

Income/Franchise:

Illinois DOR Addresses Use of Alternative Apportionment on Sale of Right to Receive Payments and Goodwill

Private Letter Ruling IT-22-0003-PLR, Ill. Dept. of Rev. (8/2/22); *General Information Letter IT-22-0011-GIL*, Ill. Dept. of Rev. (9/13/22). The Illinois Department of Revenue recently posted two separate letter rulings addressing application of alternative apportionment for Illinois corporate income tax purposes under two different scenarios. The first, a private letter ruling, granted a taxpayer permission to apportion interest income and income received from the sale of the right to receive future contingent payments by using the same apportionment factor for the year in which the taxpayer sold the rights and property to a third party. The second, a general information letter, denied the taxpayer's alternative apportionment request and held that gross receipts arising from an incidental or occasional sale of assets used in the regular course of trade or business that generated a gain in goodwill (in this case, from the taxpayer's sale of an entire business segment) must be excluded from the taxpayer's sales factor pursuant to 86 Ill. Adm. Code section 100.3380(c)(2). Please contact us with any questions.

URL: <https://www2.illinois.gov/rev/research/legalinformation/lett rulings/it/Documents/2022/IT22-0003-PLR.pdf>

URL: <https://www2.illinois.gov/rev/research/legalinformation/lett rulings/it/Documents/2022/IT22-0011-GIL.pdf>

— Brian Walsh (Chicago)
Managing Director
Deloitte Tax LLP
briawalsh@deloitte.com

Alice Fan (Chicago)
Manager
Deloitte Tax LLP
alicfan@deloitte.com

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