

**For Taxable Years  
Beginning in 2025**



**Department of  
Taxation**

**Tax.Ohio.gov**

**Instructions for Filing:  
IT 1041 Fiduciary Income Tax Return**

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### Federal Privacy Act Notice

Because we require you to provide us with a Social Security number, the Federal Privacy Act of 1974 requires us to inform you that providing us your Social Security number is mandatory. 42 U.S.C. 405 and Ohio Revised Code 5703.057 and 5747.08 authorize us to request this information. We need your Social Security number to administer this tax.

## Taxpayer Assistance

### Contact Us

Examiners are available by phone and for in-person visits to the Welcome Center during the Department's normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.



**Phone** – Call 1-888-405-4039\* to speak to an examiner during normal business hours.



**Welcome Center** – Get assistance in person by visiting us at:

4485 Northland Ridge Blvd  
Columbus OH 43229-6596

All visitors to the Welcome Center must present a photo I.D. such as a current driver's license, state or military I.D., or passport.



**Appointments** – While appointments are not required, you can schedule a phone call back or a Welcome Center visit at **tax.ohio.gov/help-center**.



**Email** – Visit **tax.ohio.gov/OHTAX** to send a message from your OH|TAX account or visit **tax.ohio.gov/email**.

Send messages directly to the PTE & Fiduciary Income Tax Division at **Pass-ThroughEntity@tax.ohio.gov**.



**Mail** – Write to the Department at:

Ohio Department of Taxation  
P.O. Box 181140  
Columbus OH 43218-1140

### Online Resources

**OH|TAX eServices** – Create a username and password to securely file returns, make payments, view and respond to notices, and more at **tax.ohio.gov/OHTAX**.

**Forms** – Find all pass-through entity and fiduciary income tax forms (including fill-in versions) at **tax.ohio.gov/forms**. You can also request forms anytime by calling 1-888-405-4039\*.

**Pilot** – Pilot is a virtual assistant, available 24/7 to answer questions for all tax types.

**Information Releases** – Visit **tax.ohio.gov/info** to find detailed analyses of certain tax topics such as trust residency and nexus standards.

**Tax Alerts** – Sign up at **tax.ohio.gov/taxalerts** to receive tax updates and reminders from the Department via email.

**Ohio Virtual Tax Academy** – View webinars presented by the Department on Ohio's state taxes at **tax.ohio.gov/OVTA**.

**\*Persons who use text telephones or adaptive telephone equipment** – Contact the Ohio Relay Service at 7-1-1 or 1-800-750-0750 and give the communication assistant the phone number you wish to contact.

## Highlights for 2025

### **Tax Bracket Update**

The tax year 2025 income tax table for estates and trusts has been updated. The highest rate was reduced to 3.125%. For details of all changes, see the updated tax brackets on page 11.

See R.C. 5747.02(A).

### **NEW Transformational Mixed Use Development Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim this credit, you must attach a copy of the certificate from ODOD that indicates the amount of credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent that this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

No credit may be claimed for certificates issued prior to September 30, 2025.

For more information about the requirements for this credit, visit [development.ohio.gov](http://development.ohio.gov), or call 1-800-848-1300. See R.C. 122.09 and 5747.87.

### **Bonus Depreciation Restored**

The IRC §168(k) bonus depreciation and §179 expense add-back has been restored for taxable years beginning on or after January 1, 2025. Note: No add-back is required for taxable years ending on or after October 3, 2023 and before January 1, 2025. For more details including how to report deductions from prior-year add-backs, see pages 13 and 14.

See R.C. 5747.01(S)(14).

### **IT K-1**

Each entity with Ohio income should prepare a separate IT K-1 for each investor, owner or qualifying beneficiary to enclose with the investor's, owner's or beneficiary's return. If the tax preparation software allows for PDF attachments, include a copy of the form. The IT K-1 form has been updated to include lines for reporting required direct and indirect add-backs for electing pass-through entity tax paid.

For more information, see the IT K-1 form and instructions available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

### **Pass-Through Entity and Fiduciary Income Tax Schedule of Credits**

See the new PTE and Fiduciary Income Tax Schedule of Credits for a full list of nonrefundable and refundable business credits claimable on the IT 1041. The form is available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

### **IT RCTE (Trust/Estate Resident Credit)**

Trusts and estates use the IT RCTE to calculate their resident credit. Include the IT RCTE form with the completed IT 1041 and retain a copy for the entity's records. If the tax preparation software allows for PDF attachments, include a copy of the form.

The form is available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

### **IT NRCE: Ohio Nonresident Credit for Estates**

Estates use the IT NRCE to calculate the nonresident portion of their federal taxable income. The nonresident portion is used to calculate the Ohio nonresident credit. Include the IT NRCE form with the completed IT 1041 and retain a copy for the estate's records. If the tax preparation software allows for PDF attachments, include a copy of the form. The form is available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

### **Electronic Filing and Payments**

Starting November 12, 2025, fiduciary filers can file IT 1041 returns and make and schedule payments using the OH|TAX eServices portal. No fees exist for these filing and payment options; however, an account is required for filing and account access. Visit [tax.ohio.gov/login](http://tax.ohio.gov/login) to create an account, start a return, and/or make or schedule a payment.

The IT 1041 can also be filed electronically through the federal efile program overseen by the IRS ([irs.gov/filing](http://irs.gov/filing)), or through a participating third-party tax preparation product. For a current list of approved software programs, please see the [Software Developers](#) page on the Ohio Department of Taxation website, and search for the most recent MeF Approval Status link.

A tax return preparer that prepares more than 11 original tax returns during any calendar year shall use electronic filing technology. This provision does not apply to a tax return preparer in any calendar year if, during the previous calendar year, the tax return preparer prepared not more than 10 original tax returns.

See R.C. 5747.082.

## Filing Tips

### **Use a Current Address**

The Department uses the most up-to-date address on file to send correspondence, billings, assessments and refunds. If the address is not correct, refunds and notices will be mailed to the incorrect address. To update an address, check the “Check below if address changed” box next to the zip code on page one when filing the return, login to your OH|TAX eServices account to update your address on file, or visit the Business Address Update page on [tax.ohio.gov](http://tax.ohio.gov).

### **Verify the IT 1041 and OUPCs are for the Correct Tax Year**

Verify the OUPC reflects the correct name, address and federal employer identification number (FEIN) for the correct application of the payment. IT 1041 filers should file the return, and complete the OUPC’s tax year field with the year (YYYY) that coincides with the **start** of the tax year. For example, if the fiduciary has a tax year starting November 1, 2024 and ending October 31, 2025, the fiduciary should file the 2024 IT 1041 and complete the OUPC Tax Year as 2024.

### **Maintain a Bank Account**

The trust or estate must maintain its bank account to ensure it can receive refunds after its closing date. The Department **cannot** change the name on a refund check, nor issue the check directly to a trustee or beneficiary, due to the closing or termination of a trust or estate.

### **Reporting the Fiduciary’s FEIN Correctly**

Do not enter the decedent’s Social Security Number (SSN) in the Federal Employer Identification Number (FEIN) field (estate filers). Contact the IRS to obtain a FEIN before filing the IT 1041. All questions about obtaining a FEIN should be directed to the IRS.

### **Determine Residency of the Trust**

A trust’s residency is determined under Ohio law using a series of tests; it is not determined based on the location of either the trustee or the administration of the trust’s assets. Please note, it is possible that more than one residency test can apply to all or a portion of a trust. See R.C. 5747.01(I)(3) and Information Release IT 2003-02 - Trust Residency.

### **Reprint Corrected Software-Generated Paper Returns**

If the printed software-generated return from a tax preparation program subsequently requires changes on the return, do not write in the changes. Use the software to make the necessary changes, save, and reprint the return. The Department’s system will not pick up handwritten changes on returns generated by tax preparation software.

### **Complete Tax Return Schedules**

When filing via a software program, complete all relevant schedules and **do not** override any line items. Information from schedules on the return flows to other lines that are used to calculate the tax liability. If the schedules are not completed, a value of **zero** will flow to the corresponding lines, which will override any amounts that may have been entered. The return will be recalculated accordingly, resulting in a potential billing notice or reduced refund.

### **Report Trust Income as Follows:**

- Qualifying trust amounts on Schedule II
- Apportioned modified business income and qualifying investment income on Schedule III
- Allocated modified nonbusiness income on Schedule IV

Trust income categorized incorrectly may result in a potential billing notice or refund reduction.

### **Report Apportionment Ratio and Ownership Percentage**

Enter percentages and ratios in decimal format (e.g., report 30.09% as .3009; Report 100% as 1.0000.) Enter apportionment ratios in decimal format and carry to six decimal places. In addition, do not enter text (e.g., “null” or “zero”) in numeric fields.

### **Report Estimated Payments, Withholding, and Credits on Correct Lines**

Incorrect reporting of the payments, withholdings, and credits may result in a denied/reduced refund or bill.

- Line 9: Report nonrefundable business credits total from PTE/FI Schedule of Credits (include copy and applicable certificate(s)/IT K-1s)
- Line 13: Report Ohio IT 1041 estimated (OUPC/electronic) payments, prior year overpayment claimed on this return, and amounts previously paid with an original and/or amended return
- Line 15: Report refundable business credits total from PTE/FI Schedule of Credits (include copy and applicable certificate(s))
- Line 16: **[Amended Return ONLY]** Enter the overpayment previously requested on original and/or amended return

Use the new **Pass-Through Entity and Fiduciary Income Tax Schedule of Credits** to report all refundable and nonrefundable credits, calculate total amounts, then report totals on applicable lines of the IT 1041. See details in instructions. (The Schedule of Credits replaces the Schedule E form for reporting nonrefundable credits beginning in tax year 2025.)

### **Calculate Resident Tax Credit on Trust’s Modified Nonbusiness Income**

Include only the modified nonbusiness income in the calculation of the resident trust tax credit on the **IT RCTE - Ohio Trust/Estates Resident Credit Calculation** form and report the total on the **Pass-Through Entity and Fiduciary Income Tax Schedule of Credits**. Total nonrefundable business credits are then reported on Line 9 of the IT 1041. Failure to do so may result in a denied/reduced refund or bill.

### **Report Proportionate Share of Credits**

A distribution made by a trust/estate may affect the amount of a credit it is allowed to claim on its IT 1041. Credits must be shared between the trust or estate and the beneficiaries in proportion to the income retained versus distributed. See R.C. 5747.02(B)(3).

## Payment Options

### **First-Time Filers:** Submit PTE Registration Form Before First Estimated Payment

If the trust or estate is a first-time filer, submit the Pass-Through Entity and Fiduciary Income Tax Registration form before submitting the first estimated payment. The form can be found at [tax.ohio.gov/forms](http://tax.ohio.gov/forms). **Failure to submit the registration form may result in a delay in processing the estimated payment(s), resulting in a billing notice or refund delay.**

### **Submit a Separate Check for Each Balance**

A separate check is required for each tax return payment, estimated payment, billing/assessment payment, etc. The Department cannot apply a single check to multiple balances. The check or money order should be made payable to “Ohio Treasurer of State” with identifying information on the memo line, including:

- Federal employer identification number (**FEIN**)
- **Tax form** using the payment (IT 1041)
- **Tax year** end for the payment (mm-dd-yy)

### **Using Payment Coupons Created by Third-Party Software**

Before submitting a payment coupon created by third party software, please verify the reporting period end date matches the software-generated Key ID numbers and the number string at the bottom of the payment coupon, in the format MMYYY. **If mismatched, the payment will be misdirected, causing a delay in processing the estimated payment(s), resulting in a billing notice or refund delay.** Please contact the third-party software company’s support line to resolve.

### **Methods for Making PTE and Fiduciary Income Tax Payments**

**1. OH|TAX eServices:** Pass-through entity and fiduciary income tax filers can make and schedule payments in the OH|TAX eServices system as both a logged-in user and as a guest user. At this time, PTE and fiduciary filers do not have the option to make an online credit card payment. Taxpayers can use an electronic check (ACH debit) to make the following payments online:

- Bill & Assessment Payment – Select to pay a specific bill
- Estimated, Extension, or Return Payment – Select to make a payment for a specific tax year
  - Note: Taxpayers making payments for their current year tax balance due should use the “Return Payment” option
- Audit Payment – Select to pay towards an audit
- Account Payment – Select to pay multiple outstanding balances at once

Please allow 2-3 business days for recent payment activity to appear on your account. For specific instructions for making an electronic payment in OH|TAX eServices, see the Make and Schedule Payments job aid at [tax.ohio.gov](http://tax.ohio.gov).

**2. Electronic Funds Transfer (EFT):** Payments may be remitted by EFT (ACH credit) via the Ohio Treasurer of State (TOS). Any questions about the EFT payment process should be directed to the Ohio Treasurer of State by calling 1-877-338-6446.

- **This is an ACH credit option; the entity initiates the payment through its own bank. No online credit card payment or ACH debit option exists at this time through the Ohio Treasurer of State (TOS).**
- Visit the Ohio Treasurer of State website at [tos.ohio.gov](http://tos.ohio.gov) to access the applicable IT 1041 form-specific information page with TOS routing/account numbers and codes/format the financial institution must use to issue the ACH credit.

**3. Check or Money Order:** Make check or money order payable to “Ohio Treasurer of State.” A payment made by a check or money order must be submitted with the appropriate Ohio Universal Payment Coupon (OUPC) based on the form filed. All OUPCs can be found at [tax.ohio.gov/forms](http://tax.ohio.gov/forms) by entering “OUPC” in the

Form Title or Number field. Please mail the payment and OUPC to the address on the OUPC or hand deliver to our self-service walk-in center.

**4. Electronic Check:** When filing electronically through an approved software program, the PTE or fiduciary has the option to make a payment by electronic check in the form of an Electronic Funds Withdrawal, or direct debit. The direct debit option is only available for e-filed returns. For mailed returns created from an approved software program, the options for payment are 1. make and schedule payments in the OH|TAX eServices system as both a logged-in user and as a guest user, 2. Electronic Funds Transfer (EFT), or 3. check or money order, as listed above.

For a current list of approved software programs, please see the [Software Developers](#) page on the Ohio Department of Taxation website, and search for the most recent MeF Approval Status link.

Please contact the software companies directly for their electronic payments support.

### **Completing the Universal Payment Coupon (OUPC)**

Each payment made by check or money order must be submitted with the appropriate Ohio Universal Payment Coupon (OUPC). Application of payments is driven by the OUPC used and is based on which form is filed (i.e., IT 1041, IT 4708, IT 4738, or IT 1140). Separate OUPCs allow the Taxpayer to make either an estimated payment or a return payment. **Only one type of payment can be made on each OUPC submitted.**

All OUPCs can be found at [tax.ohio.gov/forms](http://tax.ohio.gov/forms) by entering “OUPC” in the Form Title or Number field.

The **IT 1041 OUPC** is used by trusts and estates to make either an estimated payment or a payment submitted with the trust/estate return. When completing either the “Estimated Payment” or “Return Payment” OUPC:

- Enter the year that coincides with the tax year **start** date in the format yyyy
- Specify the appropriate payment type:
  - Return Payment or Estimated Payment, Fiduciary Trust Tax IT 1041
  - Return Payment or Estimated Payment, Fiduciary Estate Tax IT 1041
- Enter the amount of payment as a whole number without a decimal, as the OUPC features a preprinted “.00”;
- A FEIN should be entered for trusts and estates. Estates should not use the decedent’s SSN when filing the Ohio IT 1041. Contact the IRS to obtain a FEIN for the estate before filing the IT 1041.

### **Sample IT 1041 OUPC: This form must be included with each check or money order.**

The sample form is titled "Ohio Universal Payment Coupon (OUPC)" and is for a "Return Payment" for "Fiduciary Trust Tax IT 1041". It includes fields for "ID Type" (08) and "Coupon Type" (54). There are sections for "First name", "MI", "Last name", "Address", and "City, State, ZIP code". A note instructs to pay online at [tax.ohio.gov/pay](http://tax.ohio.gov/pay) and to make the payment payable to the Ohio Treasurer of State, with the mailing address: Ohio Department of Taxation, P.O. Box 2619, Columbus, OH 43216-2619. There is a barcode area for "Tax Year" and a section for "Amount of Payment" with a pre-printed ".00". A field for "Taxpayer's FEIN" is also present.

### **Include a Check or Money Order with each IT 1041 OUPC**

Payable to “Ohio Treasurer of State” with identifying information on the memo line, including:

- Federal employer identification number (**FEIN**)
- **Tax form** using the payment (IT 1041)
- **Tax year** end for the payment (mm-dd-yy)

## 2025 Ohio Form IT 1041 General Instructions

### **Who Must File the IT 1041?**

All estates and trusts, including foreign estates and trusts, that are subject to the Ohio fiduciary income tax must file the IT 1041 and pay any tax due. All estates are subject to tax on their Ohio taxable income, while all trusts are subject to tax on their modified Ohio taxable income. Generally, estates that file the federal 1041 and reside in Ohio, or earn or receive income in Ohio, must file the IT 1041. Trusts that file the federal 1041 or the federal 1040NR and have retained earnings and earn or receive income that is allocable or apportionable to Ohio, must file the IT 1041.

Foreign estates and trusts are not necessarily exempt from Ohio income tax. Instead, Ohio levies its fiduciary income tax on every estate or trust residing in or earning or receiving income in Ohio. "Trust" is specifically defined to include any trust described in IRC §641- §685 that is not one of the following trusts:

- Grantor trusts
- Charitable remainder trusts
- Retirement trusts
- Pre-need funeral trusts
- Qualified funeral trusts
- Endowment and perpetual care trusts
- Qualified settlement trust and funds
- Retirement trust funds

See R.C. 5747.02(A)(1) and (2), 5747.02(C), 5747.01(S), and 5747.01(AA).

### **How Does the Residency of the Trust Affect Taxation of the Trust?**

A trust's residency status only affects how its modified nonbusiness income is taxed. A trust's modified nonbusiness income is the portion of the trust's Ohio taxable income that is not included on schedules II – Allocated Qualifying Trust Amounts and III – Apportioned Income Amounts of the IT 1041. Some examples of modified nonbusiness income that are taxable to Ohio can be found under the section on this page labeled "What Trust Income is Subject to Tax?"

Generally, most income reported by a trust is modified nonbusiness income. A resident trust is required to pay Ohio income tax on all modified nonbusiness income but may claim a resident credit on the IT 1041. The resident credit equals the lesser of modified nonbusiness income subjected to tax in another state, or the amount of tax paid to another state on that income.

Conversely, a nonresident trust is required to pay Ohio income tax on the items of modified nonbusiness income only to the extent they are from property that is located in Ohio or intangible property used in Ohio.

Additionally, lottery winnings are taxable as modified nonbusiness income.

See R.C. 5747.01(AA)(3), (4)(c) and 5747.20(B).

### **Is a Trust That Only has Investment Income Required to File?**

A resident trust investing only in savings accounts, certificates of deposit, stocks, bonds, commercial paper and/or mutual funds will owe Ohio income tax if the trust had federal taxable income after distributions. The tax on each resident trust is based on the trust's federal taxable income, plus or minus the adjustments set forth on the IT 1041.

However, a nonresident trust investing only in savings accounts, certificates of deposit, publicly traded stocks, bonds, commercial paper and/or mutual funds will not owe any Ohio income tax.

See R.C. 5747.01(I)(3), 5747.01(S), 5747.01(AA)(3) and (4)(c) and 5747.20(B).

### **If the Trust or Estate Has a Loss Is It Still Required to File an IT 1041?**

The trust or estate may still have an IT 1041 filing requirement, even if it reports a loss on the federal 1041 during the tax year, as adjustments on Schedule I could result in Ohio taxable income. The trust or estate is **not** required to file the IT 1041 if the following three scenarios apply:

- The trust or estate's federal 1041 or federal 1040NR shows no taxable income or has a negative taxable income (e.g., simple trusts and most estate tax returns).
- The trust or estate did not earn or receive any Ohio sourced income during the tax year, AND
- There are no Ohio adjustments that would result in Ohio taxable income.

See R.C. 5747.02 and 5747.08.

### **How Does a Federal §645 Election Impact the IT 1041?**

An election under IRC §645 allows the executor of an estate and the trustee of a revocable trust to elect to treat the trust as part of the estate for federal tax purposes. The beneficiaries of an estate that make a §645 election must use the federal taxable income as the starting point for completing the IT 1041. The estate must also designate the same estate type(s) selected on the federal 1041.

The estate may **only** claim deductions and credits available to an estate on its IT 1041; it **cannot** claim any credits or deductions, and should not check any boxes, available only to trusts. However, the beneficiary can claim any credits and withholding amounts belonging to the trust identified in the §645 election. **Note:** The estate must include a copy of the federal return when filing the IT 1041 as evidence of its §645 election.

**What Trust Income is Subject to Tax?**

A trust is taxed on its “modified Ohio taxable income.” The modified Ohio taxable income is based on the trust’s federal taxable income, subject to the adjustments on Schedule I of the IT 1041. After determining its “modified Ohio taxable income” the trust must determine which of the following types of income it is required to report:

- **Qualifying trust amount:** Capital gains and losses from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, a qualifying investee to the extent included in the trust’s Ohio taxable income, but only if the following requirements are satisfied:
  - The book value of the qualifying investee’s physical assets in this state and everywhere as of the last day of the qualifying investee’s fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss available to the trust.
  - The trust owns at least 5% of the qualifying investee during the previous 10 years.
- **Modified Business Income:** Business income included in a trust’s Ohio taxable income after such taxable income is first reduced by the qualifying trust amount, if any.
- **Qualifying Investment Income:** Acquisition, ownership, or disposition of intangible property, loan fees, financing fees, consent fees, waiver fees, application fees, net management fees, dividend income, interest income, net capital gains from the sale or exchange of intangible property, or distributive shares of income.
- **Modified Nonbusiness Income:** Is a portion of the trust’s Ohio taxable income other than the qualifying trust amount, and other than the allocated qualifying trust amount, and apportioned income amounts; to the extent such qualifying investment income is not otherwise part of modified business income. Some examples of modified nonbusiness income that are taxable to Ohio include:
  - Capital gains or losses from the sale, exchange or transfer of real or tangible personal property
  - Rents and royalties from real or tangible personal property
  - Royalties from patents or copyrights
  - Lottery winnings and gains and/or losses from the sale or transfer of such winnings

See R.C. 5747.01(AA) and 5747.02(A)(1).

**How Should a Qualified Pre-Income Tax Trust Complete the IT 1041?**

A trust that made the election to be a qualified pre-income tax trust is not subject to Ohio income tax. However, such a trust must file the IT 1041, as follows, for informational purposes:

- Include only pages 1 and 2 of the IT 1041
- Check the “qualified pre-income tax trust” box at the top of page 1
- Enter the trust’s federal taxable income on line 1
- Deduct the amount entered on line 1 on line 2
- Enter zero on lines 3 and 12, AND
- Include a copy of the acknowledgment from the Department that the trust is exempt from Ohio income tax

See R.C. 5747.01(EE).

**When is the Return Due?**

For all trusts and estates, the IT 1041, along with all supporting documentation such as IT K-1(s), W2s, 1099s and federal 1041 or federal 1040NR, is due April 15 after the year in which the trust or estate’s taxable year ends. If any filing due date set forth falls on a weekend or on a holiday, then the due date becomes the first business day thereafter.

**Filing Extensions**

If the trust or estate has a 12/31/2025 calendar year end, the entity can extend the due date for filing the IT 1041 to September 30, 2026, provided it qualifies for an IRS extension of time to file. Ohio does not have an extension request form but honors the IRS extension. Include a copy of the IRS extension or IRS acknowledgement, and/or the extension confirmation number, if electronically filed. If the trust or estate has a fiscal taxable year end, it will have a different extension due date.

**An extension of time to file does not extend the time for payment of the tax due.**

The trust or estate must make extension payments with the required IT 1041 OUPC available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms). Interest will accrue on any tax not paid by the due date, and penalties may also apply. Interest will accrue on any unpaid tax, and penalties may also apply. If your due date falls on a Saturday, Sunday, or legal holiday, the due date is moved to the next business day.

See R.C. 5747.08(G) and Ohio Admin Code 5703-07-05.

**Estimated Tax Payments**

The trust or estate must make estimated tax payments with the IT 1041 Ohio Universal Payment Coupon (OUPC) for the entity’s taxable year if the trust or estate’s estimated tax liability after credits is greater than \$500. The interest penalty applies to estimated payments not timely made. For more information, see the due dates chart below.

**Due Dates for Estimated Tax Payments**

If your due date falls on a Saturday, Sunday, or legal holiday, the due date is moved to the next business day.

| Due Date for Estimated Payments                                 | % Cumulative Estimated Payments Made    |
|-----------------------------------------------------------------|-----------------------------------------|
| On or before the 15th day of the 4th month of the taxable year. | 22.5% of the current year tax liability |
| On or before the 15th day of the 6th month of the taxable year. | 45% of the current year tax liability   |
| On or before the 15th day of 9th month of the taxable year.     | 67.5% of the current year tax liability |
| On or before the 15th day after the close of the taxable year   | 90% of the current year tax liability   |

### **Does Ohio Follow the Alternative Preparer Signature Procedures?**

The Department follows the federal alternative preparer signature procedures found in federal Notice 2004-54; However, the paid preparer must print (not sign) his/her name if the taxpayer authorizes the preparer to discuss the return with the Department.

Preparers with a Preparer Tax Identification Number (PTIN) must provide it on all returns. See R.C. 5703.262(B) and 5747.08(F).

### **Can the Trust or Estate's Tax Preparer Contact the Department About the Tax Return?**

The fiduciary of the estate or trust can check the box below the tax preparer's name on page 2 of the return to authorize the preparer to:

- Contact the Department about the status of the trust or estate's return, payments, or refund
- Provide the Department with information missing from the trust or estate's return, AND
- Respond to inquiries or notices from the Department related to the return

See R.C. 5747.08(J).

### **What is the IT K-1?**

The IT K-1 allows the trust or estate to report its income, adjustments, credits, and apportionment information to its beneficiaries. The information is used by the trust or estate's beneficiaries when completing the IT 1040, IT 1041, IT 4708, or IT 4738.

The trust or estate must complete two copies of the IT K-1 for each beneficiary whose income is included on the IT 1041. One copy of the IT K-1 must be included when filing the IT 1041. The other copy should be provided to the beneficiary.

The IT K-1 is available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

## **Amended Returns**

### **When to Amend**

The trust or estate can file an amended IT 1041 to report changes to the originally filed return. An amended

return can result in either a tax due or a refund based on the changes. Under certain circumstances, an amended return may be required. To amend the IT 1041 the trust or estate should file a new return showing the original amounts for any item that remains unchanged and reflecting all proposed changes; indicate that it is amended by checking the "Check here if amended return" box at the top of page 1.

Please include a copy of the following with the amended return:

- Any canceled checks used as payment on the originally filed return, AND
- Supporting documentation that reflects the reason(s) for filing the amended return

**Note:** It may take at least 180 days from the date of receipt to process the amended return.

### **When Not to Amend the Return**

Some common mistakes may not require an amended return. Some examples include:

- Math errors
- Missing pages or schedules
- Demographic errors, OR
- Missing income statements (W-2, 1099, K-1) or credit certificates

In these situations, the department will either make the corrections to the return or contact the trust or estate to request the needed documentation.

### **Requesting a Refund**

The trust or estate may want to amend the return to request an additional credit, deduction or payment. Such changes may result in a refund. The trust or estate has four years from the date of the payment to request a refund. The trust or estate must include supporting documentation to substantiate the changes reported on the amended return. Some common required documentation includes:

- Federal return, including applicable schedules and attachments
- Copies of income statements (W-2, 1099, etc.)
- IT K-1, or credit certificates
- Form IT NRCE or form IT RCTE

### **Reporting Additional Tax Due**

The trust or estate should amend the return to report additional income or reduce a previously claimed credit or deduction. Such changes may result in additional tax due. Payment should be included with the amended return using an IT 1041 OUPC payment coupon.

### **Changes to the Federal Return**

If the IRS makes changes to the federal return, either based on an audit or an amended return, and those

changes affect the Ohio return, the trust or estate is required to file an amended IT 1041. **Do not** file the amended Ohio return until the IRS has finalized the changes to the federal return. Once the changes are finalized, please include a copy of all of the following:

- Federal amended 1041
- IRS acceptance letter, OR
- Refund check issued to the trust or estate by the IRS, if applicable

**Note:** Instead of including a copy of these documents, the trust or estate may be able to submit a copy of the IRS Tax Account Transcript reflecting the updated federal return information.

The amended IT 1041 should be filed no later than 90 days after the IRS completes its review of the federal return. Failure to file the return within this time period may result in an assessment or a denial of the refund claim. The 90 days begins to run when:

- Period for the federal appeal has expired
- Date on the refund issued by the IRS, OR
- Date a federal settlement agreement is signed

See R.C. 5747.10.

**Completing the Applicable  
Check Boxes on Page 1 of the Ohio IT 1041**

On page 1 of the return, the entity must designate whether it is an estate or a trust. Trust and estate types (other than resident, nonresident, irrevocable or testamentary) are determined by the federal 1041 filing.

Estates must select one or both of the following:

- Decedent's estate
- Bankruptcy estate

Trusts must select one or the other of each of the following:

- Simple or complex
- Resident or nonresident

**Note:** If applicable, the trust should also select one or more of the following:

- Irrevocable
- Testamentary

### **Trust Residency**

A "resident" trust is a trust that in whole or in part resides in Ohio. If the resident trust resides in part, it is only a resident with respect to that part. See R.C. 5747.01(I)(3) and information release IT 2003-02.

A trust created at the time of an individual's death under a will (testamentary) is a testamentary trust. A

testamentary trust resides in Ohio if the decedent at the time of death was domiciled in Ohio for Ohio estate tax purposes (R.C. 5731).

An irrevocable trust resides in Ohio if (i) at least one "qualifying beneficiary" (R.C. 5747.01(I)(3)(c)) is domiciled in Ohio for all or a portion of the trust's taxable year and (ii) at any time the trust received assets from one or more of the following:

- An individual who was domiciled in Ohio for income tax purposes at the time he/she transferred assets to the trust, OR
- An individual who was domiciled in Ohio for income tax purposes at the time the trust document became irrevocable even if the individual was not domiciled in Ohio at the time he/she transferred the assets to the trust, OR
- An estate of an individual who at the time of death was domiciled in Ohio for estate tax purposes, OR
- An insurance company, pension plan or court award on account of the death of an individual, and at the time of the individual's death either (i) the individual was domiciled in Ohio for estate tax purposes or (ii) the owner of the insurance policy was domiciled in Ohio for income tax purposes

**Note:** The list above is not all-inclusive. For additional information, see R.C. 5747.01(I)(3)(a),(e) and (f).

### **Estate Residency**

An estate is a resident if the decedent was domiciled in Ohio at the time of death. See R.C. 5747.01(I)(2).

### **Bankruptcy Estates**

A bankruptcy estate must file the Ohio IT 1041 if its Ohio taxable income is greater than \$0. "Ohio taxable income" is federal taxable income, as adjusted on Schedule I of the IT 1041. The IT 1041 is due by April 15 of the calendar year following the year in which the bankruptcy estate's tax year ends.

Bankruptcy estates that file a federal 1041 but calculate the estate's taxable income on a federal 1040 or 1040-SR must enter their federal taxable income from the 1040 or 1040-SR attachment on line 1 of their IT 1041. The bankruptcy estate will then complete the IT 1041 and compute its tax liability as an estate; it is not entitled to any exemptions, credits, deductions, or tax rates that are only available on Ohio's individual income tax return (form IT 1040).

Mail the completed IT 1041 with a copy of the supporting federal Form 1040/Form 1040-SR attachment to the following address:

Ohio Department of Taxation  
Pass-Through Entity & Fiduciary Income Tax Division  
P.O. Box 2619  
Columbus, Ohio 43216-2619

Please send § 505(b) requests to the following address:

Ohio Department of Taxation  
Bankruptcy Division  
P.O. Box 530  
Columbus, Ohio 43216

### Taxable Income, Tax, Payments and Net Amount Due Calculations

#### **Line 1 – Federal Taxable Income**

Enter the estate or trust's federal taxable income from page 1 of the federal 1041. For a bankruptcy estate that files a federal 1041 but calculates the estate's taxable income on a federal 1040 or 1040-SR attachment, enter the federal taxable income from page 1 of the 1040 or 1040-SR. See R.C. 5747.01(S).

#### **Line 2 – Net Schedule I Adjustments**

Enter the total of net adjustments (net additions/deductions) from Line 46.

#### **Line 4 – Trusts - Qualifying Trust Amount**

This line must match the summary line 49. Any difference on these lines will result in a delay in processing the return and a possible refund reduction or billing.

#### **Line 5 – Trusts - Apportioned Income**

This line must match the summary line 52. Any difference on these lines will result in a delay in processing the return and a possible refund reduction or billing.

#### **Line 6 – Trusts - Modified Nonbusiness Income**

This line must match the summary line 55. Any difference on these lines will result in a delay in processing the return and a possible refund reduction or billing.

#### **Line 8 – Tax Liability on Line 3 (Estates) or Line 7 (Trusts)**

Use Table 2 to compute the tax based upon the amount on line 3 for estates or line 7 for trusts.

| Table 2: TY 2025 Estates and Trusts Income Tax Brackets and Marginal Tax Rates |             |                                                             |
|--------------------------------------------------------------------------------|-------------|-------------------------------------------------------------|
| TY 2025 Ohio Taxable Income Brackets                                           |             | TY 2025 Ohio Tax                                            |
| \$0                                                                            | - \$26,050  | 1.31287% of Ohio Taxable Income                             |
| \$26,051                                                                       | - \$100,000 | \$342.00 plus 2.75% of the amount in excess of \$26,050     |
| More than \$100,000                                                            |             | \$2,394.32 plus 3.125% of the amount in excess of \$100,000 |

See R.C. 5747.02(A).

#### **Line 9 – Nonrefundable Business Credits**

Estates and trusts should enter the sum of nonrefundable credits from line 33 of the Pass-Through Entity & Fiduciary Income Tax Schedule of Credits. The PTE & Fiduciary Schedule of Credits is available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

**Note:** The trust/estate is **only** entitled to the portion of the credits that relate to the retained earnings in the trust/estate.

See R.C. 5747.02(B)(3).

#### **Line 11 – Interest Penalty on Underpayment of Estimated Tax**

A trust or estate that does not make timely, sufficient estimated payments may be subject to the 2210 interest penalty. A trust or estate filing the IT 1041 should use pages 1 and 2 of the Ohio IT/SD 2210 to determine if an interest penalty is due, and if so the interest penalty amount. The form is available at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

The trust or estate will owe an interest penalty if (i) the Ohio tax due is greater than \$500 and (ii) withholdings, timely estimated payments and refundable credits are less than either of the following:

- 90% of the 2025 Ohio tax liability, OR
- 100% of the 2024 Ohio tax liability

**Note:** A trust or estate may be subject to the penalty even if it is due a refund when filing its return.

See R.C. 5747.09(D) and (E).

#### **Line 13 – Ohio IT 1041 Estimated Payments, Prior Year Overpayments, and Amounts Previously Paid**

Enter sum of all estimated (OUPC/electronic) payments, prior year overpayment claimed on this return, and amounts previously paid with an original and/or amended return.

#### **Line 14 – Ohio Income Tax Withheld**

Enter sum of all Ohio income tax withheld for the fiduciary and include supporting income statements (1099s, W-2s).

#### **Line 15 – Refundable Business Credits**

Estates and trusts should enter the sum of refundable credits from line 40 of the Pass-Through Entity & Fiduciary Income Tax Schedule of Credits. Find the PTE & Fiduciary Schedule of Credits at [tax.ohio.gov/forms](http://tax.ohio.gov/forms).

#### **Line 16 – Overpayment Previously Requested**

On **amended returns only**, enter any overpayments previously requested on original and/or amended return(s). Enter as a positive number.

**Line 19 - Amount of Line 18 to be Credited Toward Next Year's Liability**

A credit carryforward is only allowed on a timely filed, original return; otherwise, any overpayment will be refunded.

**Line 20 - Amount of Line 18 to be Refunded**

**Interest on Overpayments.** Once the return has been verified, if the refund exceeds one dollar it will be refunded to the trust or estate. The trust or estate will receive interest on the refund from the date of payment until the date of the refund if the amount is not refunded within 90 days of the later of the return's due date, or the date the return was filed.

During the calendar year 2026, the interest rate is 7%.

See R.C. 5747.11(B) and (C)(1).

**Line 22 - Interest Due on Late Payment of Tax**

Interest is due on any unpaid tax exceeding one dollar from the unextended due date until the date the tax is paid. An extension of time to file does not extend the payment due date. The interest rate for calendar year 2026 is 7%.

See R.C. 5747.08(G).

**Line 23 - Total Amount Due**

Make payments by:

- Electronic check payment via OH|TAX eServices as a logged-in user or as a guest user
- Electronic check through an approved software program when filing electronically
- Personal check/money order with the Ohio OUPC
- Electronic funds transfer (EFT) through the Ohio Treasurer of State

For questions regarding the EFT payment program, see the Electronic Funds Transfer information available at the Ohio Treasurer of State (TOS) website at [tos.ohio.gov](http://tos.ohio.gov).

**If \$1.00 or less is owed, no payment is necessary.**

**Schedule I - Adjustments to Federal Taxable Income**
**Additions**

The following apply to both trusts and estates except where noted.

**Line 24 - Federal and/or Non-Ohio State or Local Government Interest and Dividends Not Distributed**

Enter the following:

- Interest and/or dividends paid on obligations or securities from a non-Ohio state, AND/OR
- Interest and/or dividends paid on obligations or securities from a non-Ohio local government

Do not include:

- Any amounts already included in federal taxable income
- Interest and/or dividends paid on obligations or securities from Ohio
- Interest and/or dividends paid on obligations or securities from an Ohio local government, AND
- Interest and/or dividends paid on obligations or securities from a U.S. territory

See R.C. 5747.01(S)(1) and (2).

**Line 25 - Pass-Through Entity Taxes Paid/Electing Pass-Through Entity Taxes Paid**

Enter the proportionate share of tax paid by a pass-through entity on the IT 1140 or an electing pass-through entity on the IT 4738 to the extent not included in computing taxable income or Ohio taxable income. These taxes may be reported to the trust/estate on an IT K-1 or provided with the federal K-1.

See R.C. 5747.01(S)(11) and R.C. 5747.01(S)(15).

**Line 26 - Taxes Paid to Another State or District of Columbia**

Enter taxes paid to another state or the District of Columbia if both of the following are true:

- The tax was enacted for purposes of complying with IRS notice 2020-75, AND
- The tax was deducted in computing the federal or Ohio taxable income.

See R.C. 5747.01(S)(16).

**Line 27 - Electing Small Business Trust (ESBT) Income**

Add the distributive share of income from an S corporation. This amount is apportionable business income and must be included on Schedule III. Do not include on Schedule IV.

**Note:** Such income is not included in the trust's federal taxable income.

See R.C. 5747.01(S)(13).

**Line 28 - Losses from the Sale or Disposition of Ohio Public Obligations**

Enter any loss resulting from the sale/disposition of Ohio public obligations to the extent that such losses have been deducted in determining federal taxable income.

See R.C. 5747.01(S)(7) and 5709.76.

**Line 29 - Reimbursement of Expenses**

Enter reimbursements received in 2025 for any expenses that the trust/estate deducted on a previously filed Ohio fiduciary income tax return if the amount of the reimbursement was not included in federal taxable income.

See R.C. 5747.01(S)(9)(b).

### **Lines 30a-30c - IRC §168(k) Bonus Depreciation and §179 Expense Add-back**

Add 5/6 of your bonus depreciation allowed under Internal Revenue Code section 168(k). Also add 5/6 of your depreciation expense allowed under Internal Revenue Code section 179 less the amount that would have been allowed under section 179 as it existed on Dec. 31, 2002.

Replace "5/6" with "2/3" for employers who increased their Ohio income taxes withheld by an amount equal to or greater than 10% over the previous year.

Replace "5/6" with "6/6" for taxpayers who incur a net operating loss for federal income tax purposes if the loss was a result of the 168(k) and/or 179 depreciation expenses.

No add-back is required for:

- Employers who increased their Ohio income taxes withheld over the previous year by at least their total 168(k) and 179 depreciation expenses, OR
- 168(k) or 179 depreciation from a pass-through entity in which the taxpayer owns less than 5%

This add-back is deductible on the Ohio IT 1041 in subsequent tax years.

### **Line 31 – Personal Exemption (Estates Only)**

Enter the amount of the personal exemption allowed to the estate pursuant to I.R.C. 642(b).

See R.C. 5747.01(S)(3).

### **Line 32 - Federal Conformity Additions**

Estates and trusts enter any applicable adjustments on this line.

For updates on Ohio conformity, see Ohio Conformity Updates at [tax.ohio.gov](http://tax.ohio.gov).

See R.C. 5701.11.

### **Line 33 – Expenses Claimed on Ohio Estate Return**

This line is no longer applicable. Enter -0- on this line. See R.C. 5747.01(S)(8).

### **Deductions**

The following apply to both trusts and estates, except where noted. Deduct the income items described below only to the extent that these amounts have not already been deducted or excluded from federal taxable income.

### **Line 35 – Federal Interest and Dividends Exempt from State Taxation**

Enter interest and dividend income, to the extent included in federal taxable income, from obligations

issued by the United States government or its possessions/territories that are exempt from Ohio tax by federal law.

Examples of interest income that are **not** deductible:

- Interest paid by the IRS on a federal income tax refund
- Interest income from Fannie Maes or Ginnie Maes

See R.C. 5747.01(S)(4).

### **Line 36 – State and Municipal Income Tax Refunds**

Enter the amount of state and/or municipal income tax refunds included in federal taxable income for the taxable year of this return if the refunds relate to taxes previously claimed as itemized deductions on the decedent's federal income tax return.

See R.C. 5747.01(S)(9)(a).

### **Line 37 – Losses from an ESBT**

Deduct the distributive share of loss from an S corporation if the loss has not been directly or indirectly deducted in computing the trust's federal taxable income.



**This amount is apportionable business income and must be included on Schedule III. Do not include on Schedule IV.**

### **Line 38 – Wage and Salary Expense Not Previously Deducted**

Deduct the amount reported as work opportunity tax credit on the federal income tax return.

See R.C. 5747.01(S)(5).

### **Line 39 – Interest/Gains from Ohio Public Obligations**

Deduct interest income earned from Ohio public obligations and Ohio purchase obligations if the interest income was included in the federal taxable income. The trust/estate can also deduct any gains resulting from the sale or disposition of Ohio public obligations to the extent that the gain was included in the federal taxable income.

The trust/estate can also deduct income from a certain transfer agreement or an enterprise transferred under that agreement if the income was included in the federal taxable income. See R.C. 5747.01(S)(6), 5747.01(S)(7) and 5709.76.

### **Line 40 – Refund or Reimbursements of a Prior Year Deduction**

Deduct amounts included in the federal taxable income that represent refunds or reimbursements of expenses that were previously deducted on the federal 1041 return. Do not include any amounts included in line 34 ("Total additions"). See R.C. 5747.01(S)(9)(a).

**Line 41 - Federal Conformity Deductions**

Estates and trusts report applicable federal conformity adjustments on this line.

**Note:** Do not enter any federal adjustments solely because the deduction is available to an individual on the federal 1040 or the Ohio IT 1040.

For updates on Ohio Conformity, see Ohio Conformity Updates at [tax.ohio.gov](http://tax.ohio.gov).

See R.C. 5701.11.

**Line 42 - Farm Income (Trusts Only)**

Deduct any amount that a trust was required to report as farm income on its federal 1041 tax return but only if the assets of the trust directly or indirectly include at least 10 acres of land.

See R.C. 5747.01(S)(12) and 5713.30.

**Line 43 - Deduction for Prior Year IRC §168(k) Bonus Depreciation and §179 Expense Add-backs**

The add-back requirement is restored for taxable years beginning on or after January 1, 2025. For taxable years ending on or after October 3, 2023 and before January 1, 2025, the depreciation add-back was not required on the Ohio IT 1041. However, deductions for add-backs previously made are still permitted. Deduct:

- 1/5 of prior year 5/6 add-backs
- 1/2 of prior year 2/3 add-backs, AND/OR
- 1/6 of prior year 6/6 add-backs

of applicable §168(k) bonus depreciation and §179 expense add-backs on a prior year's IT 1041. The deduction must be taken in equal increments in consecutive tax years. If the deduction is missed in a taxable year, any unused portion from any given tax year is not eligible to be carried forward. Instead, the PTE would have to amend the prior years' returns to claim the deduction.



**To the extent this amount is apportionable, it should be included on Schedule III. If the amount is apportionable, do not include on Schedule IV.**

Deduct only amounts that were added back by the trust/estate on a prior year's IT 1041. This deduction is available even if the asset is no longer owned by the trust/estate.

See R.C. 5747.01(S)(14) and (A)(18).

**Line 44 - Repayment of Income Reported in a Prior Year**

Deduct amounts, described in section 1341(a)(2) of the Internal Revenue Code, that the trust/estate repaid in the current tax year that was received and included in federal taxable income in a prior year if:

- The trust/estate recognized the amount as income on the federal return in a prior year.
- The trust/estate has not deducted this income on any other line on the Ohio income tax return for any tax year, AND
- In the year the trust/estate recognized the income, it did not qualify for either the Ohio resident or nonresident credit.

See R.C. 5747.01(S)(10).

**Schedule II - Allocated Qualifying Trust Amounts****Line 47 - Certain Capital Gains/ Losses in Ohio taxable income**

A trust's income is a "qualifying trust amount" if all of the following are true:

- The income is included in the trust's Ohio taxable income (IT 1041, line 3).
- The income is a capital gain or loss from the sale, exchange or other disposition of either an ownership interest in, or debt obligations of, a qualifying investee.
- The trust owns at least 5% of the qualifying investee at any time during the 10-year period ending on the last day of the trust's tax year, AND
- The book value of the qualifying investee's physical assets is available.

A "qualifying investee" is any entity in which a trust has an ownership interest, or an entity or unit of government in which the trust owns debt obligations. Information is "available" if it can be obtained by the trust's due date for filing the IT 1041.

Most income is not a qualifying trust amount. Instead, it is modified business income, qualifying investment income, or modified nonbusiness income.

See R.C. 5747.01(AA)(2),(5) and (6) and 5747.011. See also *T. Ryan Legg Irrevocable Trust v. Testa*, 2016-Ohio-8418.

**Line 48 - Ratio of Qualifying Investee's Physical Assets in Ohio to Total Physical Assets**

The percentage is calculated as follows:

Net book value of the qualifying investees physical assets in Ohio

Net book value of the qualifying investees physical assets everywhere

"Net book value" is the asset's cost minus its accumulated depreciation. If the qualifying trust amount from capital gains/losses was recognized due to the sale, exchange or other disposition of more than one investment, then the fiduciary must make a separate calculation for each gain or loss.

**Note:** If the qualifying investee is a member of a qualifying controlled group, as defined in R.C.

5733.04(M), then special rules apply for purposes of calculating the Ohio ratio.

See R.C. 5747.01(AA)(5)

### Schedule III – Apportioned Income for Trusts

#### Line 50 - Portion of Ohio Taxable Income Less Amounts on Line 47, Business Income or Qualifying Investment Income

Enter the trust's portion of Ohio taxable income (line 3) not included on line 47 to the extent such income is either of the following:

- **Modified Business income/loss:** Income included in a trust's Ohio taxable income after such taxable income is first reduced by the qualifying trust amount, if any. Electing Small Business Trust (ESBT) income is apportionable to Ohio as modified business income and is reported in Schedule III. See R.C. 5747.01(AA)(1) and 5747.01(S)(13).
- **Qualifying investment income/loss:** Income attributable to transaction fees for the acquisition, ownership, or disposition of intangible property, including the following:
  - Loan fees
  - Financing fees
  - Consent fees
  - Waiver fees
  - Application fees
  - Net management fees
  - Dividend income
  - Interest income
  - Net capital gains from the sale, exchange, or other disposition of intangible property, AND
  - All types and classifications of income from distributive shares of income from other PTEs
  - This list is not all inclusive. See R.C. 5747.012.

See R.C. 5747.01(AA)(1) and 5747.013

### Schedule IV – Allocated Nonbusiness Income for Trusts

#### Line 53 - Resident Trusts: Portion of Ohio Taxable Income

Resident trusts enter the trust's Ohio taxable income (IT 1041, line 3) not reported on lines 47 or 50.

#### Line 54 - Nonresident Trusts: Trust's Portion of Ohio Taxable Income

Nonresident trusts enter the following types of nonbusiness income to the extent included in the trust's Ohio taxable income (line 3) and not reported on lines 47 or 50:

- Capital gains or losses from the sale, exchange or transfer of Ohio real property and/or Ohio-based tangible personal property
- Rents and royalties from Ohio real property and/or

tangible personal property used in Ohio

- Patents and copyright royalties used by the payor in Ohio, AND
- Ohio Lottery Commission winnings and gains and/or losses from the sale or transfer of such winnings

**Note:** If distributive share is business income/loss from a pass-through entity, use Schedule III.

See R.C. 5747.01(AA)(3).

### Schedule V - Apportionment Factors

The three factors comprising the total weighted apportionment ratio are 20% property, 20% payroll, and 60% sales.

**NOTE:** If the "total everywhere" amount of any factor is zero, the weights of the remaining factors must be proportionately increased to result in a total weighted ratio of 100%.

**Example:** If the entity has no payroll, it must reweight its property factor to 25% and its sales factor to 75%.

If a trust owns an interest in a PTE, when calculating its apportionment ratio it **must** include its proportionate share of the other PTE's "Within Ohio" portion and the "Total Everywhere" portion of property, payroll and sales. These amounts are reported by the PTE in the "Entity Apportionment Percentage" section of the IT K-1 issued to the trust.

**NOTE:** A trust or estate may request, in writing with a timely filed original or amended return, an alternative form of apportionment instead of the method listed above. Such request is only valid if approved by the Department.

See R.C. 5747.01(AA)(4), 5747.013(B) and 5747.231.

#### Property Factor

The Property Factor is the ratio of:

$$\frac{\text{Average value of property in Ohio}}{\text{Average value of property everywhere}}$$

"Property" includes any real and tangible personal property that is owned, rented, subrented, leased and/or subleased in the course of a trade or business by the trust or other PTEs owned by the trust.

Property does not include the following:

- Construction in progress
- Property not used in a trade or business
- Property for which Ohio has issued an air, noise, or industrial water pollution control certificate, AND
- Property used exclusively during the tax year for qualified research

**Note:** The original cost of qualifying improvements to property in an enterprise zone, for which Ohio has issued a Tax Incentive Qualification Certificate, should only be included in Total Everywhere.

The “average value” of business property is calculated by averaging the total value of all applicable property owned or rented at the beginning and end of the tax year.

See R.C. 5747.013(B)(1)(b).

### **Line 56a – Property Owned**

**Within Ohio:** Enter the average value of all Ohio property owned by the business during the tax year.

**Total Everywhere:** Enter the average value of all property owned by the business during the tax year. Property owned by the business is valued at its original cost.

### **Line 56b – Property Rented**

**Within Ohio:** Enter the average value of all Ohio business property rented by the trust during the tax year.

**Total Everywhere:** Enter the average value of all business property rented by the trust during the tax year.

**Note:** Business property rented by the trust is valued at eight times the net annual rental rate (annual rental expense less sub-rental receipts).

### **Payroll Factor**

The payroll factor is the ratio of:

$$\frac{\text{Total compensation in Ohio}}{\text{Total compensation everywhere}}$$

“Compensation” means any form of remuneration paid to an employee for personal services. Compensation does not include any of the following:

- Amounts paid to employees for services unrelated to a trade or business
- Amounts reclassified as a distributive share of income from a pass-through entity under R.C. 5733.40(A)(7), AND
- Amounts paid to employees who are primarily engaged in qualified research

**Note:** Compensation paid to certain employees at an urban job and enterprise zone facility, for which Ohio has issued a Tax Incentive Qualification Certificate, should be included only in total compensation everywhere.

See R.C. 5747.013(B)(2).

### **Line 57– Payroll**

**Within Ohio:** Enter the total compensation paid in Ohio during the tax year. Compensation is paid in Ohio if any of the following apply:

- Employee’s job is entirely in Ohio
- Employee’s job is primarily in Ohio with only incidental work outside Ohio

- Employee performs services in Ohio and either the headquarters, or, if no headquarters exists, the place from which the service is directed or controlled, is in Ohio, AND/OR
- Employee is a resident of and performs some services in Ohio, and the headquarters or the place from which the service is directed or controlled is not in any state in which some part of the service is performed

Compensation paid to any employee of a common or contract motor carrier who performs regularly assigned duties in more than one state should be assigned to Ohio by the ratio of mileage traveled by the employee in Ohio to the total mileage traveled by the employee everywhere during the taxable year.

$$\frac{\text{Mileage Traveled by Employee in Ohio}}{\text{Total Mileage Traveled by Employee Everywhere}}$$

**Total Everywhere:** Enter the total compensation paid everywhere during the tax year.

See R.C. 5747.013(B)(2).

### **Sales Factor**

The sales factor is a ratio of:

$$\frac{\text{Sales in Ohio}}{\text{Sales everywhere}}$$

“Sales” includes gross business receipts such as:

- Receipts from the sale of real property, tangible personal property, or services
- Receipts from rents and royalties from real and tangible personal property, **OR**
- Receipts from the transfer of or the right to use intellectual property such as trademarks, trade names, patents, and copyrights

“Sales” **does not** include any of the following:

- Receipts from the transfer of real or tangible personal property that is either a capital asset or an Internal Revenue Code section 1231 asset, AND
- Receipts from sales to certain public utilities, insurance companies, and financial institutions described in R.C. 5747.013(B)(3)

**Note:** Income amounts excluded from the sales factor may still be considered business income under Ohio law. See R.C. 5747.013.

### **Line 58 – Sales**

**Within Ohio:** Enter gross receipts from sales within Ohio during the tax year. Sales within Ohio include all of the following:

- Receipts from sales of tangible personal property, less returns and allowances, to the extent the property was received by the purchaser in Ohio, AND

- Receipts from sales, other than tangible personal property if:
  - The income-producing activity is performed entirely within Ohio, OR
  - The income-producing activity is performed both within and without Ohio and a greater proportion of the income-producing activity is performed within Ohio than in any other state, based on cost of performance.

If the income-producing activity involves the performance of personal services both within and without Ohio, the services performed in each state will constitute a separate income-producing activity.

In such case the gross receipts for the performance of services attributable to Ohio shall be measured by the ratio that the time spent in performing such services in Ohio bears to the total time spent in performing such services everywhere. Time spent in performing services includes the amount of time expended in the performance of a contract or other obligations that gives rise to such gross receipts.

Personal service not directly connected with the performance of the contract or other obligations (for example, time expended in negotiating the contract) is excluded from the computation.

The term “income-producing activity” means, with respect to each separate item of income, the transaction and activity directly engaged in by the taxpayer in the regular course of its trade or business for the purpose of obtaining gains or profits. Such activity does not include transactions and activities performed on behalf of the taxpayer, such as those conducted on its behalf by an independent contractor.

The term “cost of performance” means direct costs determined in a manner consistent with generally accepted accounting principles and in accordance with accepted conditions or practices in the taxpayer’s trade or business. For purposes of this term, receipts from rental property are situated to this state if the property (i) is used entirely in this state or (ii) is used more in this state than in any other state.

**Note:** For tangible personal property, where the property is “received by the purchaser” is not the same as where the purchaser takes physical or legal possession. Instead, it is considered “received” where it is ultimately used by the purchaser.

**Total Everywhere:** Enter the gross receipts from sales everywhere during the tax year.

See R.C. 5747.013(B)(3).

### **Beneficiary Information**

Complete beneficiary information should be reported as follows:

- Include with the return copies of Ohio IT K-1s for all beneficiaries to report their proportionate or distributive share of income, adjustments, and/or credits.
- Provide a copy of the Ohio IT K-1 to each beneficiary.
- Visit [tax.ohio.gov/forms](http://tax.ohio.gov/forms) to obtain a copy of the Ohio IT K-1 form.

**Matching Expense and Loss Amounts  
and Distribution Deductions Against Income and Gain  
For use when calculating the portion of a fiduciary's expenses,  
losses, and distributions deduction related to its income.**

The fiduciary should directly match items of income and gain with any directly related expenses and losses.

For amounts that the fiduciary cannot directly match to items of income and gain, the fiduciary should **proportionately** assign those expenses and distributions. Generally, the basis for assigning expenses, losses and distributions will be the relative income or gain related to each activity.

### **Example #1 - Assigning Direct Distributions**

The trust document directs the fiduciary to distribute to Lee, a beneficiary, 75% of the yearly profit from rental activities.

- The profit from these rental activities is \$100,000 of business income.
- The trust had no other income and the only distribution to Lee from the trust was \$75,000.

The fiduciary must reduce the trust's rental profit by the distribution deduction attributable to the rental profit (in this example, 75% of the rental activity profit). So the amount to be shown on Schedule III, line 50, will be \$25,000.

### **Example #2 - Assigning Direct and Indirect Distributions, Expenses and Losses**

The Trust has the following amounts listed on its Federal 1041:

|                                                                |           |     |
|----------------------------------------------------------------|-----------|-----|
| Gross rent                                                     | \$530,000 | (A) |
| Dividend income                                                | 200,000   | (A) |
| Interest Income                                                | 41,000    | (B) |
| Net capital gain (stocks and bonds)                            | 60,000    | (B) |
| Rental property depreciation expense                           | - 100,000 | (B) |
| Rental property real estate taxes and related payroll expenses | - 25,000  | (A) |
| Attorney fees (lease preparation)                              | - 5,000   | (A) |
| Investment advisor fees (stocks & bonds)                       | - 1,000   | (B) |
| Fiduciary fees (based upon profit)                             | - 10,000  | (C) |
| Distribution deduction (discretionary)                         | - 60,000  | (C) |

Taxable income per IRS form 1041 \$ 630,000  
Additionally, assume the following:

- Rental profit constitutes business income
- All other income and gain constitute nonbusiness income
- There are no "Schedule I" Ohio adjustments (so Ohio taxable income equals federal taxable income), **AND**
- There are no amounts to report on IT 1041 Schedules II or III, **AND**

• Income from the federal schedule is categorized as follows:

- (A) = Rental Activity
- (B) = Portfolio Income
- (C) = Indirect Expense and Deductions

The total indirect expense and deductions for this trust are \$70,000. The expenses to the specific income categories are calculated as follows:

#### **(A) Rental Activity**

|                                        |            |
|----------------------------------------|------------|
| Rents                                  | \$ 530,000 |
| Less: Depreciation expense             | - 100,000  |
| Real estate taxes and payroll expenses | - 25,000   |
| Attorney fees (for lease preparations) | - 5,000    |

Tentative apportionable profit from rental activities (business income) \$ 400,000

#### **(B) Portfolio Income**

|                                           |            |
|-------------------------------------------|------------|
| Dividends, interest and net capital gains | \$ 301,000 |
| Less: Investment advisor fees             | - 1,000    |

Tentative profit from "portfolio" income (nonbusiness income) \$ 300,000

**Total income excluding \$70,000 indirect expense is \$700,000.**

Calculate the portion of \$70,000 indirect expense for each income category as follows:

#### **Rental Activity (Schedule III):**

Divide by total income \$700,000 excluding indirect expense of \$70,000:

$$\frac{\$400,000}{\$700,000} = .571428$$

$$\text{Multiply: } \$70,000 \times .571428 = \$40,000$$

**Rental income - assigned rental expense**  
**\$400,000 - \$40,000 = \$360,000**

#### **Portfolio Income (Schedule IV):**

Divide by total income \$700,000 excluding indirect expense of \$70,000:

$$\frac{\$300,000}{\$700,000} = .428571$$

$$\text{Multiply: } \$70,000 \times .428571 = \$30,000$$

**Portfolio income - assigned portfolio expense**  
**\$300,000 - \$30,000 = \$270,000**

## Matching Allocation Based on Distributions Made

**This guide is useful when calculating credits for a trust/estate when distributions are made.**

The fiduciary must split credits between the trust/estate and its beneficiaries based on the fiduciary's retained earnings and distributions to its beneficiaries. The proportionate share of the credits must follow the distribution to the beneficiaries of the trust or estate.

See R.C. 5747.02(B)(3), R.C. 5747.08(I) and R.C. 5747.059.

### **Example #1 - Full distribution of income**

An estate receives a W2 reporting \$100,000 of income and \$1,000 of Ohio withholding. The income is included on the estate's federal 1041 as "adjusted total income" but is then deducted as an "income distribution deduction". The income was distributed to the estate's sole beneficiary, an individual.

Because 100% of the income is distributed to the estate's beneficiary, the beneficiary is entitled to 100% of the \$1,000 of Ohio withholding when filing the IT 1040. The estate cannot claim the credit; the estate should issue an IT K-1 to the beneficiary reflecting the withholding.

### **Example #2 - Partial distribution of income**

A trust receives a 1099 reporting \$150,000 of income and \$3,000 of Ohio withholding. The income is included on the trust's federal 1041 as "adjusted total income" and \$50,000 is deducted as an "income distribution deduction". The income was distributed to the trust's sole beneficiary, an individual.

Because 1/3rd of the income is distributed to the trust's beneficiary, the beneficiary is entitled to 1/3rd of the \$3,000 of Ohio withholding when filing the IT 1040. The trust can claim 2/3 of the \$3,000 withholding when filing the IT 1041. The trust should issue an IT K-1 to the beneficiary reflecting the 1/3 withholding.

### **Example #3 - Partial distribution based on type of income**

The trust is an investor in a pass-through entity (PTE). The trust receives:

- A federal K-1 showing \$200,000 of PTE income.
- An IT K-1 showing \$17,000 in "Ohio tax paid on behalf of this investor/beneficiary (net of overpayments)".
- A capital gain of \$50,000 from its own investment of trust assets.

The income is included on the trust's federal 1041 as "adjusted total income"; \$200,000 is then deducted as an "income distribution deduction". The income was distributed to the trust's sole beneficiary, an individual.

Because this trust has income from multiple sources, the amount of the distribution of the credit depends on what income was retained, and what income was distributed by the trust.

(A) If the trust distributes the \$200,000 of income from the PTE and retains the \$50,000 capital gain:

- The beneficiary is entitled to claim 100% of the \$17,000 PTE credit on the individual's IT 1040.
- The trust is not entitled to the PTE credit on its IT 1041.

(B) If the trust distributes \$150,000 of income from the PTE and the \$50,000 capital gain, and retains the remaining \$50,000 of income from the PTE:

- The beneficiary is entitled to 75% of the \$17,000 PTE credit (\$12,750) on the individual's IT 1040.
- The trust is entitled to 25% of the \$17,000 PTE credit (\$4,250) on its IT 1041. The trust should issue an IT K-1 to the beneficiary reflecting the indirect PTE credit.

## Ohio PTE & Fiduciary Schedule of Credits

The credits listed below may not be applicable to all pass-through entity (PTE) and fiduciary income tax filers. The Ohio PTE & Fiduciary Schedule of Credits is only available for the IT 4708 and IT 1041 and should not be completed for the IT 1140 or IT 4738. The Schedule of Credits indicates whether a credit is available for trusts, estates, and/or PTEs. See R.C. 5747.08(D).

### Nonrefundable Credits

The nonrefundable business credit schedule lists the nonrefundable business credits in the order in which the entity may claim them as well as the carryover period for each credit. The order is important if the entity is entitled to more than one credit and the entity is unable to use some portion of the total credit in the year generated.

Read all of the following instructions carefully for each section to determine if the entity is eligible to claim that particular credit.

An entity must include the Schedule of Credits and any supporting documentation when filing the return. All other supporting schedules or documentation are subject to examination by the Ohio Department of Taxation.



**Trust/estate is only entitled to the portion of the nonrefundable credit that relates to the retained earnings in the trust/estate.**

### Line 2 – Retirement Income Credit

**Important:** For IT 4708 filers, this credit **is not** available. Enter zero on this line. For IT 1041 filers, this credit is **only** available to estate filers. Trust filers should enter zero on this line.

To qualify for this credit, all of the following must be true:

- The decedent must have received retirement income from a pension, profit sharing or retirement plan (such as traditional IRAs, 401(k) plans).
- This income is included in the estate's federal taxable income (e.g., it was not distributed to any beneficiary).
- This income was received on account of the decedent's retirement, AND
- The decedent has not previously taken the Ohio lump sum retirement credit.

The credit is based on the total retirement income included the estate's taxable income. The maximum credit per return is \$200.

| Credit Amount                                         |           |                 |                          |  |
|-------------------------------------------------------|-----------|-----------------|--------------------------|--|
| Retirement income included in Estates' taxable income |           |                 | Retirement Income Credit |  |
| \$ 0                                                  | –         | <b>\$ 500</b>   | 0                        |  |
| \$ 501                                                | –         | <b>\$ 1,500</b> | \$ 25                    |  |
| \$ 1,501                                              | –         | <b>\$ 3,000</b> | \$ 50                    |  |
| \$ 3,001                                              | –         | <b>\$ 5,000</b> | \$ 80                    |  |
| \$ 5,001                                              | –         | <b>\$ 8,000</b> | \$ 130                   |  |
| \$ 8,000                                              | <b>or</b> | <b>more</b>     | \$ 200                   |  |

See R.C. 5747.055(B).

### Line 3 – Lump Sum Retirement Credit

**Important:** For IT 4708 filers, this credit **is not** available. Enter zero on this line. For IT 1041 filers, this credit is **only** available to estate filers. Trust filers should enter zero on this line.

**Note:** If the estate takes this credit, it **cannot** take the retirement income credit on this year's return or any future return.

To qualify for this credit, all of the following must be true:

- The decedent must have received a total lump sum distribution on account of retirement.
- The distribution must have come from a qualified pension, retirement or profit sharing plan.
- This income was included in the estate's federal taxable income (e.g. it was not distributed to any beneficiary), AND
- The decedent has not previously claimed this credit.

Use the Lump Sum Worksheet on Appendix A to calculate this credit.

See R.C. 5747.055(C).

### Line 4 – Senior Citizen Credit

**Important:** For IT 4708 filers, this credit **is not** available. Enter zero on this line. For IT 1041 filers, this credit is **only** available to estate filers. Trust filers should enter zero on this line.

To qualify for this credit, both of the following must be true:

- The decedent was at least 65 as of the date of death, AND
- The decedent has not previously taken the Ohio lump sum distribution credit.

**The credit is equal to \$50 per return.**

See R.C. 5747.055(F).

### Line 5 – Lump Sum Distribution Credit

**Important:** For IT 4708 filers, this credit **is not** available. Enter zero on this line. For IT 1041 filers, this credit is **only** available to estate filers. Trust filers should enter zero on this line.

**Note:** If the estate takes this credit, it **cannot** take the \$50 senior citizen credit on this year's return or any future return.

To qualify for this credit, all of the following must be true:

- The decedent was at least 65 as of the date of death.
  - The decedent must have received a total lump sum distribution from a qualified pension, retirement or profit sharing plan.
  - This income was included in the estate's federal taxable income (e.g., it was not distributed to any beneficiary), AND
  - The decedent has not previously claimed this credit.
- Use the Lump Sum Worksheet on Appendix A to calculate this credit.

See R.C. 5747.055(G).

### Line 6 – Child Care and Dependent Care Credit

**Important:** For IT 4708 filers, this credit **is not** available. Enter zero on this line. For IT 1041 filers, this credit is **only** available to estate filers. Trust filers should enter zero on this line.

To qualify for this credit the decedent must have claimed the federal "credit for child and dependent care expenses" on federal form 2441. See Child and Dependent Care Credit Worksheet on Appendix A.

See R.C. 5747.054.

### Line 7 – Campaign Contribution Credit

**Important:** For IT 4708 filers, this credit **is not** available. Enter zero on this line. For IT 1041 filers, this credit is **only** available to estate filers. Trust filers should enter zero on this line.

To qualify, you must have contributed money to the campaign committee of a candidate for any of the following Ohio offices:

- Governor or lieutenant governor
- Secretary of state
- Auditor of state
- Treasurer of state
- Attorney general
- Chief justice of the Ohio Supreme Court
- Justice of the Ohio Supreme Court
- Ohio Board of Education

- Ohio Senate
- Ohio House of Representatives

The credit equals the amount contributed during the tax year up to \$50 per return, or \$100 if you are filing jointly. Contributions to local candidates (such as city or county officials) or federal candidates (such as President or U.S. Senator) **do not** qualify for this credit.

**Note:** This credit will no longer be available after tax year 2025.

See R.C. 5747.29.

### Line 10 – Scholarship Donation Credit

To qualify, you must make a monetary donation directly to an eligible scholarship granting organization (SGO). The credit equals the lesser of \$750 or the total amount you donated to SGOs during the tax year.

You may also include amounts donated in 2026, prior to April 16. However, the same contribution cannot be used to claim the credit in two different tax years.

You may also qualify if a pass-through entity, in which you have ownership interest, made a monetary donation to an eligible SGO. You may claim your proportionate or distributive share of the credit to the extent it does not exceed \$750 per investor.

For a list of eligible SGOs, see [tax.ohio.gov/SGO](http://tax.ohio.gov/SGO). See also R.C. 5747.73.

### Line 11 – Credit for Work-Based Learning Experiences

This credit is granted by the Ohio Department of Education (ODE). To claim the credit, you must attach a copy of the certificate from ODE that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit.

For more information about the requirements for this credit, visit [education.ohio.gov](http://education.ohio.gov). See R.C. 5747.057.

### Line 12 – Ohio Adoption Credit Carryforward

The Ohio adoption credit was repealed and is no longer available. However, this nonrefundable credit had a five-year carryforward. Therefore, you may continue to claim any unused credit for the five-year period or until it is fully utilized.

**Important:** For IT 4708 filers, this credit **was not** available. Enter zero on this line. For IT 1041 filers, this credit was **only available** to estate filers. Trust filers should enter zero on this line.

See former R.C. 5747.37, repealed in 2023 Am. Sub. H.B. No. 45.

### **Line 13 – Nonrefundable Job Retention Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to three years.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 122.171(B) and 5747.058(B).

### **Line 14 – Credit for New Employees in an Enterprise Zone**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to three years.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 5709.66(B)(1).

### **Line 15 - Credit for Commercial Vehicle Operator Training Expenses**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

This credit **cannot** be claimed based on the amount of estimated tax credit-eligible training expenses approved by ODOD prior to the application for the credit.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 5747.82.

### **Line 16 – Welcome Home Ohio Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 122.633.

### **Line 17 – Credit for Transformational Mixed-Use Development**

This credit is granted by the Ohio Department of Development (ODOD). To claim this credit, you must attach a copy of the certificate from ODOD that indicates the amount of credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent that this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

Note: This credit cannot be claimed for certificates issued prior to September 30, 2025.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 122.09 and 5747.87.

### **Line 18 – Credit for Sale/Rental of Agricultural Assets to Beginning Farmers**

This credit is granted by the Ohio Department of Agriculture (ODA). To claim the credit, you must attach a copy of the certificate from ODA that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds

the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to seven years.

For more information about the requirements for this credit, visit **agri.ohio.gov**. See R.C. 901.61(D) and 5747.77(A).

### **Line 19 – Grape Production Credit**

To qualify, you must be engaged in the business of producing grapes and purchase qualifying property during the tax year. “Qualifying property” means any property, plant, or equipment used to produce grapes in Ohio.

The credit equals 10% of the cost of purchasing and installing or constructing the qualifying property. If the producer is a pass-through entity, each investor in the pass-through entity may claim a proportionate share of the credit.

To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to seven years. The credit is subject to recapture if the taxpayer disposes of the property or ceases to use it as qualifying property within seven years of placing it in operation.

See R.C. 5747.28.

### **Line 20 – InvestOhio Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to seven years.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 5747.81.

### **Line 21 – Lead Abatement Credit**

**Important:** For IT 4708 filers, this credit is **not** available. Enter zero on this line.

This credit is granted by the Ohio Department of Health (ODH). To claim this credit, you must attach

a copy of the certificate from ODH that indicates the amount of the credit and the tax year for which the credit is based. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to seven years.

For more information about the requirements for this credit, visit **odh.ohio.gov**. See R.C. 5747.26.

### **Line 22 – Opportunity Zone Investment Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim this credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 122.84.

### **Line 23 – Technology Investment Credit Carryforward**

Effective Sept. 29, 2013, the technology investment credit was repealed, and thus is no longer available. However, this nonrefundable credit had a 15-year carryforward. Therefore, you may continue to claim any unused credit for the 15-year period or until it is fully utilized. See R.C. 122.152 and former R.C. 5747.33.

### **Line 24 – Enterprise Zone Day Care and Training Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward until fully utilized.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 5709.65(A)(4) and (5).

**Line 25 – Research and Development Credit**

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This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward until fully utilized.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 166.21 and 5747.331.

**Line 26 – Nonrefundable Ohio Historic Preservation Credit**

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This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

**Important:** If you received an amended certificate for a project approved between June 30, 2020 and September 13, 2022 that qualifies for the enhanced credit or an original certificate issued after September 13, 2022 and before July 1, 2024, this credit is fully refundable up to \$10,000,000 claimed per project in any tax year and should be reported on line 34 of the Ohio PTE & Fiduciary Schedule of Credits.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 149.311, 5747.76(D), and Sub. S.B. 225.

**Line 27 - Ohio Low-Income Housing Credit**

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This credit is granted by the Ohio Housing Finance Agency (OHFA). To claim the credit, you must attach a copy of the credit certificate from OHFA that indicates the annual amount of the credit and the period for which the credit is awarded. If available, include a copy of the report from the designated reporter that indicates the amount of the annual credit allocated to you. The credit cannot be claimed unless you are in-

cluded on this report. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

For more information about the requirements for this credit, visit **ohiohome.org** or call 1-888-362-6432. See R.C. 175.16 and 5747.83.

**Line 28 - Affordable Single-Family Housing Credit**

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This credit is granted by the Ohio Housing Finance Agency (OHFA). To claim the credit, you must attach a copy of the credit certificate from OHFA that indicates the annual amount of the credit and the period for which the credit is awarded. If available, include a copy of the report from the designated reporter that indicates the amount of the annual credit allocated to you. The credit cannot be claimed unless you are included on this report. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

For more information about the requirements for this credit, visit **ohiohome.org** or call 1-888-362-6432. See R.C. 175.17 and 5747.84.

**Residency Credits****Line 31: Estates Ohio Nonresident Credit**

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Nonresident estates should enter the portion of Ohio taxable income on line 3 that is not apportioned or allocated to Ohio. To determine the portion of the Ohio taxable income (IT 1041, line 3) that is not apportioned or allocated to Ohio, the estate must use form IT NRCE obtained at [tax.ohio.gov/forms](http://tax.ohio.gov/forms). Include this form with the IT 1041.

See R.C. 5747.05(A), 5747.20, 5747.21 and 5747.231.

**Line 32 - Estate/Trust Ohio Resident Credit**

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**Estate Ohio Resident Credit**

To determine the income taxes paid to another state or the District of Columbia, the estate must use form IT RCTE obtained at [tax.ohio.gov/forms](http://tax.ohio.gov/forms). Include the form when filing the IT 1041.

The credit equals the lesser of the income taxes paid to another state or the District of Columbia, or the portion of the Ohio tax liability attributable to income taxed by another state. Nonresident estates are not entitled to this credit.

See R.C. 5747.05(B)

## **Trust Ohio Resident Credit**

**Note:** The credit must be taken prior to taking any other credit.

To determine the income taxes paid to another state or the District of Columbia, the trust must use the IT RCTE form available at [tax.ohio.gov](http://tax.ohio.gov).

The credit equals the lesser of the income taxes paid to another state or the District of Columbia, or the portion of the Ohio tax liability attributable to nonbusiness income taxed by another state. Nonresident portions of the trust are not entitled to this credit.

See R.C. 5747.02(C)(2).

## **Refundable Credits**

If you received an Ohio IT K-1 from a pass-through entity that includes one or more of the credits listed in this section, include a copy of the IT K-1 with your return.

### **Line 34 – Refundable Ohio Historic Preservation Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit.

This amount can be refunded to the extent that it exceeds your total Ohio tax liability. If your certificate was issued on or before September 13, 2022, or after June 30, 2024, and the credit exceeds \$3,000,000, your credit must be taken as a nonrefundable credit (Ohio PTE & Fiduciary Schedule of Credits).

For more information about the requirements for this credit, visit [development.ohio.gov](http://development.ohio.gov), or call 1-800-848-1300. See R.C. 5747.76 and Sub. S.B. 225.

### **Line 35 – Refundable Job Creation Credit and Job Retention Credit**

These credits are granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must

also include documentation showing your portion of the credit. This amount can be refunded to the extent that it exceeds your total Ohio tax liability.

For more information about the requirements for this credit, visit [development.ohio.gov](http://development.ohio.gov), or call 1-800-848-1300. See R.C. 5747.058(A), 122.17, and former R.C. 122.171(B).

### **Line 36 – Pass-Through Entity Credit**

**Important:** Electing pass-through entities filing the IT 4738 should not claim the pass-through entity credit on this line. This credit must be taken by an electing pass-through entity on **line 14 of the IT 4738**.

This credit is for taxes paid on your behalf by a pass-through entity (PTE) on Ohio forms IT 4708, IT 4738, and/or IT 1140. To claim this credit, attach a copy of the Ohio IT K-1 issued to you by the PTE reporting:

- Income taxes paid by the PTE (IT K-1, line 3), AND/OR
- Indirect PTE credits (IT K-1, line 4) from taxes paid by a PTE you indirectly own

If you do not have an IT K-1, you must provide a narrative and/or diagram, including ownership percentages and FEINs, detailing the ownership structure of the PTEs.

See R.C. 5747.08(I), 5747.059, and 5747.39.

### **Line 37 – Motion Picture and Broadway Theatrical Production Credit**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. This amount can be refunded to the extent that it exceeds your total Ohio tax liability.

For more information about the requirements for this credit, visit [development.ohio.gov](http://development.ohio.gov), or call 1-800-848-1300. See R.C. 5747.66.

### **Line 38 – Credit for Film and Theater Capital Improvement Projects**

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based

on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. This amount can be refunded to the extent that it exceeds your total Ohio tax liability.

For more information about the requirements for this credit, visit **development.ohio.gov**, or call 1-800-848-1300. See R.C. 5747.67.

### **Line 39 – Venture Capital Credit**

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This credit is granted by the Ohio Venture Capital Authority. To claim the credit, you must attach a copy of the certificate that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. This amount can be refunded to the extent that it exceeds your total Ohio tax liability.

## Ohio IT K-1

- **Preparers completing the IT K-1:** Start immediately below.
- **Investors receiving an IT K-1:** Start following “Preparers” section.

### **Preparers Completing the IT K-1**

A PTE, EPTE, or fiduciary should issue the IT K-1 to each investor, owner, 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, owner, or beneficiary.

Provide a copy to each investor, owner, or beneficiary and include copies of each IT K-1 when filing the IT 1140, IT 4708, IT 4738, or IT 1041. The IT K-1 can be issued for any tax year, even when the PTE, EPTE, or fiduciary is not required to file a return.

See **tax.ohio.gov/forms** to obtain a copy of the form.

### **Part I – Investor / Owner / 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, EPTE, or trust is filing. If the PTE, EPTE, or trust does not file the IT 1140, IT 4738, or IT 4708, check “Not included on entity return.” Additionally, check the box to indicate an amended IT K-1, if applicable.

#### **Investor / Beneficiary Information**

Use the same investor/owner/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/EPTEs: Enter the same investor/owner 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.

### **Part II – 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.

Enter the 6-digit North American Industry Classification System (NAICS) code related to the entity’s activity. Completing this field on the Ohio IT K-1 is optional. Find detailed information at [census.gov/naics](http://census.gov/naics).

Entity type: Enter the entity type reported on the IT 1140, IT 4708, or IT 4738. If the PTE, EPTE, or fiduciary does not file an Ohio return, enter one of the following: S corporation (01), limited liability company (02), partnership (03), or trust (04).

#### **Apportionment Ratio**

If the PTE, EPTE, or fiduciary is filing an Ohio return, enter the apportionment information from Schedule

III of the IT 4708 or IT 4738, Schedule II of the IT 1140 or Schedule V of the IT 1041.

If the PTE, EPTE, or fiduciary is not filing an Ohio return, see detailed instructions on calculating the Ohio apportionment ratio in the IT 1140, IT 4708, IT 4738 or IT 1041 instructions. Calculate 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.

**Important:** If the PTE/EPTE is an investor/owner 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 III – Investor’s / Owner’s / Beneficiary’s Depreciation Adjustments**

#### **Line 1a - Current Year 168(k) and 179 Depreciation Expense Ohio Add-Back**

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

- IT 1140 - Schedule I (A) or (B)
- IT 4738 - Schedule I
- IT 4708 - Schedule I, OR
- IT 1041 - Schedule I; Note: IT 1041 filers, only: For taxable years ending on or after October 3, 2023 and before January 1, 2025, do not enter any amount on Line 1a of the IT K-1.

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

R.C. 5733.40(A)(5), 5747.01(A)(18) and 5747.01(S)(14).

**Line 1b – Total Deduction of Prior Year 168(k) and 179 Depreciation Expense Ohio Add-Backs**

Calculate the total deduction based only on prior year add-back amounts reported on the Ohio PTE or fiduciary return filed.

**Note: Only report prior-year depreciation add-backs for years that (1) the person was an investor, owner, or beneficiary, and (2) the PTE, EPTE or fiduciary filed an Ohio return.**

See R.C. 5733.40(A)(5), 5747.01(A)(18) and 5747.01(S) (14).

**Schedule IV - Investor's/Owner's/Beneficiary's Share of Ohio Income****Line 2a - PTE / EPTE / Trust & Estate 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, excluding Internal Revenue Code 168(k) and 179 depreciation expense adjustments, and guaranteed payments and compensation reported on Schedule I
- IT 1140 (PTEs only) – The “sum of distributive shares” plus any “related member” adjustments from Schedule I
- IT 4738 – The income to be allocated or apportioned, excluding Internal Revenue Code 168(k) and 179 depreciation expense adjustments, and guaranteed payments and compensation reported on Schedule I
- IT 1140 (Trusts only) – The “sum of all distributions” from Schedule III

For the specific lines related to these amounts, see the IT 4708, IT 4738, 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) and 5747.38.

**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 V - Investor's/Owner's/Beneficiary's Share of Ohio Tax Credits**

The Ohio IT K-1 is issued by a PTE, EPTE, or fiduciary to its investors, owners, or beneficiaries (individuals, trusts, estates, PTEs, or EPTEs). It contains the investor's, owner'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 and/or IT 1041
- Electing PTEs claiming a refundable PTE credit on line 14 of the IT 4738 (taxable years starting on or after 1/1/25)

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

**Line 3 - Direct pass-through entity credit (Ohio tax paid by this entity after nonrefundable business credits and refunds).**

Enter the investor's/owner'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,” line 12
- IT 4738 - “Tax liability,” line 9
- IT 1140 - “Tax due” from Schedule I, line 27, columns A and B or line 39 from Schedule III

**Line 3a - Total Amount to be Added Back from Direct Tax Paid on an IT 4738**

Enter the total direct IT 4738 tax paid amount reported on line 1 of the Ohio IT K-1 EPTE Add-back Schedule.

**Line 3b - Total Amount to be Added Back from Direct Entity Income Tax Paid to Other States**

Enter the total direct tax paid to other states amount reported on line 1 of the Ohio IT K-1 EPTE Add-back Schedule.

**Line 4 - Indirect pass-through entity credits or withholding (attach IT K-1/W2/1099)**

Enter the investors/owner's/beneficiary's proportionate or distributive share of taxes paid by another PTE/EPTE on behalf of this PTE/EPTE/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, owner, or beneficiary with a copy of the IT K-1, W-2, and/or 1099 form. Enter the FEIN for **each** PTE/EPTE that paid tax in the space provided. **Note:** Exclude PTE credit amounts included as a direct PTE credit amount on line 3.

**Line 4a - Total Amount to be Added Back from Indirect Tax Paid on an IT 4738**

Enter the total from line 2, total indirect IT 4738 tax paid on the Ohio IT K-1 EPTE Add-back Schedule, "Ohio IT 4738 specified income tax payments reported by an entity directly or indirectly owned by this entity for federal income tax purposes" section, to the extent not included in federal or Ohio adjusted gross income or in federal taxable income (trusts/estates).

**4b. Total Amount to be Added Back from Indirect Entity Tax Paid to Other States**

Enter the total from line 2, total indirect tax paid to other states, on the Ohio IT K-1 EPTE Add-back Schedule, "other states entity income tax reported by an entity directly or indirectly owned by this entity for federal income tax purposes" section, to the extent not included in federal or Ohio adjusted gross income or in federal taxable income (trusts/estates).

**Lines 5 - 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, EPTE, or fiduciary. The credits are not available to an investor or beneficiary if the PTE, EPTE, or fiduciary claims the credit when calculating its Ohio income tax. Provide each investor or beneficiary with a copy of the credit certificate.

**Lines 5a, 5b and 5c**

Specify any refundable credits claimed by the investor/owner/beneficiary, excluding direct and indirect pass-through entity (PTE) credits reported on lines 3 and 4 above, using the applicable credit type code(s) below:

- A. Refundable Ohio historic preservation credit
- B. Refundable job creation credit & job retention credit
- C. Motion picture & Broadway theatrical production credit
- D. Film and theater capital improvements credit
- E. Venture capital credit

**Line 6 - Nonrefundable Business Credits**

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

**Investors Receiving an IT K-1****Part I - Investor / Owner / Beneficiary and Entity Information**

**Tax year:** If the PTE, EPTE, or fiduciary completing the IT K-1 files on a calendar year basis, the investor/owner should use the IT K-1 for the same calendar year. If the PTE, EPTE, or fiduciary 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 of Business Income, part 4

PTEs and fiduciaries are **not** required to report this number when completing the IT 4738, IT 4708, IT 1140, or the IT 1041.

**Apportionment %:** The investor/owner/beneficiary **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 4738, Schedule III
- IT 4708, Schedule III
- IT 1140, Schedule II, OR
- IT 1041 Schedule V

**Note:** If the PTE, EPTE, or fiduciary has received multiple IT K-1s, it must aggregate the apportionment information from each IT K-1 when completing the IT 4738, 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 / Owner's / Beneficiary'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, EPTEs, and fiduciaries:** PTEs and fiduciaries should add the total amount to Schedule I of the IT 4738, IT 4708, IT 1140, and/or IT 1041. For taxable years ending on or after October 3, 2023 through tax-

able years ending on or before December 31, 2024, the depreciation add-back was not required on the 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/owner 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, provided the individual made the add-back on their own return.

- IT 1040, Schedule of Adjustments

**Note:** Pursuant to R.C. 5747.01(A)(18), the individual's add-back is not transferable to the entity; thus, the Department will disallow any attempt by the entity to report a deduction based on the individual's IT 1040 add-back.

PTEs, EPTes, 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 II
- IT 4738, Schedule II
- IT 1140, Schedule I, columns A and/or B, OR
- IT 1041, Schedule I

**Note:** Add-back and deduction adjustments are reported on separate lines on the IT 1040, IT 4738, IT 4708, IT 1140 and IT 1041. **Do not net these amounts.**

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

#### **Line 2a –PTE / EPTE / Trust & Estate Income**

This is the total and Ohio portion of this PTE's, EPTE's, 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.

EPTes: Do **not** report these amounts when completing the IT 4738.

Trusts: Report the total portion of this line on Schedule III 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/owner 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, EPTes, and trusts: The PTE, EPTE, or trust should add the total amount as applicable:

- IT 4708, Schedule I
- IT 4738, Schedule I, OR
- IT 1140, Schedule I

Trusts and estates are **not** required to report this number when completing the IT 1041.

**Note:** If an investor/owner 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.

### **Part IV - Investor's / Owner's / Beneficiary'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). Nonrefundable and refundable credits can be claimed on the IT 1040, IT 4708 and IT 1041; only the refundable PTE credit can be claimed on the IT 4738 (line 14). Nonrefundable/refundable credits cannot be claimed on the IT 1140. Add lines 3 and 4 together and report the total on the "pass-through entity credit" line of one of the following:

- **Individuals:** IT 1040, Ohio Schedule of Credits
- **Electing PTEs:** IT 4738 filers report only refundable PTE credits on line 14 of the IT 4738
- **PTEs:** IT 4708, PTE/FI Schedule of Credits, OR
- **Trusts:** IT 1041, PTE/FI Schedule of Credits

**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 3a and 4a - Total Amount to be Added Back from Tax Paid on an IT 4738**

Lines 3a and 4a are the owner’s/investor’s/beneficiary’s proportionate share of IT 4738 tax paid by another entity that was included on the entity’s IRS return as a specified income tax payment for the taxable year. An individual taxpayer is required to add back their proportionate share of IT 4738 tax paid on the IT 1040 if not included in federal or Ohio adjusted gross income. A trust or estate is required to add back its proportionate share of IT 4738 tax paid on the IT 1041 if not included in federal or Ohio taxable income. Add lines 3a and 4a together and report the total on one of the following:

- Individuals: IT 1040, Ohio Schedule of Adjustments
- Trusts and Estates: IT 1041, Schedule I

See R.C. 5747.01(A)(36) and 5747.01(S)(15).

### **Lines 3b and 4b - Total Amount to be Added Back from Entity Income Tax Paid to Other States**

Line 3b and 4b are the owner’s/investor’s/beneficiary’s proportionate share of other states entity income tax paid by another entity that was included on the entity’s IRS return as a specified income tax payment for the taxable year. An individual taxpayer is required to add back their proportionate share of other states entity income tax paid on the IT 1040 if not included in federal or Ohio adjusted gross income. A trust or estate is required to add back its proportionate share of other states entity income tax paid on the IT 1041 if not included in federal or Ohio taxable income. Add lines 3b and 4b together and report the total on one of the following:

- Individuals: IT 1040, Ohio Schedule of Adjustments
- Trusts and Estates: IT 1041, Schedule I

See R.C. 5747.01(A)(41) and 5747.01(S)(16).

### **Line 5 - Refundable Business Credits**

Enter the total 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:

- Job creation and job retention tax credits
- Ohio historic preservation tax credit
- Ohio venture capital credit
- Motion picture and Broadway theatrical production credit, AND
- Film and theater capital improvements credit

**Individuals:** 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, page 2
- IT 1041, page 2

These credits **cannot** be claimed on an IT 4738 or IT 1140.

### **Line 6 – 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, page 2
- IT 1041, page 1

These amounts **cannot** be claimed on an IT 4738 or IT 1140.

### **EPTE Add-Back Schedule**

Attach this schedule to the Ohio IT K-1 to report the tax paid by this entity or by an electing pass-through entity directly or indirectly owned by this entity on the Ohio IT 4738, Electing Pass-Through Entity Income Tax Return and/or another states entity income tax return. Include the electing pass-through entity tax paid (IT 4738 payments submitted) and income tax paid to other states in this schedule if it was included as a specified income tax payment and reflected in the partner’s or shareholder’s distributive or pro-rata share of non-separately stated income or loss reported on IRS Schedule K-1 or a similar form pursuant to IRS Notice 2020-75 or any similar guidance issued by the Internal Revenue Service.

An individual taxpayer is required to add back their proportionate share of IT 4738 and other state entity taxes paid on the IT 1040, Ohio Schedule of Adjustments, if not included in federal or Ohio adjusted gross income.

A trust or estate is required to add back its proportionate share of IT 4738 and other state entity taxes paid on the IT 1041, Schedule I, if not included in federal or Ohio taxable income. Reporting this information to your partners or shareholders will assist in the proper determination of the add-back.

See R.C. 5747.01(A)(36), (A)(41), (S)(15), and (S)(16).

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**Line 1 - Direct IT 4738 and Other States Entity Tax Paid**

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Enter the FEIN of this entity and the investor's/owner's/beneficiary's proportionate share of IT 4738 and other states entity payments included as specified income tax payments on the IRS return by this entity if the payments are not included in the partner's or shareholder's federal or Ohio adjusted gross income or in federal taxable income (trusts/estates).

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**Line 2 - Indirect IT 4738 and Other States Entity Tax Paid**

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Enter the FEIN and the investor's/owner's/beneficiary's proportionate share of IT 4738 and other states entity payments included as specified income tax payments on the IRS return(s) by each entity directly or indirectly owned by this entity if the payments are not included in the partner's or shareholder's federal or Ohio adjusted gross income or in federal taxable income (trusts/ estates).

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**Line 3 - Total IT 4738 Tax Paid**

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Enter the total amount of IT 4738 payments included as specified income tax payments on the IRS return by this entity and/or by an entity directly or indirectly owned by this entity reported as direct tax paid on line 1 and total indirect tax paid on line 2.

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**Line 4 - Total Tax Paid to Other States**

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Enter the total amount of other states entity payments included as specified income tax payments on the IRS return by this entity and/or by an entity directly or indirectly owned by this entity reported as direct tax paid to other states on line 1 and total indirect tax paid to other states on line 2.

## Appendix A

### Lump Sum Retirement Credit Worksheet

**Do not include any retirement income that has been deducted or otherwise excluded from federal or Ohio taxable income.**

1. Enter all retirement income included in your Ohio taxable income (Ohio IT 1041, line 3)..... 1. \_\_\_\_\_
  2. Using Table 1 below, enter the multiple corresponding to the lump sum recipient's age.....2. \_\_\_\_\_
  3. Divide line 1 by line 2.....3. \_\_\_\_\_
  4. Using Table 2 below, enter the retirement income credit based on the amount on line 3.....4. \_\_\_\_\_
  5. Line 2 times line 4. This is your lump sum retirement credit. Enter on line 44 of IT 1041 .....5. \_\_\_\_\_
- If line 5 is greater than tax liability, IT 1041 line 8, continue to lines 6a-c. Otherwise, stop here.
- 6a. Line 5 minus tax liability on line 8 of IT 1041 ..... 6a. \_\_\_\_\_
  - 6b. Subtract 1 from the amount on line 2.....6b. \_\_\_\_\_
  - 6c. Divide line 6a by line 6b. This is your lump sum retirement credit for future tax years.....6c. \_\_\_\_\_

**Line 1:** "Retirement income" means retirement benefits, annuities, or distributions that are made from or pursuant to a pension, retirement, or profit-sharing plan. Additionally, these amounts must be payable to the estate for the benefit of the surviving spouse and must be included in your Ohio taxable income.

**Do not** include any of the following:

- Rollovers from one retirement plan into another that are not included in your federal taxable income
- Any Social Security benefits

**Line 2:** Use the recipient's age as of the last day of the tax year (generally, December 31).

**Line 6:** If your lump sum retirement credit is greater than your tax liability, complete lines 6a through

6c to calculate your lump sum retirement credit for future tax years.

**Line 6b:** Subtract 1 from the amount you entered on line 2 of this worksheet. For example, if your multiple on line 2 was 19.2, you would enter 18.2 (19.2 - 1) on this line. Do not round.

**Line 6c:** Report this amount in each subsequent tax year as your lump sum retirement credit.

### Lump Sum Distribution Credit Worksheet

1. Using Table 1 below, enter the multiple corresponding to the lump sum recipient's age.....1. \_\_\_\_\_
2. Line 1 times \$50. This is your lump sum distribution credit. Enter on the Ohio  
IT 1041 line 6 .....2. \_\_\_\_\_

**Line 1:** Use the recipient's age as of the last day of the tax year (generally, December 31). Remember, this credit is not available to individuals younger than 65.

#### Table 1

| Age | Multiple | Age | Multiple | Age | Multiple | Age | Multiple | Age | Multiple |
|-----|----------|-----|----------|-----|----------|-----|----------|-----|----------|
| 31  | 51.2     | 48  | 34.9     | 65  | 20.0     | 82  | 8.4      | 99  | 2.8      |
| 32  | 50.2     | 49  | 34.0     | 66  | 19.2     | 83  | 7.9      | 100 | 2.7      |
| 33  | 49.3     | 50  | 33.1     | 67  | 18.4     | 84  | 7.4      | 101 | 2.5      |
| 34  | 48.3     | 51  | 32.2     | 68  | 17.6     | 85  | 6.9      | 102 | 2.3      |
| 35  | 47.3     | 52  | 31.3     | 69  | 16.8     | 86  | 6.5      | 103 | 2.1      |
| 36  | 46.4     | 53  | 30.4     | 70  | 16.0     | 87  | 6.1      | 104 | 1.9      |
| 37  | 45.4     | 54  | 29.5     | 71  | 15.3     | 88  | 5.7      | 105 | 1.8      |
| 38  | 44.4     | 55  | 28.6     | 72  | 14.6     | 89  | 5.3      | 106 | 1.6      |
| 39  | 43.5     | 56  | 27.7     | 73  | 13.9     | 90  | 5.0      | 107 | 1.4      |
| 40  | 42.5     | 57  | 26.8     | 74  | 13.2     | 91  | 4.7      | 108 | 1.3      |
| 41  | 41.5     | 58  | 25.9     | 75  | 12.5     | 92  | 4.4      | 109 | 1.1      |
| 42  | 40.6     | 59  | 25.0     | 76  | 11.9     | 93  | 4.1      | 110 | 1.0      |
| 43  | 39.6     | 60  | 24.2     | 77  | 11.2     | 94  | 3.9      | 111 | 0.9      |
| 44  | 38.7     | 61  | 23.3     | 78  | 10.6     | 95  | 3.7      | 112 | 0.8      |
| 45  | 37.7     | 62  | 22.5     | 79  | 10.0     | 96  | 3.4      | 113 | 0.7      |
| 46  | 36.8     | 63  | 21.6     | 80  | 9.5      | 97  | 3.2      | 114 | 0.6      |
| 47  | 35.9     | 64  | 20.8     | 81  | 8.9      | 98  | 3.0      | 115 | 0.5      |

#### Table 2

| Retirement income included in<br>Ohio adjusted gross income |         |          | Retirement<br>income credit |
|-------------------------------------------------------------|---------|----------|-----------------------------|
| 0                                                           | –       | \$ 500   | 0                           |
| \$ 501                                                      | –       | \$ 1,500 | \$ 25                       |
| \$ 1,501                                                    | –       | \$ 3,000 | \$ 50                       |
| \$ 3,001                                                    | –       | \$ 5,000 | \$ 80                       |
| \$ 5,001                                                    | –       | \$ 8,000 | \$ 130                      |
| \$ 8,001                                                    | or more |          | \$ 200                      |

### Child and Dependent Care Credit Worksheet

1. Enter your Ohio taxable income, IT 1041 line 3 ..... 1. \_\_\_\_\_  
If line 1 is \$40,000 or more, STOP. You do not qualify for this credit.
2. Enter the amount on your federal form 2441, line 9c ..... 2. \_\_\_\_\_
3. Enter 25% of the amount on your federal form 2441, line 11 ..... 3. \_\_\_\_\_
4. If line 1 of this worksheet is less than \$20,000, enter the amount from line 2.  
If line 1 is equal to or greater than \$20,000 but less than \$40,000, enter the amount from line 3.  
This is your credit. Enter on line 6 of the PTE & Fiduciary Income Tax Schedule of Credits ..... 4. \_\_\_\_\_

## VISION

To create a seamless and **user-centric experience** for all Ohio taxpayers.

## MISSION

**ONE TEAM** providing education, innovation, outreach, and exceptional service to **our customers.**



Department of  
Taxation

Tax.Ohio.gov

## Go Paperless and File Electronically! with OH|TAX eServices

You can file your Ohio pass-through entity (PTE) or fiduciary income tax returns for free using the Department's online portal at **tax.ohio.gov/OHTAX**.

With OH|TAX eServices, you can create a secure account with a username and password to:

- Secure identity verification
- Online filing and payment of taxes
- View account balances
- Direct deposit your refund
- Update name and address information
- Access filing and payment history
- Request a transcript
- Electronic delivery and viewing of tax notices
- Respond to notices online
- Web messaging with tax examiners
- Real-time screen sharing assistance with the Ohio Department of Taxation

## Pay Electronically

**Electronic Check:** Make and schedule payments in the OH|TAX eServices system as both a logged-in user and as a guest user.

Electronic Funds Transfer (EFT): Payments may be remitted by EFT (ACH credit) via the Ohio Treasurer of State (TOS).

**Electronic Check:** When filing electronically through an approved software program, the PTE or fiduciary has the option to make a payment by electronic check in the form of an Electronic Funds Withdrawal, or direct debit. **The direct debit option is only available for e-filed returns.**

For mailed returns created from an approved software program, the options for payment are 1. Electronic check by logging into OH|TAX eServices system or making a guest payment, 2. Electronic Funds Transfer (EFT) through the Ohio Treasurer of State, or 3. check or money order with Ohio universal payment coupon (OUPC).