

New Audit Policy

Business Allocation Percentage - Construction in Progress

Effective for taxable years beginning on or after January 1, 1982, real property and related equipment, except inventoriable goods, which is under construction and is not occupied and used during such construction, shall be excluded from the numerator and denominator of the property factor when computing the business allocation percentage. Property or equipment which is partially used by the taxpayer in the regular course of his trade or business while under construction should be included in the property factor to the extent used by the taxpayer.

The value of construction in progress shall continue to be included in the computation of total capital and expenses attributable to the property will be allowed in the computation of entire net income.