**IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL**

| | | |
|---|---|---|
| AUTOMATIC DATA PROCESSING, INC., | ) | No. |
| Petitioner, | ) | |
| v. | ) | |
| THE ILLINOIS DEPARTMENT OF REVENUE, | ) | |
| Defendant. | ) | |

RECEIVED
AUG
BY:

15 7716

**NOTICE OF FILING**

To: Illinois Department of Revenue
Office of Legal Services
100 W. Randolph Street, Suite 7-900
Chicago, IL 60601

PLEASE TAKE NOTICE that on the 13th day of August, 2015, we filed with the Illinois Independent Tax Tribunal, 160 N. LaSalle Street, Room N506, Chicago, IL 60601, **Automatic Data Processing, Inc.'s Petition**, a copy of which accompanies this notice and is served on you herewith.

Respectfully submitted,

**AUTOMATIC DATA PROCESSING, INC.,**
**Petitioner**

By: David A. Hughes
One of Its Attorneys

David A. Hughes
HORWOOD MARCUS & BERK CHARTERED
500 W. Madison, Suite 3700
Chicago, IL 60661
Phone: (312) 606-3200

**IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL**

| | | |
|---|---|---|
| AUTOMATIC DATA PROCESSING, INC., | ) | No. |
| Petitioner, | ) | |
| v. | ) | |
| THE ILLINOIS DEPARTMENT OF REVENUE, | ) | |
| Defendant. | ) | |

RECEIVED
BY:

15T9165

## PETITION

Petitioner, Automatic Data Processing, Inc. ("Petitioner"), by and through its attorneys, Horwood Marcus & Berk Chartered, complains of the Defendant, the Illinois Department of Revenue (the "Department"), and alleges as follows:

## PARTIES

1. For the taxable periods ended June 30, 2004, June 30, 2005, and June 30, 2006 (the "Periods at Issue"), Petitioner was a Delaware corporation whose principal business address was One ADP Boulevard, MS 433, Roseland, NJ 07068, and who could be reached at 973-974-5000.

2. Petitioner is represented by David A. Hughes of Horwood Marcus & Berk Chartered, located at 500 West Madison St., Suite 3700, Chicago, Illinois 60661, who can be reached at 312-606-3212 or dhughes@hmblaw.com.

3. Petitioner's FEIN is 22-1467904.

4. The Department is an agency of the Executive Department of the State Government and is responsible for administering and enforcing the revenue laws of the state of Illinois. 20 ILCS 5/5-15.

## NOTICES AND FILINGS

5. On June 18, 2015, the Department issued a Notice of Denial, denying Petitioner's claim for refund of $1,308,985 for the period ended June 30, 2004, $1,777,774 for the period ended June 30, 2005, and $2,350,790 for the period ended June 30, 2006, for a total of $5,437,549 for the Periods at Issue. A true and accurate copy of the Notice of Denial is attached hereto as Exhibit A. Unless otherwise stated, the following paragraphs relate to the Periods at Issue.

6. Petitioner's claim for refund was made on amended Illinois corporation income and replacement tax returns filed on or about November 9, 2010 ("Second Amended Returns"), which: (1) characterized certain income arising from investment portfolios as nonbusiness income, and allocated that income outside of Illinois; and (2) characterized other income arising from investment portfolios as apportionable business income, and included certain gross receipts from the investment assets generating such income in the denominator of its Illinois sales factor.

7. Petitioner's initial amended Illinois corporation income and replacement tax returns filed on or about November 5, 2010 ("First Amended Returns"): (1) treated all income arising from the relevant investment portfolios as apportionable business income; and (2) included the net gain from the investment assets generating such income in the denominator of its Illinois sales factor.

8. Petitioner's original Illinois corporation income and replacement tax returns filed on or about April 1, 2005, March 29, 2006, and February 28, 2007, respectively ("Original Returns"): (1) characterized certain income arising from investment portfolios as nonbusiness

income, and allocated that income outside of Illinois; and (2) characterized other income arising from investment portfolios as apportionable business income, and included certain gross receipts from the investment assets generating such income in the denominator of its Illinois sales factor.

## JURISDICTION

9. Petitioner brings this action pursuant to the Illinois Independent Tribunal Act ("Tribunal Act"), 35 ILCS 1010/1-1 to 35 ILCS 1010/1-100, and the Illinois Income Tax Act, 35 ILCS 5/101 et seq.

10. This Tribunal has jurisdiction over this matter pursuant to Sections 1-45 and 1-50 of the Tribunal Act because Petitioner timely filed this petition within 60 days of the Notice.

## BACKGROUND

11. Petitioner and its affiliates (collectively, "ADP") are engaged in two distinct activities: (1) data processing services; and (2) investment management.

ADP's Data Processing Business

12. During the Periods at Issue, ADP's data processing services were conducted by numerous legal entities doing business in all fifty states and in several foreign countries.

13. ADP's data processing services included an array of outsourcing solutions for business clients, including services offered through ADP's Employer Services group, a division of ADP. The Employer Services group earned revenue by providing payroll data processing and related employment tax processing and tax remittance services, human resource management, benefits administration, and other services to thousands of small, mid-sized, and large clients. These services were provided both to clients of ADP (companies for which ADP provides services including federal and state income tax withholding, payment of employer FICA, FUTA, or SUI), and to the clients' employees (such as personal FICA, etc.).

14. ADP's Employer Services clients transfer money to designated accounts at local banks to fund payments to the tax authorities. Clients authorize ADP to impound such funds one day prior to the end of a pay period. Once impounded, certain of these funds ("Tax Funds") were immediately transferred to one of ADP's Investment Subsidiaries, described below in paragraph 20.

15. On any given remittance due date, investments either matured or were sold. The necessary funds were then transferred to the Employer Services group, which remitted funds to the appropriate government agencies.

16. During the time it held the funds before disbursal to government agencies, ADP owned the impounded funds. These funds were not held in trust for clients, and ADP bore the entire economic burden of any gains or losses on these assets while they were owned by ADP. ADP recorded a liability to its customers for the amounts impounded.

17. During the Periods at Issue, ADP's other data processing activities included providing clients with securities transaction data processing services, software applications, and integrated information systems, and car repair estimating applications and databases.

18. ADP's data processing services have been significantly profitable over the past 45 years. This record of reliable and recurring profitability has resulted in the production of vast amounts of cash, not needed or used in ADP's business operations, in virtually every year since the inception of the company.

19. Annual revenue from data processing activities ranged between $5.4 billion and $5.9 billion during the Periods at Issue.

Investment Management Activities

20. ADP's investment management activities were separate and distinct from ADP's data processing business activities, and during the Periods at Issue were conducted by the following companies, referred to as the "Investment Subsidiaries": (i) ADP Atlantic, Inc. (converted to a single member limited liability company on March 5, 2007, owned by Petitioner); (ii) ADP East, Inc. (liquidated into ADP Pacific, Inc. on June 30, 2006); (iii) ADP Pacific, Inc.; and (iv) ADP South, Inc. (liquidated into ADP Pacific, Inc. on June 30, 2006).

21. Two additional companies, referred to as the "Other Portfolio Companies," also held investment portfolios: ADP of North America, Inc. (merged into ADP, Inc. on June 29, 2008); and ADP Payroll Services, Inc. The funds and securities held for investment by the Other Portfolio Companies were managed by ADP Capital Management, Inc., a related entity, for a fee.

22. All ADP entities engaged in investment management activities, including the Investment Subsidiaries, the Other Portfolio Companies, and ADP Capital Management, Inc., were commercially domiciled outside of Illinois.

23. ADP's investment management activities were conducted outside of Illinois.

24. The Investment Subsidiaries were formed to professionally manage the investment of large portfolios of marketable securities. Securities were originally received in a capital contribution directly or indirectly from Petitioner.

25. Additional securities were purchased by the Investment Subsidiaries' investment managers in subsequent years. Such additional securities were funded from, in addition to the capital contributions, two sources: (1) excess cash generated by the data processing service

business, not needed in the operation of the business, and the reinvestment of investment income, referred to as "Excess Cash"; and (2) Tax Funds.

26. The funds and securities owned by the Investment Subsidiaries were managed in five separate portfolios.

27. Excess Cash was invested in two portfolios: the "Working Capital" Portfolio and the Long Term Passive Investment ("LTPI") Portfolio.

28. The Working Capital Portfolio held short-term liquid funds to meet ADP's working capital needs. ADP's business operations have typically been funded entirely from the annual income from its data processing service activities and from the Working Capital Portfolio.

29. Income from the Working Capital Portfolio was treated as apportionable business income by ADP on its Original Returns, First Amended Returns, and Second Amended Returns.

30. The LTPI Portfolio held surplus cash resulting from the investment of unneeded recurring profits from the data processing business, and from the reinvestment of investment income from all five investment Portfolios. It was comprised of long-term marketable securities, and income generated from the LTPI Portfolio was almost never needed in ADP's business operations.

31. Income from the portion of the LTPI Portfolio that was never needed or used in ADP's business (the "non-invaded portion") was treated as nonbusiness income by ADP on its Original Returns and Second Amended Returns.

32. All of the income from the LTPI Portfolio, including the non-invaded portion, was treated as apportionable business income by ADP on its First Amended Returns.

33. Tax Funds were invested in three separate portfolios: (1) the "Soft Investment" Portfolio; (2) the "Core Investment" Portfolio; and (3) the "Extended Investment" Portfolio.

34. The Soft Investment Portfolio held funds from cash impounds that are expected to be used to fund client tax deposits in the near term, and the funds are invested in short-term liquid investments with maturities ranging from overnight to approximately four months. At the client tax deposit remittance due date, securities in the Soft Investment Portfolio either matured or were sold to create funds to meet the tax filing requirements. The Soft Investment Portfolio balance fluctuated between a very small amount and several billion dollars during the course of the Periods at Issue.

35. Income from the Soft Investment Portfolio was treated as apportionable business income by ADP on its Original Returns, First Amended Returns, and Second Amended Returns.

36. The Core Investment Portfolio held funds that were not used for either client tax deposits or any other business expenditure of ADP's data processing service business.

37. The inflow and outflow of impounded funds exhibited a distinct seasonal pattern caused by wage payment patterns and the relationship between payroll dates and tax payment dates. The volume of Tax Funds typically reached low points in May and August. Each year, the seasonal low point has always been higher than in the previous year, due to economic growth as well as inflation. The balance in the Core Investment Portfolio was not used for any client tax deposits during the Periods at Issue.

38. The Core Investment Portfolio has been held as a separate pool of invested funds since its creation in the early 1980s and has continually grown since that time. Its funds are invested in intermediate term (up to three-and-a-half years) and long-term (up to five-and-a-half years) investments, and investment income from the Core Investment Portfolio has always been reinvested in intermediate or long-term securities.

39. Income from the Core Investment Portfolio was treated as nonbusiness income by ADP on its Original Returns and Second Amended Returns.

40. Income from the Core Investment Portfolio was treated as apportionable business income by ADP on its First Amended Returns.

41. The Extended Investment Portfolio was derived from Tax Funds which were invested in long term (up to five-and-a-half years) marketable securities. The funds in the Extended Investment Portfolio have never been used to fund the remittance of client tax deposits or any other business expenditure. However, ADP engaged in a commercial paper borrowing program to borrow funds to meet client tax remittance requirements and not sell the investments in the Extended Investment Portfolio.

42. Income from the Extended Investment Portfolio was treated as apportionable business by ADP on its Original Returns, First Amended Returns, and Second Amended Returns.

43. The Other Portfolio Companies also held investments in the LTPI Portfolio, the Soft Investment Portfolio, and the Core Investment Portfolio. The income from such investment assets was treated as business income or nonbusiness income consistent with the treatment of income earned by the Investment Subsidiaries in the LTPI Portfolio, the Soft Investment Portfolio, and the Core Investment Portfolio.

44. For those investment assets held by the Investment Subsidiaries and the Other Portfolio Companies that were classified as generating apportionable business income by ADP on its Original Returns and Second Amended Returns, ADP included "Modified Gross Receipts" from the sale and maturity of such assets in the denominator of the sales factor on these Returns. Modified Gross Receipts bear the same ratio to apportionment investment income that ADP's

gross receipts from the data processing business bear to apportioned income from the data processing business.

45. Net gain from the sale and maturity of investment assets held by the Investment Subsidiaries and the Other Portfolio Companies in all Portfolios was included in the denominator of the sales factor by ADP on its First Amended Returns.

## COUNT I

### Income From the Non-Invaded Portion of the LTPI Portfolio and the Core Investment Portfolio is Nonbusiness, Nonapportionable Income

46. Petitioner realleges and reincorporates the allegations in paragraphs 1 through 45, inclusive, above.

47. "Business income" is defined as "all income that may be treated as apportionable business income under the Constitution of the United States." 35 ILCS 5/1501(a)(1); *see also* 86 Ill. Adm. Code 100.3010(a)(2).

48. "Nonbusiness income" is defined as "all income other than business income." 35 ILCS 5/1501(a)(13).

49. Nonbusiness income of a nonresident entity is not subject to apportionment under 35 ILCS 5/304(a). 35 ILCS 5/303.

50. Nonbusiness income classified as "[c]apital gains . . . from sales or exchanges of intangible personal property" is not allocable to Illinois if the taxpayer does not have its commercial domicile in Illinois at the time of the sale or exchange of the intangible personal property. 35 ILCS 5/303(b)(3).

51. An item of income may be treated as apportionable business income under the U.S. Constitution if it is derived from a unitary business. *Mobil Oil Corp. v. Comm'r of Taxes*, 445 U.S. 425, 438 (1980).

52. Passive investments which are held outside of a corporation's normal line of business are not unitary. *See Allied-Signal, Inc. v. Div. of Tax'n*, 504 U.S. 788 (1992).

53. Assets held as investments used for working capital can create apportionable business income if they are used in business operations and serve an "operational function." *Allied-Signal, Inc.*, 504 U.S. at 787-88.

54. The "operational function" test is not, however, an alternative means for finding a unitary business relationship. *MeadWestvaco Corp. v. Dep't of Rev.*, 553 U.S. 16, 29 (2008). Instead, the operational function test "simply recognizes that an asset can be a part of a taxpayer's unitary business even if what we may term a 'unitary relationship' does not exist between the 'payor and payee.'" *Id.* (citation omitted). Two circumstances in which an asset can serve an operational function are when: (a) a taxpayer is not unitary with its bank, but the taxpayer has deposits representing working capital and thus operational assets with the bank; and (b) a taxpayer holds futures contracts serving to hedge against the risk of an increase in the price of a key cost input. *Id.*

55. Illinois case law further confirms that a "corporation's use of . . . funds not the mere availability of . . . funds is the guiding factor in determining whether the income sought to be apportioned has an operational or investment function." *Home Interiors and Gifts, Inc. v. Dep't of Revenue*, 318 Ill. App. 3d 205, 212 (2000).

56. Income from both the Core Investment Portfolio and the non-invaded portion of the LTPI Portfolio constitutes nonbusiness income allocable outside Illinois because: (1) those investments were not used in ADP's regular business operations or used for any of ADP's operational needs, and never formed part of the working capital of ADP's unitary business; and

(2) all ADP entities engaged in investment management activities were commercially domiciled outside of Illinois. *MeadWestvaco*, 533 U.S. at 29.

57. The characterization of income from the non-invaded portion of the LTPI Portfolio and the Core Investment Portfolio as apportionable business income violates both Illinois statutes and the U.S. Constitution.

58. The Department's Notice of Denial, rejecting ADP's Second Amended Returns characterizing income from the non-invaded portion of the LTPI Portfolio and the Core Investment Portfolio as nonbusiness income not allocable to Illinois, was in error.

**WHEREFORE,** Petitioner prays that the Tribunal enter an order that:

(a) finds and declares that ADP's income from both the Core Investment Portfolio and the non-invaded portion of the LTPI Portfolio constitutes nonbusiness income;

(b) finds and declares that none of ADP's income from both the Core Investment Portfolio and the non-invaded portion of the LTPI Portfolio should be allocated to Illinois;

(c) enters judgment in favor of Petitioner and against the Defendants, orders Defendants to withdraw the Notice of Denial, and orders Defendants to pay Petitioner's claim for refund requested with the Second Amended Returns; and

(d) grants such further relief as the Tribunal deems appropriate under the circumstances.

## COUNT II

**Modified Gross Receipts From the Sales and Maturities of Investment Assets, to the Extent Classified as Apportionable Business Income, Must Be Included in the Denominator of Petitioner's Illinois Sales Factor**

59. Petitioner realleges and reincorporates the allegations in paragraphs 1 through 58, inclusive, above.

60. "Business income" is apportioned to Illinois based on a "sales factor," which "is a fraction, the numerator of which is the total sales of the person in [Illinois] during the taxable year, and the denominator of which is the total sales of the person everywhere during the taxable year." 35 ILCS 5/304(a) & (h).

61. The term "sales" means "all gross receipts of the taxpayer not allocated under Sections 301, 302, and 303." 35 ILCS 5/1501(a)(21); *see also* 86 Ill. Adm. Code 100.3370(a)(1) (stating that "for purposes of the sales factor of the apportionment formula . . . , the term 'sales' means all gross receipts derived by the person from transactions and activity in the regular course of such trade or business").

62. Under a plain reading of Illinois statutes, to the extent that income from ADP's investment assets is classified as business income for Illinois income tax purposes, then the gross receipts from the sale and maturity of the investment assets that generated such income must be included in the denominator of ADP's Illinois sales factor.

63. No amounts from the sale and maturity of ADP's investment assets should be included in the numerator of ADP's Illinois sales factor because all ADP entities engaged in investment management activities outside of Illinois. 35 ILCS 5/304(a)(3)(C).

64. ADP included Modified Gross Receipts in the denominator in order to fairly represent its business in Illinois. 35 ILCS 5/304(f).

65. To the extent that Illinois regulations require the sourcing of net gain from "business intangibles," such regulations exceed the statutory authority granted to the Department by Illinois statutes and are invalid.

66. To the extent that income is treated as apportionable business income, but the receipts generating such income are not sufficiently represented in the taxpayer's apportionment formula, there is a violation of the Commerce Clause of the U.S. Constitution. *Mobil Oil Corp.*, 445 U.S. at 461 (Stevens, J., dissenting) (stating that "[u]nless the sales . . . values connected with the production of income . . . are added to the denominator of the apportionment formula, the inclusion of earnings attributable to those corporations in the apportionable tax base will inevitably cause . . . income to be overstated").

67. The validity of Illinois regulations requiring the sourcing of net gain from "business intangibles" has not been considered by the Illinois Supreme Court.

68. The Department's Notice of Denial, rejecting ADP's Second Amended Returns that included in its sales factor denominator the Modified Gross Receipts from the sale or maturity of ADP's investment assets that generated income treated as business income apportionable to Illinois, was in error.

69. To the extent that income from the non-invaded portion of the LTPI Portfolio and the Core Investment Portfolio is classified as apportionable business income, the Modified Gross Receipts from the investment assets generating such income must be included in the denominator of ADP's Illinois sales factor.

**WHEREFORE,** Petitioner prays that the Tribunal enter an order that:

(a) finds and declares that ADP's Modified Gross Receipts from the sale or maturity of investment assets that generated income treated as business income

apportionable to Illinois must be included in the denominator of ADP's Illinois sales factor;

(b) finds and declares that, to the extent that income from the non-invaded portion of the LTPI Portfolio and the Core Investment Portfolio is also determined to be apportionable business income, the Modified Gross Receipts from the investment assets generating such income must be included in the denominator of ADP's Illinois sales factor;

(c) enters judgment in favor of Petitioner and against the Defendants, orders Defendants to withdraw the Notice of Denial, and orders Defendants to pay Petitioner's claim for refund requested with the Second Amended Returns; and

(d) grants such further relief as the Tribunal deems appropriate under the circumstances.

**COUNT III**

**<u>The Department's Reasons for Issuing the Notice of Denial Are in Error</u>**

70. Petitioner realleges and reincorporates the allegations in paragraphs 1 through 69, inclusive, above.

71. The Department was in error to the extent that, as stated in the Notice of Denial, it denied ADP's claim for refund in the Second Amended Returns because it "re-characterized as business income the interest income from miscellaneous sources that was an integral part of [ADP's] trade or business operations."

72. The Department was in error to the extent that, as stated in the Notice of Denial, it denied ADP's claim for refund in the Second Amended Returns because it "excluded from [ADP's] sales factor receipts (other than receipts from sales of tangible personal property) that could not be attributed to an income-producing activity in any state, are arbitrary in nature and

attempt to provide 'Investment income relief' pursuant to IITA 304(f) without the Director's consent."

**WHEREFORE,** Petitioner prays that the Tribunal enter an order that:

(a) finds and declares that ADP's income from both the Core Investment Portfolio and the non-invaded portion of the LTPI Portfolio constitutes nonbusiness income;

(b) finds and declares that that none of ADP's income from both the Core Investment Portfolio and the non-invaded portion of the LTPI Portfolio should be allocated to Illinois;

(c) finds and declares that ADP's Modified Gross Receipts from the sale or maturity of investment assets that generated income treated as business income apportionable to Illinois must be included in the denominator of ADP's Illinois sales factor;

(d) enters judgment in favor of Petitioner and against the Defendants, orders Defendants to withdraw the Notice of Denial, and orders Defendants to pay Petitioner's claim for refund requested with the Second Amended Returns; and

(e) grants such further relief as the Tribunal deems appropriate under the circumstances.

## COUNT IV

### Attorney's Fees and Expenses Under 5 ILCS 100/10-55(c)

73. Petitioner realleges and reincorporates the allegations in paragraphs 1 through 72, inclusive, above.

74. Section 10-55(c) of the Illinois Administrative Procedure Act, 5 ILCS 100/10-55(c), provides that:

> In any case in which a party has any administrative rule invalidated by a court for any reason, including but not limited to the agency's exceeding its statutory authority or the agency's failure to follow statutory procedures in the adoption of the rule, the court shall award the party bringing the action the reasonable expenses of the litigation, including reasonable attorney's fees.

75. This provision of law authorizes a party to recover its attorney's fees if the Tribunal invalidates a regulation because the agency exceeded its statutory authority in promulgating the regulation.

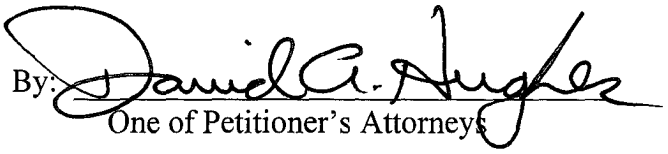
**WHEREFORE,** Petitioner prays that, if the Tribunal invalidates a portion of the regulation as requested in Count II, the Tribunal enter an order that:

(a) finds and declares that the Department must pay Petitioner its reasonable expenses of litigation, including attorney's fees; and

(b) grants such further relief as the Tribunal deems appropriate under the circumstances.

August 13, 2015

AUTOMATIC DATA PROCESSING, INC.

By: 
One of Petitioner's Attorneys

David A. Hughes (dhughes@hmblaw.com)
Horwood Marcus & Berk Chartered
500 W. Madison Street, Suite 3700
Chicago, IL 60661
312-606-3200

1171958

**Illinois Department of Revenue**
101 W. Jefferson St.
Springfield, IL 62702

**NOTICE OF DENIAL**

6/18/2015

FORM: IL-1120

FEIN: 22-1467904

AUTOMATIC DATA PROCESSING INC
MS 321
99 JEFFERSON RD
PARSIPPANY NJ 07054-2815

TAXABLE YEARS ENDING
6/30/2004, 6/30/2005, 6/30/2006

AMOUNT DENIED
$5,437,549

Pursuant to Section 909(e) of the Illinois Income Tax Act, notice is hereby given that your claims for refund of income tax overpayments in the amounts of $1,308,985 for the taxable year ending 6/30/2004, $1,777,774 for the taxable year ending 6/30/2005 and $2,350,790 for the taxable year ending 6/30/2006, filed on November 2, 2010, are denied in their entirety.

IF YOU DO NOT AGREE, Section 910(a) of the Act provides that the Department shall reconsider the denial if within 60 days of the date of this notice, the claimant or his authorized representative files a written protest setting forth the grounds upon which the protest is based and, if requested, shall grant the taxpayer or his authorized representative a hearing (under Section 914). Thus, if you disagree with the proposed denial of your claim, you may file a protest and, if desired, request a hearing. If an adequate and timely protest is not received, the denial of your claim in the amount shown above will become final as of the expiration of the aforementioned 60-day period pursuant to Section 909(f). A protest, if filed, should be forwarded to the address shown below.

Sincerely,

Constance Beard
Constance Beard
Director

Enclosures: EAR-14
IDR-867
Return Envelope

NOTICE SECTION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19012
SPRINGFIELD, IL 62794-9012
PHONE: 217 785-6711
ATTENTION: JN A1820712960

**STATEMENT**

DATE: 6/18/2015
FORM: IL-1120
FEIN: 22-1467904
NAME: AUTOMATIC DATA PROCESSING INC

TAXABLE YEARS ENDING: 6/30/2004, 6/30/2005, 6/30/2006

Track no.: A1820712960

We re-characterized as business income the interest income from miscellaneous sources that was an integral part of your trade or business operations. Ref: 86 IL Adm. Code 100.3010(c)(4)

We excluded from your sales factor receipts (other than receipts from sales of tangible personal property) that could not be attributed to an income-producing activity in any state, are arbitrary in nature and attempt to provide "Investment income relief" pursuant to IITA 304(f) without the Director's consent. Ref: 35 ILCS 5/304(F) and 86 IL Adm. Code 100.3380(a) & (c)(4)

cc
AUTOMATIC DATA PROCESSING INC
MS 433
ONE ADP BLVD
ROSELAND NJ 07068