

Insights: Publications

Calculating Allocation Factor for Illinois Franchise Tax Purposes

May 3, 2024

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This series of articles is intended to provide a deep dive into the Illinois State Franchise Tax (the “Franchise Tax”) and should be read sequentially to be best understood. To view the first article in this series on which entities the Franchise Tax applies to, please [click here](#). To view the second article in this series which lays out the basics of the Franchise Tax, please [click here](#). For an overview of the Franchise Tax generally, please see our prior article on the topic [here](#).

The importance of calculating your Franchise Tax Allocation Factor cannot be understated. Improper calculation of this factor can lead to over and underpayment of Franchise Tax, triggering penalties, interest accrual, and the stripping of a business's good standing in Illinois. As such, we have provided a brief recap of the Allocation Factor here, followed by a more in-depth look at the various elements of each figure in its calculation.

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