

**E-Market Company Example
Current Law**

Taxable Income of Company \$100,000,000

Receipts Factor

Amount of Receipts in Montana	<u>\$0</u>	= 0%	Montana Receipts Factor Percentage	0%
Amount of Receipts Everywhere	\$1,000,000,000			

Property Factor

Amount of Property in Montana	<u>\$200,000</u>	= 4.0%	Montana Property Factor Percentage	4.0%
Amount of Property Everywhere	\$5,000,000			

Payroll Factor

Amount of Montana Payroll	<u>\$100,000</u>	= 2.0%	Montana Payroll Factor Percentage	<u>2.0%</u>
Amount of Payroll Everywhere	\$5,000,000		Total Factor Percentage	6.0%

Divide by 3

Montana Factor

3
2.0%

Taxable Income of Company A	\$100,000,000		
Montana Factor	*	<u>2.0%</u>	
Montana's Share of the Taxable Income =	\$ 2,000,000		
Montana Tax Rate	*	<u>6.75%</u>	
Montana Corp Income Tax	\$ 135,000		

E-Market Company Example
HB511 – Market Sourcing

Taxable Income of Company \$100,000,000

Receipts Factor

Amount of Receipts in Montana	<u>\$40,000,000</u> = 4.0%	Montana Receipts Factor Percentage	4.0%
Amount of Receipts Everywhere	\$1,000,000,000		

Property Factor

Amount of Property in Montana	<u>\$200,000</u> = 4.0%	Montana Property Factor Percentage	4.0%
Amount of Property Everywhere	\$5,000,000		

Payroll Factor

Amount of Montana Payroll	<u>\$100,000</u> = 2.0%	Montana Payroll Factor Percentage	<u>2.0%</u>
Amount of Payroll Everywhere	\$5,000,000	Total Factor Percentage	10.0%

	Divide by 3		<u>3</u>
	Montana Factor		3.33%

Taxable Income of Company A	\$100,000,000
Montana Factor	* <u>3.33%</u>
Montana's Share of the Taxable Income =	3,330,000
Montana Tax Rate	<u>6.75%</u>
Montana Corp Income Tax	\$224,775