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Department of Taxation

Rev. 12/6/21

20

Ohio IT K-1



10211411

Use only black ink and UPPERCASE letters.

Part I - Investor / Beneficiary and Entity Information

For calendar year 20 or taxable year beginning and ending

Amended K-1

Pass-through entity / Fiduciary filing: IT 1140 IT 4708 Other

Investor's / beneficiary's SSN / FEIN, Entity FEIN, NAICS code, Investor's / beneficiary's name and address, Entity name and address, Entity type, Foreign State Code, Country Code

Table with columns: Ownership %, Beginning, Ending, Apportionment Ratio, Within Ohio, Total Everywhere. Rows include Profit-sharing, Loss-sharing, Ownership of capital, Beneficiary's income distribution, Property, Payroll, Sales, Total apportionment ratio.

Part II - Investor's / Beneficiary's Ohio Depreciation Adjustments

1a. Current year 168(k) & 179 depreciation expense Ohio add-back (fraction used ___/___) .. 1a. Total Ohio
b. Total deduction of prior year 168(k) & 179 depreciation Ohio add-backs..... 1b. Total Ohio

Table: Prior year Ohio add-backs and related year deduction. Columns: Year and add-back fraction, Add-back amount, Related deduction.

Part III - Investor's / Beneficiary's Share of Ohio Income

2a. Pass-through entity / trust income..... 2a. Total Ohio
b. Guaranteed payments or compensation (20% or greater investors only)..... b. Total Ohio
c. Net Ohio depreciation adjustment..... c. Total Ohio
d. Total taxable income (sum of 2a through 2c for each column)..... d. Total Ohio

Part IV - Investor's / Beneficiary's Share of Ohio Tax Credits

3. Direct pass-through entity credit (Ohio tax paid by this entity after nonrefundable business credits and refunds)..... 3.
4. Indirect pass-through entity credits or withholding (attach IT K-1/W2/1099)..... 4.
Include the FEIN for any indirect pass-through entities
5. Refundable job creation credit & job retention credit (include certificates) - % of credit claimed 5.
6. Refundable Ohio historic preservation credit (include certificates) - % of credit claimed 6.
7. Venture capital credit (include certificates)..... 7.
8. Motion picture & Broadway theatrical production credit (include certificates) - % of credit claimed 8.
9. Nonrefundable business credits (include certificates)..... 9.
List the specific credits

Part V - Supplemental Information

Blank lines for supplemental information.

Preparers completing the IT K-1: use the instructions below.

Investors receiving an IT K-1: use the instructions beginning on page 3.

Instructions for Completing the IT K-1

A PTE or fiduciary should issue the IT K-1 to each investor or beneficiary that receives income, adjustments, and/or credits.

Use the IT K-1 to report the proportionate or distributive share of income, adjustments, and/or credits for any investor or beneficiary.

Provide a copy to each investor or beneficiary and include copies of each IT K-1 when filing the IT 1140, IT 4708, or IT 1041. The IT K-1 can be issued for any tax year, even when the pass-through entity (PTE) or fiduciary is not required to file a return.

See tax.ohio.gov to obtain a copy of the form and for FAQs (in the "Pass-Through Entities - OH IT K-1" topic).

Part I – Investor / Beneficiary and Entity Information

Enter the calendar year or a fiscal year period used on the entity's federal return.

Check the box to indicate which Ohio return the PTE or trust is filing. If the PTE or trust does not file either the IT 1140 or IT 4708, check "Other." Additionally, check the box to indicate an amended IT K-1, if applicable.

Investor / beneficiary information

Use the same investor / beneficiary information reported on the federal K-1. Enter the full SSN or FEIN on the copy of the IT K-1 provided to the Department.

Ownership %

PTEs: Enter the same investor ownership information reported on the federal K-1 for the tax year.

Fiduciaries: Enter the percentage of income distributed to the beneficiary during the tax year.

Entity Information

Use the same entity information reported on the federal K-1. Enter the full FEIN on the copy of the IT K-1 provided to the Department.

NAICS code: PTEs include their North American Industry Classification System (NAICS) code. NAICS codes are available at naics.com/search. Ohio Adm. Code 5703-7-01.

Entity type: Enter the entity type reported on the IT 1140 or IT 4708. If the PTE or fiduciary does not file an Ohio return, enter one of the following: S-corporation, limited liability company, partnership, trust, or other.

Apportionment Ratio

If the PTE or fiduciary is filing an Ohio return, enter the apportionment information from Schedule IV of the IT 4708, Schedule III of the IT 1140 or Schedule X of the IT 1041.

If the PTE or fiduciary is not filing an Ohio return, use the worksheet below to calculate Ohio property, payroll and sales and the Ohio apportionment ratio. Use Ohio property and payroll, each weighted at 20%, and Ohio sales, weighted at 60%, versus property, payroll, and sales everywhere. If any factor's "total everywhere" is zero, the weights of the remaining factors must be proportionately increased so that the total remains 100%. Report the apportionment ratio to six (6) decimal places. For detailed instructions on calculating the Ohio apportionment ratio, see the instructions for the IT 4708, IT 1140, or IT 1041.

Important: If the PTE is an investor in another PTE(s), it **must** combine its property, payroll and sales amounts with the amounts reported on any IT K-1 it receives.

See R.C. 5747.21, 5747.231, and 5733.05(B)(2).

Part II – Investor's / Beneficiary's Depreciation Adjustments

Line 1a - Current year 168(k) and 179 depreciation expense Ohio add-back

Enter the add-back fraction that was checked on the Ohio return.

Total Column: Enter the investor's/beneficiary's proportionate or distributive share of the current year 168(k) and 179 depreciation expense add-back reported on:

- IT 1140 - Schedule II, (A) or (B);
- IT 4708 - Schedule II; OR
- IT 1041 - Schedule II.

Ohio Column: Multiply the amount in the "Total" column by the apportionment ratio on the IT K-1.

See R.C. 5733.40(A)(5) and 5747.01(A)(18).

Line 1b – Total deduction of prior year 168(k) and 179 depreciation expense Ohio add-backs

Complete the worksheet below line 1b to calculate these amounts. **Only report prior-year depreciation add-backs for years that (1) the person was an investor, and (2) the PTE or fiduciary filed an Ohio return.**

Example: ABC LLC has operated in Ohio for 10 years. It filed an Ohio PTE return and reported depreciation add-backs in each year. Joe has been an investor in ABC LLC for 2 years. When completing the worksheet on Joe's IT K-1, ABC LLC will only include depreciation add-back amounts for the prior year. It will not include depreciation add-back amounts for years prior to Joe becoming an investor.

Add-back amount: Enter the investor's/beneficiary's proportionate or distributive share of the add-back for the year entered at the top of the column.

Related deduction: Using the chart below, multiply the add-back amount by the appropriate deduction fraction.

Add-back fraction	Deduction fraction
5/6	1/5
2/3	1/2
6/6	1/6

Total Column: Add all the "related deduction" amounts from the prior-year worksheet.

Ohio Column: Multiply the amount in the "Total" column by the apportionment ratio on the IT K-1.

See R.C. 5733.40(A)(5) and 5747.01(A)(18).

**Part III - Investor's / Beneficiary's
Ohio Income**

Line 2a - PTE / trust income

Total Column: Enter the investor's/beneficiary's proportionate or distributive share of the income reported on the Ohio return as follows:

- IT 4708 – The “income to be allocated or apportioned” from Schedule I, excluding Internal Revenue Code 168(k) and 179 depreciation expense adjustments, and guaranteed payments and compensation reported on Schedules II and III.
- IT 1140 (PTEs only) – The “sum of distributive shares” plus any “related member” adjustments from Schedule II.
- IT 1140 (Trusts only) – The “sum of all distributions” from Schedule IV.

For the specific lines related to these amounts, see the IT 4708 or IT 1140 for the applicable tax year.

Ohio Column: Multiply the amount of business income from the “Total” column by the apportionment ratio on the IT K-1 and/or enter the distributive share of any non-apportioned amounts allocated to Ohio.

See R.C. 5733.40(A), 5747.08(D) & 5747.40 through 5747.43.

Line 2b - Guaranteed payments and/or compensation (20% or greater investors only)

Total Column: If, at any time during the tax year, the investor held at least a 20% interest in the profits or capital of the entity, enter total guaranteed payments (reported in box 4 of a federal K-1) or compensation (reported in box 1 of a W-2) paid to the investor.

Important: Enter these amounts even if the investor is a resident of Indiana, Kentucky, West Virginia, Michigan or Pennsylvania.

Ohio Column: Multiply the amount in the “Total” column by the apportionment ratio on the IT K-1.

See R.C. 5733.40(A)(7).

Line 2c - Net depreciation adjustment

For each column, line 1a minus line 1b.

Line 2d – Total taxable income

For each column, enter the sum of lines 2a through 2c.

**Part IV – Investor's / Beneficiary's
Share of Tax Credits**

Line 3 – Direct PTE credit (tax paid by this entity after any refunds)

Enter the investor's/beneficiary's proportionate or distributive share of the tax paid and not otherwise refunded to the PTE:

- IT 4708 – “Tax liability after nonrefundable business credits” from Schedule I.
- IT 1140 – “Tax for each column” from Schedule I.

Line 4 – Total Indirect PTE Credit for PTE taxes paid

Enter the investor's/beneficiary's proportionate or distributive share of taxes paid by another PTE on behalf of this PTE/fiduciary entity. Enter the FEIN of each PTE tier to the PTE that paid the tax (attach a schedule or flowchart, if necessary).

Also enter any tax withheld on a W-2 and/or 1099. Provide each investor or beneficiary with a copy of the IT K-1, W-2, and/or 1099 form. Enter the FEIN for **each** PTE that withheld tax in the space provided. **Note:** Exclude PTE credit amounts included as a direct PTE credit amount on line 3.

Lines 5-8, Refundable Business Credits

Each investor or beneficiary is entitled to its proportionate or distributive share of direct and indirect refundable business credits from the PTE or fiduciary. The credits are not available to an investor or beneficiary if the PTE or fiduciary claims the credit when calculating its Ohio income tax. Provide each investor or beneficiary with a copy of the credit certificate.

Line 9 – Nonrefundable Business Credits

Each investor or beneficiary is entitled to its proportionate or distributive share of direct and indirect nonrefundable business credits from the PTE or fiduciary. Provide each investor or beneficiary with a copy of the credit certificate.

Part V - Supplemental Information

Use this section to substantiate any applicable inconsistencies or discrepancies on this form as compared to federal Schedule K-1. Report any Ohio financial institutions tax (FIT) credit (for tax years 2019 and prior).

Ohio IT K-1 is issued by a pass-through entity (PTE) or trust to its investors or beneficiaries (individuals, trusts, estates, or PTEs).

Ohio Apportionment Ratio Worksheet

	(A) Within Ohio	(B) Total Everywhere	(C) Ratio	(D) Weight	(E) Weighted Ratio
1. Property					
(a) Owned (average cost).....	_____	_____			
(b) Rented (annual rental x 8).....	_____	_____			
(c) Total (line 1a plus line 1b).....	_____ / _____	_____	= _____ x .20	=	1c. _____
2. Payroll.....	_____ / _____	_____	= _____ x .20	=	2. _____
3. Sales.....	_____ / _____	_____	= _____ x .60	=	3. _____
4. Ohio apportionment ratio. Add lines 1c, 2 and 3.....					4. _____

IT K-1 Investor Instructions

For use by a recipient of an IT K-1 when completing the IT 1040, IT 1041, IT 4708, and/or IT 1140.

It contains the investor's or beneficiary's distributive share of income, adjustments, and/or credits.

The IT K-1 is commonly used by:

- Individuals filing an IT 1040 and claiming the nonresident credit (using form IT NRC), or refundable / nonrefundable business credits (including the pass-through entity credit) on the Ohio Schedule of Credits;
- PTEs and fiduciaries claiming refundable / nonrefundable business credits on the IT 4708, IT 1140, and/or IT 1041.

Investors claiming any of the above credits should include a copy of the IT K-1 when filing their return.

Part I – Investor / Beneficiary and Entity Information

Tax year: If the PTE or fiduciary completing the IT K-1 files on a calendar year basis, the investor should use the IT K-1 for the same calendar year. If the PTE or trust files on a fiscal year basis, the investor should use the IT K-1 for the return year that includes the fiscal year's ending date.

Entity FEIN: Individuals must report the entity's FEIN on:

- Form IT NRC, Section II; AND/OR
- Ohio Schedule IT BUS, part 4.

PTEs and fiduciaries do **not** need to report this number when completing the IT 4708, IT 1140, or the IT 1041.

Apportionment %: The investor **must** include these amounts in the "Within Ohio" portion and the "Total Everywhere" portion of the property, payroll, and sales factor calculations on:

- Form IT NRC, Section III, Part A;
- Form IT NRCE Section III, Part A;
- IT 4708, Schedule IV;
- IT 1140, Schedule III; OR
- IT 1041 Schedule X.

Note: If the PTE or fiduciary has received multiple IT K-1s, it must aggregate the apportionment information from each IT K-1 when completing the IT 4708, IT 1140, and/or IT 1041.

Note: Certain individuals may not be required to complete Form IT NRC, Section III. See the instructions for the IT NRC.

Part II - Investor's Ohio Depreciation Adjustments

Line 1a – Current year depreciation add-back

If the IT K-1 reports an amount on this line:

Individuals: Generally there will be an IRC 168(k) and 179 depreciation expense add-back on the Ohio Schedule of Adjustments.

PTEs and fiduciaries: PTEs and fiduciaries should add the total amount to Schedule II of the IT 4708, IT 1140, and/or IT 1041.

Note (trusts only): If a trust retains 100% of its earnings, then this amount should be reported on its IT 1041. However, if a trust distributes 100% of its earnings, then this amount should be reported to its beneficiaries on an IT K-1. If a trust retains only a portion of its earnings, the trust will split this amount between its IT 1041 and the IT K-1s it issues to its beneficiaries.

Exception: If an investor owns less than 5% of this PTE, the investor is not required to add back this amount.

Line 1b – Deduction of prior-year depreciation add-backs

If the IT K-1 reports an amount on this line:

Individuals: Generally there will be a deduction of prior year IRC 168(k) and 179 depreciation expense add-back on the Ohio Schedule of Adjustments.

PTEs and fiduciaries: PTEs and fiduciaries should add the total amount to the applicable line if the corresponding add-backs were made on the prior years' returns:

- IT 4708, Schedule III;
- IT 1140, Schedule II, columns A and/or B; OR
- IT 1041, Schedule II.

Note: Add-Back and deduction adjustments are reported on separate lines on the IT 1040, IT 4708, IT 1140 and IT 1041. **Do not net these amounts.**

Part III - Investor's Ohio Income

Line 2a – PTE / trust income

This is the total and Ohio portion of this PTE or fiduciary's income.

Individuals: Add the Ohio portion of this line to the Ohio portion of line 2b and report the total on the IT NRC in Section II, Column C, "Ohio Apportioned Income".

PTEs: Do **not** report these amounts when completing the IT 4708 or IT 1140.

Trusts: Report the total portion of this line on Schedule VII of the IT 1041. Do **not** report the Ohio portion of this line when completing the IT 1041.

Estates: Report the total portion of this line on the IT NRCE in Section II, column A and the Ohio portion in column C.

Line 2b – Guaranteed payments / compensation

If an investor directly owns at least 20% of this entity, this line is the total and Ohio portion of any guaranteed payments or compensation paid by this entity.

Individuals: Add the Ohio portion of this line to the Ohio portion of line 2a and report the total on the IT NRC in Section II, Column C, "Ohio Apportioned Income".

PTEs and trusts: The PTE or trust should add the total amount as applicable:

- IT 4708, Schedule II; OR
- IT 1140, Schedule II.

Trusts and estates do **not** need to report this number when completing the IT 1041.

Note: If an investor directly or indirectly owns at least 20% of this entity, it is required to report any guaranteed payment or compensation paid by this entity, even if an amount is not reported on this line.

Line 2c – Net Ohio depreciation adjustment (Individual Investors and Estates ONLY)

This is generally line 1a minus line 1b. An individual should report the total on the IT NRC in Section II, Column B, Ohio Depreciation Adjustment. An estate should report the total on the IT NRCE in Section II, Column B, Ohio Depreciation Adjustment.



You **cannot** use this amount if you did not make each of the add-backs shown in the chart below line 1b. See the instructions for the IT NRC or IT NRCE.

Part IV - Investor's Ohio Tax Credits

Lines 3 and 4 – Direct/ indirect pass-through entity credits

Line 3 is the portion of income tax paid, after nonrefundable credits and refunds, by this entity on its investor's behalf (the "direct pass-through entity" credit). Line 4 is the portion of tax paid by another entity on this entity's behalf (the "indirect pass-through entity" credit). These credits **can only** be claimed on the IT 1040, IT 4708, and IT 1041; they **cannot** be claimed on the IT 1140.

Add lines 3 and 4 together and report the total on the "passthrough entity credit" line of one of the following:

- **Individuals:** the Ohio Schedule of Credits;
- **PTEs:** the IT 4708, Schedule V; OR
- **Trusts:** the IT 1041, Schedule XII.

Note: A PTE or trust can only claim these credits to the extent it also reports any income reflected on the IT K-1 on its return. If the income is reported by an investor or a beneficiary, these credit amounts should be reported as an "indirect" credit on the IT K-1 issued to them.

Lines 5-8 – Refundable business credits

This is the proportionate and distributive share of any refundable business credits granted to the entity by the Ohio Department of Development (ODOD). Include a copy of the ODOD certificate and this IT K-1 when filing the return. Refundable business credits include the:

- Job creation and job retention tax credits;
- Ohio historic perseverance tax credit;
- Ohio venture capital credit; AND
- Motion picture and Broadway theatrical production credit.

Individuals: You should report these credits on the corresponding lines of the "Refundable Credits" section of the Ohio Schedule of Credits.

PTEs and fiduciaries: To the extent the PTE or fiduciary reports the income from this IT K-1, it can also report these credits on the corresponding lines of:

- IT 4708, Schedule V; OR
- IT 1041, Schedule XII.

These credits **cannot** be claimed on an IT 1140.

Line 9 – Nonrefundable business credits

This is the portion of any nonrefundable business credits granted to the entity. The specific credits will be listed in the space provided.

Individuals: Report these amounts on the corresponding lines of the "Nonrefundable Credits" section of the Ohio Schedule of Credits.

PTEs and fiduciaries: To the extent the PTE or fiduciary reports the income from this IT K-1, it can also report these credits on the corresponding lines of:

- IT 4708, Schedule I; OR
- IT 1041, Schedule I.

These amounts **cannot** be claimed on an IT 1140.

Part V - Supplemental Information

This section contains any additional information or instructions that the PTE or fiduciary who completed the IT K-1 wants to convey to the investor or beneficiary.