

UNITARY GROUP AB

FEDERAL TAXABLE INCOME: \$20 MILLION
TOTAL US SALES: \$65 MILLION



Corp A
Sells office supplies
Located in another state

\$50 Million in US Sales
\$10 Million in Oregon
All sales are tangible personal property



Corp B
Sells arts and crafts supplies
Located in Oregon

\$15 Million in US Sales
\$ 5 Million in Oregon

RELEVANT FORMULAS

Oregon's Single Sales Factor Apportionment

Oregon Sales/US Sales= Apportionment Factor %

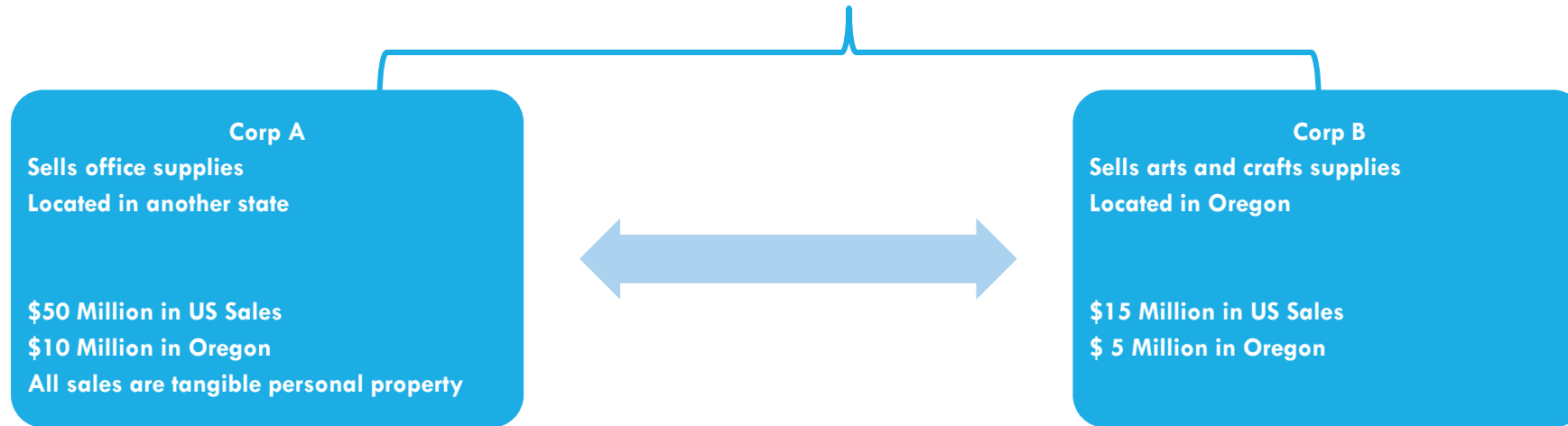
Calculating Oregon Taxable Income

Federal Taxable Income * Apportionment Factor % = Oregon Taxable Income

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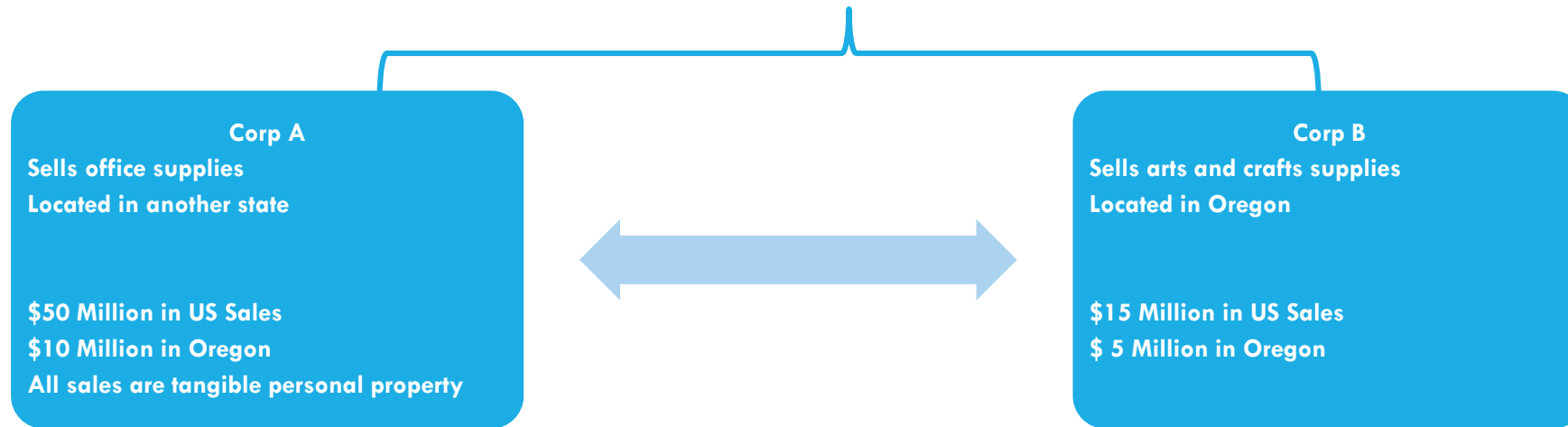


- **Joyce Method** (entity-by-entity approach)
 - A: Not taxable in Oregon because sales of TPP protected by PL 86-272
 - B: \$5 million in sales occurred in Oregon
- **Apportionment Calculation:**
 - Oregon Sales/US Sales= Apportionment Factor %
 - \$5 Million/ \$65 Million= **7.69%**
- **Oregon Taxable Income Calculation:**
 - Federal Taxable Income * Apportionment Factor % = Oregon Taxable Income
 - \$20 Million * 7.69% = **\$1.5 Million** in Oregon Taxable Income

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- **Finnigan Method** (if one then all)
 - A: \$10 Million in sales in Oregon.
 - These sales now count since Corp B has nexus in Oregon and under the Finnigan approach if one entity in a combined group has nexus then all entities in a combined group have nexus.
 - B: \$5 million in sales occurred in Oregon
- **Apportionment Calculation:**
 - Oregon Sales/US Sales= Apportionment Factor %
 - \$15 Million/ \$65 Million= **23.08%**
- **Oregon Taxable Income Calculation:**
 - Federal Taxable Income * Apportionment Factor % = Oregon Taxable Income
 - \$20 Million * 23.08% = **\$4.6 Million** in Oregon Taxable Income

DISCLAIMER

Note: this is a very simplified example (by design)

Although this example shows a revenue gain, this is not always the outcome

- Each company has a specific set of circumstances
- This example shows only one layer of detail when in reality there are several more

Of course, more detailed information can be provided if requested