Ohio City Codes

State Activation

HELP

FAQ

Spreadsheet Guide

	A	B	D	E	F	H	J
1	Activate All States	STATE ACTIVATION	RETURN TYPE	ENTITY TYPE	FINANCIAL RETURN	SUPPRESS PROFORMA	DELETE
2	FEDERAL	N/A	1120	Single	N/A	N/A	N/A
3	ALLOCATION & APPORTIONMENT	<input type="checkbox"/>	N/A	N/A	N/A	N/A	Delete
4	ALABAMA	<input type="checkbox"/>	1120	Single	<input type="checkbox"/>	<input type="checkbox"/>	Delete
5	ALASKA	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
6	ARIZONA	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
7	ARKANSAS	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
8	CALIFORNIA	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
9	COLORADO	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
10	CONNECTICUT	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
11	DELAWARE	<input type="checkbox"/>	1120	N/A	N/A	<input type="checkbox"/>	Delete
13	DISTRICT OF COLUMBIA	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
14	FLORIDA	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
15	GEORGIA	<input type="checkbox"/>	1120	Single	(None selected)	<input type="checkbox"/>	Delete
16	HAWAII	<input type="checkbox"/>	1120	Single	<input type="checkbox"/>	<input type="checkbox"/>	Delete
17	IDAHO	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
18	ILLINOIS	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
19	INDIANA	<input type="checkbox"/>	1120	Single	<input type="checkbox"/>	<input type="checkbox"/>	Delete
21	IOWA	<input type="checkbox"/>	1120	Single	<input type="checkbox"/>	<input type="checkbox"/>	Delete
23	KANSAS	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
24	KENTUCKY	<input type="checkbox"/>	1120	Single	<input type="checkbox"/>	<input type="checkbox"/>	Delete
25	LOUISIANA	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
27	MAINE	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
28	MARYLAND	<input type="checkbox"/>	1120	N/A	N/A	<input type="checkbox"/>	Delete
29	MASSACHUSETTS	<input type="checkbox"/>	1120	Single	<input type="checkbox"/>	<input type="checkbox"/>	Delete
30	MICHIGAN	<input type="checkbox"/>	1120	Single	(None selected)	<input type="checkbox"/>	Delete
31	MINNESOTA	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
32	MISSISSIPPI	<input type="checkbox"/>	1120	Single	N/A	<input type="checkbox"/>	Delete
33	MISSOURI	<input type="checkbox"/>	1120	Single	(None selected)	<input type="checkbox"/>	Delete

Figure 20

This allows information from the **Allocations and Apportionment** folder to automatically flow to the state tax returns.

REVIEWING ALLOCATION AND APPORTIONMENT

The final step in using Allocation and Apportionment is to review and verify the information on the computed **A&A Detail** state tax forms and make any adjustments. These adjustments calculate on the state tax return.

If you disagree with a calculation on the state apportionment schedule, access the **A&A Detail** screens and review the information. To access the **A&A Detail**, select **States > Allocation and Apportionment**.

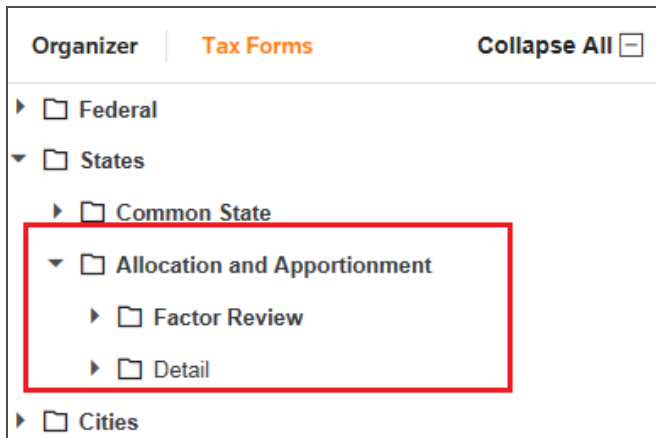


Figure 21

Use **A&A Detail** to review and adjust your state information.

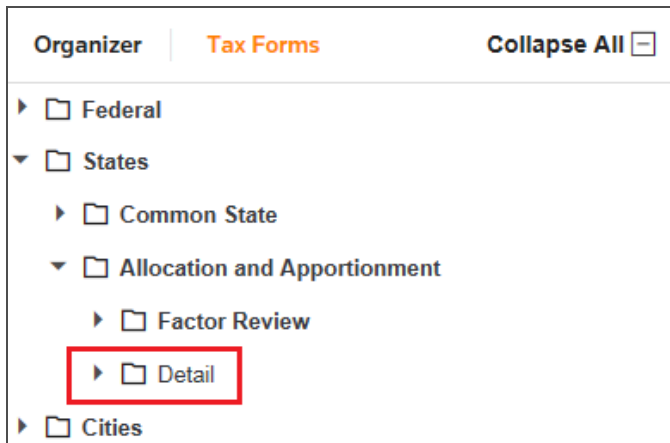


Figure 22

The forms are divided by state. Select the state you wish to review to see allocation, property, payroll, and sales information.

Organizer

Tax Forms

Collapse All

Federal

States

Common State

Allocation and Apportionment

Factor Review

Detail

Alabama

Allocation

Property

Payroll and Sales

Alaska

Arizona

Arkansas

California

Colorado

ALABAMA PAYROLL APPORTIONMENT

Within

Everywhere

Executive Officers Salaries.....

Cost of Operations.....

Cost of Goods Sold.....

Salesmen's Salaries.....

Salesmen's Commissions.....

Repairs.....

Other Deductions.....

Other Salaries and Wages.....

Miscellaneous Other.....

Salaries, Wages, Payroll for Partners.....

401K Wages.....

Total Payroll.....

Unweighted Payroll Apportionment Percentage.....

Figure 23

If you used the **Data Entry** Organizers to enter your information, the data flows to these forms based on the state tax law. If you need to override any information, you can type in the amount in the **A&A Detail** folders.

Organizer

Tax Forms

Collapse All

Federal

States

Common State

Allocation and Apportionment

Factor Review

Detail

Alabama

Allocation

Property

Payroll and Sales

ALABAMA PROPERTY APPORTIONMENT

Within

Beginning

Ending

Everywhere

Beginning

Ending

Inventories.....

Land.....

Reserve.....

Leasehold Improvements.....

Accumulated Amortization.....

Buildings.....

Accumulated Depreciation.....

Machinery and Equipment.....

Accumulated Depreciation.....

Figure 24

To override a computed amount on this screen without black override text appearing (for example, Leasehold Improvements), enter the override using the **Organizer/Overrides** Organizer instead of doing it here.

Since we employ the general state tax law, exceptions may exist. For example, the state of California does not allow construction in progress unless your company is a construction contractor. Since this company is a construction contractor, you must use the **A&A Detail** form for California to make the appropriate adjustment. Once the construction in progress amounts are entered in the applicable fields, the information will flow to the state tax return.

	Within		Everywhere	
	Beginning	Ending	Beginning	Ending
Inventories.....				
Land.....				
Reserve.....				
Leasehold Improvements.....				
Accumulated Amortization.....				
Buildings.....				
Accumulated Depreciation.....				
Machinery and Equipment.....				
Accumulated Depreciation.....				
Furniture and Fixtures.....				
Accumulated Depreciation.....				
Transportation/Mobile Equipment.....				
Accumulated Depreciation.....				
Other Depreciable Assets.....				

Figure 25

	Within		Everywhere	
	Beginning	Ending	Beginning	Ending
Inventories.....				
Land.....				
Reserve.....				
Leasehold Improvements.....				
Depletable Assets.....				
Accumulated Depletion.....				
Prepaid Supplies.....				
Other Tangible Personal Property.....				
Construction in Progress.....				
Miscellaneous Other.....				

Figure 26

Under **A&A Factor Review**, you can review both Current Year and Comparisons to last year amounts for Allocations, Property, Payroll, and Sales. Under the **Current Year** folder, there is also a **Summary of Factors**.

The screenshot shows the 'Organizer' pane on the left with a red box highlighting the 'Allocation and Apportionment' section. This section includes 'Factor Review', 'Current Year', and 'Comparison'. The 'Current Year Review' table on the right displays data for 'Property Factor' across various states, with columns for 'Within', 'Everywhere', 'Unweighted', and 'Weighted'.

State	Within	Everywhere	Unweighted	Weighted
Alabama.....				
Alaska.....				
Arizona.....				
Arkansas.....				
California.....				
Colorado.....				
Connecticut.....				
Delaware.....				
D.C.....				
Florida.....				
Georgia.....				
Hawaii.....				

Figure 27

Under **Current Factors**, each form lists all state amounts for within the state and everywhere as well as weighted and unweighted factors for your review. The **Payroll Factor** screen is shown below.

The screenshot shows the 'Current Year Review' table for 'Payroll Factor'. The table lists states from Alabama to Illinois, with columns for 'Within', 'Everywhere', 'Unweighted', and 'Weighted'.

State	Within	Everywhere	Unweighted	Weighted
Alabama.....				
Alaska.....				
Arizona.....				
Arkansas.....				
California.....				
Colorado.....				
Connecticut.....				
Delaware.....				
D.C.....				
Florida.....				
Georgia.....				
Hawaii.....				
Idaho.....				
Illinois.....				

Figure 28

The **Summary of Factors** screen shows the Property, Payroll, Sales, and Apportionment factors for each state in one convenient location.

Current Year Review				
Summary of Factors				
	Property	Payroll	Sales	Apportionment
Alabama.....				1.000000
Alaska.....				
Arizona.....				
Arkansas.....				
California.....				
Colorado.....				
Connecticut.....				
Delaware.....				1.000000
D.C.....				
Florida.....				
Georgia.....				
Hawaii.....				

Figure 29

By reviewing the actual state tax forms, Page 3, you can verify the amounts entered in **Allocations and Apportionment** actually show up on the Alabama Schedule D-1 which will be filed as part of the state tax return.

Schedule D-1 Apportionment Factor - Use only if Filing Status 2 or Filing Status 5, page 1 with Multi-State Operations - Amounts must be Positive (+) Values					
TANGIBLE PROPERTY AT COST FOR PRODUCTION OF BUSINESS INCOME	ALABAMA		EVERYWHERE		
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
1 Inventories	2,566	1,822	14,159	7,721	
2 Land	3,699	2,551	40,698	12,546	
3 Furniture and fixtures					
4 Machinery and equipment					
5 Buildings and leasehold improvements	16,999	13,888	16,999	13,888	
6 IDB/IRB property (at cost)	1	1	1	1	
7 Government property (at FMV)	1	1	1	1	
8 Less: <input type="text" value="0"/> <input type="text" value="0"/>	20,000	16,500	28,000	19,000	
9 Less: Construction in progress (if included)	1,000	500	3,000	1,000	
10 Totals	42,264	39,961	96,856	52,165	
11 Average owned property (BOY + EOY ÷ 2)		38,113		74,511	
12 Annual rental expense		x8 =		x8 =	
13 Total average property (add line 11 and line 12)	13a	38,113	13b	74,511	
14 Alabama property factor - 13a ÷ 13b = line 14				14	51.1508 %
SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION		15a ALABAMA	15b EVERYWHERE	15c	

Figure 30

SUMMARY

- **Enter Data in A&A Data Entry:** Nonbusiness income, property, payroll, sales and override information can be entered through the Organizer **A&A Data Entry** screens.
- **Review Options:** Review the options to determine if there are special requirements for your states.
- **Activate the States:** In the 1120 Organizer, check the box to generate a state return under each **State > General Information** or use the **Common State > Add/Delete States** entry screen. Make sure you generate all states needed for filing, including those in a combined/consolidated filing.
- **Verify the allocations and apportionment information:** Using the **Tax Forms** tab, review all the information on the computed A&A detail state tax forms and make any adjustments. The adjustments will flow to the state returns.

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