

Metro Business Income Tax Administrative Rule 7.07 – 1111

7.07 – 1111 Apportionment for Passenger Carriers

The percentage of net income apportioned to the Metro district for air and ground passenger transportation (airline, automobile, bus, rail, etc.) who do business within the Metro district is determined using either of the following methods:

a. Departure Method. The following formula applies for this method:

$$\# \text{ Local Departures} / \# \text{ Departures Everywhere} = \text{Apportionment \%}$$

In the airline industry, different types of aircraft differentiate revenues (as with jumbo jets versus smaller planes). Airlines may determine sales factor in the following manner:

First, determine local sales for the numerator as shown below, then divide that amount by everywhere sales.

Type 1 plane everywhere sales X % of local departures of Type 1 planes +
Type 2 plane everywhere sales X % of local departures of Type 2 planes, etc.

Example:

Airline ZED has 100 departures locally during the year. Airline ZED has 5,000 departures during the year everywhere. This equates to an apportionment of 2%. However, Airline ZED receives a large portion of its income from flying jumbo jets out of Los Angeles and Seattle. Airline ZED has 2,000 departures everywhere which represent jumbo jets--only 10 of these jumbo jet departures are local departures.

Therefore, Airline ZED may make the following apportionment determination:

-	Jumbo Jet	Regular Jet	Total
Everywhere Departures	2000	3000	5000
Local Departures	10	90	100
Local Percentage	.5% (1/2 of 1%)	3%	2 % (average)
Everywhere Sales	10,000,000	5,000,000	15,000,000
Local Sales	50,000	150,000	200,000

$200,000/15,000,000$ =Redetermined Apportionment: 1.3333%

b. Ticket Sales Method. Gross ticket sales sold for departures from Metro district (including station sales, ticket agent sales, internet sales, etc.) is included in the numerator of the apportionment fraction as Metro district sales. Other Metro district sales from other activities must also be included in the numerator of the sales factor. The denominator of the sales factor is total sales everywhere. Total sales everywhere is defined as gross ticket sales everywhere plus all sales from other activities.

Note: Applicable for tax years beginning on or after 1/1/2023.

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Date

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