

**Sec. 12-218-3. Apportionment fraction**

(a) If the net income or loss of a company is primarily derived from the manufacture, sale or use of tangible personal or real property, such net income or loss shall be apportioned within and without this state by multiplying such net income or loss by the apportionment fraction, the numerator of which is described in subsection (b) and the denominator of which is described in subsection (c).

(b) The numerator of the apportionment fraction is the sum of the property factor, the payroll factor, and twice the receipts factor. These factors are defined in section 12-218 (b). If a company cannot compute a factor, e.g., if a company paid no wages, salaries or other compensation to employees, then a zero shall be substituted for the factor which cannot be computed.

(c) The denominator of the apportionment fraction is four, unless a company cannot compute a factor, as illustrated by the example in subsection (b). If a company cannot compute a factor, the denominator of the apportionment fraction is the sum of the following for the factors which it can compute: in the case of the property factor, one; in the case of the payroll factor, one; and in the case of the receipts factor, two. Thus, e.g., if a company cannot compute the payroll factor but can compute the property factor and the receipts factor, then the denominator of the apportionment fraction is three.

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