

Schedule CT-1040BA
Nonresident Business Apportionment

Formula basis apportionment of Connecticut income derived from
business carried on both inside and outside Connecticut



For the year January 1 – December 31, 2024, or other tax year beginning _____, 2024, and ending _____.

Purpose: Nonresidents and part-year residents (for the nonresidency portion of the year) must complete Schedule CT-1040BA if they are carrying on business both in and outside Connecticut and are required to allocate or apportion business income. Complete in blue or black ink only. Please note that each form is year specific. To prevent any delay in processing your return, the correct year's form **must** be attached to Form CT-1040NR/PY and submitted to the Department of Revenue Services (DRS).

First name and middle initial	Last name	Social Security Number ____-____-____ : : : : : : : :
If a joint return, spouse's first name and middle initial	Last name	Spouse's Social Security Number ____-____-____ : : : : : : : :
Name of business	Doing business as	Federal Employer Identification Number ____-____-____ : : : : : :

Schedule A List all places, both inside and outside Connecticut, where you carry on business.

(1) Street Address	(2) City and State	(3) Description: See Instructions.

Check this box if Connecticut income was determined from separate books and records. Do not complete *Schedule B*.

Schedule B Formula basis apportionment of income or (loss) if separate books and records do not satisfactorily disclose the portion of business income derived from or connected with Connecticut sources.

(Market Based Sourcing effective for 2017. See **Special Notice 2017(1)**, *Legislative Changes Regarding Single-Sales Factor Apportionment and Market-Based Sourcing*.)

	Column A Totals - All Locations	Column B Connecticut Only
1. Gross receipts from the sale or disposition of tangible personal property held for sale in the ordinary course of trade or business 1.		
2. Gross receipts from services 2.		
3. Gross receipts from the rental, lease or license of tangible personal property 3.		
4. Gross receipts from the rental, lease or license of intangible property 4.		
5. Gross receipts from the sale or disposition of intangible property held for sale in the ordinary course of trade or business 5.		
6. Other 6.		
7. Total: Add Lines 1 through 6 in Column A and Column B 7.		
8. Apportionment fraction: Divide Line 7, Column B, by Line 7, Column A, and carry to six places 8.		

Do not include receipts from the sale or disposition of tangible personal property or intangible property if the property is not held for sale in the ordinary course of business.

Do not include receipts from the sale, rental, lease, or license of real property.

Apply the apportionment fraction on Line 8 to certain items of business income or loss to determine the amounts to be reported on Schedule CT-SI. See instructions for Schedule CT-SI for details.

Complete and attach to Form CT-1040NR/PY. Do not use staples.

Who Must Allocate or Apportion Business Income

An allocation or apportionment of business income must be made if you are a nonresident and you are carrying on business both in and outside of Connecticut.

Generally, you are considered to be carrying on business at the location:

1. Where you maintain, operate, or occupy desk space, an office, a shop, a store, a warehouse, a factory, an agency, or other place where your affairs are regularly carried on (this summary is not all inclusive); **or**
2. Where your business is transacted with a fair measure of permanency and continuity.

You are considered to be carrying on business outside Connecticut if you maintain, operate, or occupy outside Connecticut an office, a shop, a store, a warehouse, a factory, an agency, or other place where your business matters are systematically and regularly carried on.

You are not considered to be carrying on business outside Connecticut and may not allocate or apportion business income if you have an occasional or isolated business transaction outside Connecticut or if you have no regular place of business outside of Connecticut.

You are not considered to be carrying on business in Connecticut if your business activities in Connecticut are considered casual, isolated, or inconsequential. See *Activities Considered Casual, Isolated, or Inconsequential* at portal.ct.gov/DRS/Individuals/Individual-Income-Tax.

Example 1: A plumber, who is a resident of Rhode Island, carries on his business from an office in Danielson, Connecticut. He has maintenance contracts with housing authorities in the Worcester, Massachusetts, area that require him to regularly perform his services at various locations in and around Worcester. This taxpayer is considered to be carrying on business in Connecticut (by reason of his office in this state) and in Massachusetts (because his business is conducted there with a fair measure of permanency and continuity).

Example 2: Assume the same facts as in Example 1 except that the taxpayer carries on his business from an office in Auburn, Massachusetts, and has maintenance contracts with housing authorities in northeast Connecticut that require him to regularly perform his services at various locations in and around Connecticut. This taxpayer is considered to be carrying on business in Massachusetts (by reason of his office there) and in Connecticut (because his business is conducted here with a fair measure of permanency and continuity).

Who Must Complete Schedule A

Nonresidents who are required to allocate or apportion income because they carry on business both in and outside of Connecticut must complete *Schedule A*.

If income is determined from separate books and records of the business (allocation of income): If you carry on business both in and outside of Connecticut and maintain books and records that satisfactorily disclose the portion of business income derived from or connected with sources within Connecticut, check the box in the space immediately below *Schedule A*. **Do not** complete *Schedule B*.

If you report income using this method, your income reported to other states in which you carry on your business, where the states permit allocation on the basis of separate books and records, must result in a consistent allocation of income. Where

another state does not permit allocation on the basis of separate books and records, a consistent allocation of income may not be possible.

Example 3: Assume the same facts as in Example 1 except that the plumber allocated, on the basis of separate books and records, the income derived from his plumbing business on his Connecticut nonresident return as follows. The income from his plumbing business is \$134,000 with \$91,500 being from Connecticut business and \$42,500 from Massachusetts business. Therefore, on his Massachusetts return, this taxpayer must also allocate \$91,500 of this income to Connecticut and \$42,500 to Massachusetts since Massachusetts permits allocation on the basis of separate books and records.

Who Must Complete Schedule B

If your books and records do not satisfactorily disclose the portion of business income derived from or connected with sources within Connecticut, income from business carried on both in and outside of Connecticut must be apportioned by using the **apportionment fraction** (arrived at by completing *Schedule B*) or by using an approved alternative method. *Schedule B* of Schedule CT-1040BA must be completed for this purpose and attached to Form CT-1040NR/PY. If you submit an alternative method of apportionment, you must also complete Schedule CT-1040BA and include with it information explaining the alternative method of apportionment.

The **apportionment fraction** or alternative method is **not** applied to income from the rental of real property or gains (losses) from the sale of real property. The entire income from the sale, rental, lease, or license of **Connecticut** real property or gain from the sale of the property is allocated to Connecticut and the entire amount of any loss from the sale is allocated to Connecticut. Rental income from real property located **outside** Connecticut or gain from the sale of this property is allocated outside Connecticut. Any loss connected with the property is allocated outside Connecticut.

The **apportionment fraction** is applied to business income (loss), farm income (loss), or to the income from intangible personal property (such as annuities, dividends, interest, and gains from the disposition of intangible personal property) if the property is used in or connected with a business carried on both in and outside of Connecticut.

If you carried on more than one business for which an apportionment of business income is required on Schedule CT-1040BA, prepare a separate Schedule CT-1040BA for each business and attach all schedules to Form CT-1040NR/PY.

Schedule A Instructions

In Column 1 and Column 2, list the exact locations both in and outside of Connecticut where you carry on business. In Column 3, describe the places listed in Column 1 and Column 2 (for example, branch office, agency, factory, warehouse, etc.) **and** state whether you rent or own these places.

Schedule B Instructions

Complete and file *Schedule B* if your business is carried on both in and outside of Connecticut and you do not maintain separate books and records that satisfactorily disclose the portion of business income derived from or connected with sources within Connecticut.

Effective for taxable years beginning on or after **January 1, 2017**, a business, trade, profession, or occupation carried on in Connecticut and outside of Connecticut must apportion its income using a single factor gross income percentage. Businesses must source receipts from the sales of services and intangible property on a market basis. Receipts from the rental, lease, or license of tangible personal property are sourced according to the location of the property. Receipts from the sale of tangible personal property continue to be sourced based upon the location of the purchaser. See **Special Notice 2017(1), Legislative Changes Regarding Single-Sales Factor Apportionment and Market-Based Sourcing.**

Line 1 - Gross Receipts From the Sale or Disposition of Tangible Personal Property Held for Sale in the Ordinary Course of Trade or Business

Enter in Column A the total gross receipts from sales of tangible personal property in and outside of Connecticut.

Enter in Column B the gross receipts from sales of tangible personal property delivered or shipped to a purchaser within Connecticut regardless of F.O.B. point or other conditions of sale.

Line 2 - Gross Receipts From Services

Enter in Column A gross receipts from services in and outside of Connecticut.

Enter in Column B gross receipts from services where the market for the services is within Connecticut. The market for the services is within Connecticut if and to the extent the service is used within Connecticut.

Line 3 - Gross Receipts From the Rental, Lease or License of Tangible Personal Property

Enter in Column A the total gross receipts from the rental, lease or license of tangible personal property in and outside of Connecticut.

Enter in Column B the gross receipts from the rental, lease or license of tangible personal property located within Connecticut.

Line 4 - Gross Receipts From the Rental, Lease or License of Intangible Property

Enter in Column A the total gross receipts from the rental, lease or license of intangible property in and outside of Connecticut.

Enter in Column B the gross receipts from the rental, lease or license of intangible property if and to the extent the property is used within Connecticut. Intangible property utilized in marketing a good or service is used in Connecticut if that good or service is purchased by a consumer within Connecticut.

Line 5 - Gross Receipts From the Sale or Disposition of Intangible Property Held for Sale in the Ordinary Course of Trade or Business

Enter in Column A the total gross receipts from the sale or other disposition of intangible property in and outside of Connecticut.

Enter in Column B gross receipts from the sale or other disposition of intangible property located, managed or controlled within Connecticut held for sale to customers in the ordinary course of business. Do not include receipts from property not held for sale in the ordinary course of business.

Line 6 - Other

Enter in Column A the total gross receipts earned in and outside of Connecticut that are not otherwise reported in Line 1 through Line 5.

Enter in Column B the total gross receipts earned in Connecticut that are not otherwise reported in Line 1 through Line 5.

Do not, however, include:

- Receipts from the sale or disposition of tangible personal property or intangible personal property if the property is not held for sale in the ordinary course of business; **or**
- Receipts from the sale, rental, lease or license of real property.

Line 7 - Total

Add Lines 1 through 6 in Column A and Column B.

Line 8 - Apportionment Fraction

Divide Line 7, Column B, by Line 7, Column A, and carry to six places.

Each item of business income (loss) reported on federal Form 1040, which is required by these instructions to be apportioned, is multiplied by the fraction on Line 8. Nonresidents enter the apportioned amounts on the proper lines of **Schedule CT-SI**. Part-year residents enter the apportioned amounts on the proper lines of **Schedule CT-1040AW**, Column D.

Do not apply the apportionment fraction to income from the rental of real property or gains or losses from the sale of real property. The entire rental income from Connecticut real property or gain from the sale of the property is allocated to Connecticut and the entire amount of any loss from the sale is allocated to Connecticut. Rental income from real property located **outside** Connecticut or any gain or loss from the sale of this property is allocated out of state.

If receipts from the sale of tangible personal property are excluded from the sales factor, the net gain (or loss) from such sale should be allocated to the state where the property is located and is not subject to apportionment.