

## Income/Franchise:

### Idaho: Administrative Ruling Addresses Unitary Groups, Business Income, and Apportionment

*Docket No. 0-543-033-344*, Idaho State Tax Comm. (11/30/22). In a redacted administrative ruling involving a foreign Idaho taxpayer, the Idaho State Tax Commission (Commission) addresses several state corporate income tax issues and topics such as the classification of income (business versus nonbusiness), whether certain affiliates operate as a unitary group, computation of the property factor for apportionment purposes, and application of Idaho's sales factor "throwback" rule on sales made to a foreign affiliate. Among the Commission's conclusions in the ruling are that i) certain income from the sale of a partnership interest constituted business income subject to apportionment as the partnership was unitary with the taxpayer and served as an integral part of the taxpayer's business; ii) the historical cost of certain assets was the correct value to use in calculating the property factor denominator of the apportionment factor as the Idaho code does not recognize impairment write-downs and corresponding losses recognized under International Financial Reporting Standards; and iii) certain sales made to an affiliate in Mexico were subject to Idaho throwback and thus must be included in the numerator of the taxpayer's Idaho sales factor as the taxpayer did not show that the sales were taxable in Mexico. Please contact us with any questions.

**URL:** <https://tax.idaho.gov/wp-content/uploads/decisions/220-543-033-344.pdf>

— Scott Schiefelbein (Portland)  
Managing Director  
Deloitte Tax LLP  
sschiefelbein@deloitte.com

Sara Clear (Minneapolis)  
Manager  
Deloitte Tax LLP  
sclear@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).