For Taxable Years Ending in 2025

Department of Taxation

Tax.Ohio.gov

Instructions for Filing:

IT 4738 Electing Pass-Through Entity Composite 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 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 residency and taxation of military servicemembers.

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

2025 Tax Rate
For PTE taxable reporting periods beginning in 2023 and thereafter, the tax rate is 3%.

When is the IT 4738 Return Due?
The IT 4738 return due date is April 15th of the calendar year after the year in which the entity's fiscal year ends. For taxable years ending in 2025, the entity must file the 2025 return on or before April 15, 2026.

Ohio IT K-1
Each entity with Ohio income should prepare a separate IT K-1 for for each owner or investor to enclose with the owner or investor's return. The IT K-1 form includes 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 at tax.ohio.gov/forms.

Electing Pass-Through Entity Election Form
Complete this form or timely file the IT 4738 to make the election to be an electing pass-through entity for the taxable year. For more information, see the EPTE-ELEC form and instructions at tax.ohio.gov/forms.

Electronic Filing
Starting November 12, 2025, pass-through entity tax filers can file IT 4738 returns using the OH|TAX eServices portal. No fees exist for this filing option; however, an account is required to file returns and view the account. Visit tax.ohio.gov/login to start a return or create an account.

The IT 4738 can also be filed electronically through the federal e-file program overseen by the IRS (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.

Should the PTE File the IT 4738?
A PTE must file an Ohio return to report and pay tax on behalf of its nonresident individual, trust, and PTE investors. The PTE can elect to file the IT 1140, IT 4708 or the IT 4738. A PTE that changes forms from year to year must ensure all periods of income are reported and all related tax is timely and fully paid.

Note: A disregarded entity may not elect to file the IT 4738. A PTE that elects to file the IT 4738 must include all owners on the return. The election to file the IT 4738 is irrevocable for the tax year once made. Once the IT 4738 is filed for any given tax period, the PTE is not permitted to amend this return to change to an IT 4708 or IT 1140.

For more information regarding which form to file, see the following chart.

2025 Ohio PTE Returns Comparison Chart

	The IT 4738 Income Tax Return	The IT 4708 Composite Return	The IT 1140 Withholding Return
Filing date	April 15th after year in which the entity's taxable year ends	April 15th after year in which entity's taxable year ends	15th day of fourth month after close of fiscal year
Can the return include resident investors?	Yes *All investors (owners) must be included	Yes	No
Tax rate	3% For reporting periods that begin on or after 1/1/2023	3.125% For reporting periods that begin in 2025 3.5% For reporting periods that begin in 2024	3% For reporting periods that begin on or after 1/1/2023
Can the return claim business credits or refundable PTE credits for payments made by another PTE?	Effective for taxable years ending on or after January 1, 2025, refundable PTE credits are allowed. Other business credits cannot be claimed.	Yes	No
Individual Investor Filings	**Nonresident** May file Ohio IT 1040 Individual Income Tax Return **Ohio resident** Must file Ohio IT 1040 Individual Income Tax Return	**Nonresident** May file Ohio IT 1040 Individual Income Tax Return **Ohio resident** Must file Ohio IT 1040 Individual Income Tax Return	**Nonresident Investors:** Must file Ohio IT 1040 Individual Income Tax Return.

Credits cannot be claimed on the IT 1140. IT 4738 filers can claim **only** refundable PTE credits. A PTE can claim nonrefundable and refundable credits on the IT 4708.

FILING TIPS

Facts to know when the entity elects to file the IT 4738:

- The election is made by the entity and is binding on all owners of the entity.
- All owners' qualifying taxable income is required to be included if the entity makes this election.
- The election is irrevocable for the taxable year.
- A disregarded entity may NOT make this election.
- Election is made known to the Department by timely filing the IT 4738 or the EPTE-ELEC form.
- Generally, no refundable or nonrefundable business credits can be claimed on the IT 4738; however, for taxable years ending on or after 1/1/2025, an electing PTE may claim a refundable PTE credit on new line 14 of the return. See instructions below.
- Estimated payments are due on the 15th day of the month after the end of each quarter. For taxable years beginning on or after January 1, 2026, the IT 4738 estimated payment schedule will change. Estimated payments will be due by the 15th day of the 4th, 6th, and 9th months after the beginning of the entity's tax year and the 15th day of the 1st month of the following tax year.
- Filing the IT 4738 meets Ohio filing requirements for the entity's nonresident & trust investors unless they have other Ohio sourced income.
- Owners who file an Ohio individual income tax return, IT 1040, must add back the tax amounts paid on the IT 4738 to the extent not included in computing federal or Ohio adjusted gross income using the Ohio Schedule of Adjustments, line 2. This add-back may also qualify as business income under Ohio law. See the instruction for line 7 on the Ohio Schedule of Business Income and Section III, line 11 of the IT NRC - Ohio Nonresident Credit Calculation.
- Trusts/estates that file an IT 1041 Fiduciary Income Tax Return must add back the tax amounts paid on the IT 4738 to the extent not included in computing federal or Ohio taxable income using line 25 on Schedule I - Adjustments to Federal Taxable Income.
- A refundable credit for the proportionate share of the tax paid on the IT 4738 is available for owners who file an IT 1040 using the Ohio Schedule of Credits, Pass-through entity credit line.

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 box above the address line on the return or visit the Business Address Update page at tax.ohio.gov to change the address.

Verify the IT 4738 and Universal Payment Coupons (OUPCs) are for the Correct Tax Year

Do not cross out the year at the top of the IT 4738 or OUPC and write in a different reporting period as the system will read the originally saved period printed on the OUPC to direct the payment accordingly. Writing in a different period will delay the processing of the IT 4738 and/or OUPC. A PTE with taxable year **ending** in 2025 would file a 2025 IT 4738 (e.g., taxable year 07/01/2024 to 06/30/2025 would file a 2025 IT 4738).

Maintain a Bank Account

The Department cannot change the name on a refund check, or issue the check directly to an investor, due to the closing or termination of a business.

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. Instead, 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 All Applicable Schedules on the Return

When filing via a software program, complete all relevant schedules and do not override any line items. Information from schedules on the IT 4738 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 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.

Do Not Report PTE Credits on Payments Line 11

Incorrect reporting of PTE credits on line 11 may result in a denied/reduced refund or bill. If the entity receives an IT K-1 reporting a PTE credit from another entity on its behalf, do not report these as estimated payments; instead, report refundable PTE credits on line 14 “Pass-Through entity (PTE) credit total.” With the exception of allowable refundable PTE credits reported on line 14, all other refundable and nonrefundable credits are disallowed on the IT 4738.

Provide Supporting Documents

Attach the appropriate documentation specified on the IT 4738 to validate the amounts reported, such as IT K-1s to verify income/withholding flowing from another PTE to the PTE filer, and from the PTE filer to an owner.

Payment Options

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

If the PTE is a first-time filer of any of the three form types, 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. **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 Due Amount

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 4738)
- **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 MMYY. **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 be applied to 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/resources.

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 (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 to access the applicable IT 4738 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 on the tax.ohio.gov website in the searchable **Tax Forms** section 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) via the Ohio Treasurer of State (TOS), 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 Ohio 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 by entering "OUPC" in the Form Title or Number field.

The IT 4738 OUPC is used to make either an estimated payment or a return payment. When completing the OUPC:

- Enter the year that coincides with the tax year end date in the format yyyy
- Specify the appropriate payment type:
    - Return Payment or Estimated Payment, EPTE Income Tax IT 4738
- Enter the amount of payment as a whole number without a decimal, as the OUPC features a preprinted ".00"

Sample IT 4738 OUPC: This form must be included with each check or money order.


Ohio Universal Payment Coupon (OUPC)
Return Payment
EPTE Income Tax IT 4738 465

ID Type 08 **Coupon Type** 54

First name	M.I.	Last name
Address		
City, State, ZIP code		

Note: Pay online at **tax.ohio.gov/pay**
Make payment payable to: Ohio Treasurer of State
Mail to: Ohio Department of Taxation,
P.O. Box 181140, Columbus, OH 43218-1140

Tax Year

Taxpayer's FEIN

Amount of Payment $, , 0 0

222

Include a Check or Money Order with each IT 4738 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 4738)
- **Taxable year** end date for the payment (mm-dd-yy)

2025 Ohio IT 4738
General Instructions

Note: Ensure tax return pages are in numerical order. Include any attachments after the return. The return and supporting schedules are available at tax.ohio.gov/forms.

What is a Pass-Through Entity (PTE)?

A "pass-through entity" is an S corporation, partnership, or limited liability company (LLC). A PTE is also any other person, except an individual, trust, or estate, that is not classified as a C corporation for federal tax purposes. See R.C. 5747.01(K) and 5733.04(O).

What is an Electing Pass-Through Entity (EPTE)?

An "electing pass-through entity" is a qualifying pass-through entity that elects to be subject to the tax levied under R.C. 5747.38 for a taxable year. See R.C. 5747.38(A)(1).

What is an Owner?

An "owner" is a person that is a partner, member, shareholder, or investor in an electing pass-through entity for any portion of the taxable year. See R.C. 5747.38(A)(2).

What is the Electing Pass-Through Entity Tax?

The IT 4738 is an entity level income tax return a PTE elects to file that includes all qualifying taxable income of all owners of the EPTE. It is filed in lieu of the IT 1140 (the PTE withholding return). The election to file the IT 4738 applies only for one tax year and once made, is binding and irrevocable.

Note: A trust, estate, disregarded entity or C corporation **cannot** file the IT 4738. See R.C. 5747.38(C), 5747.01(K), and 5733.04(O).

Which Owners Should Be Included on Form IT 4738?

An EPTE must include all qualifying taxable income of all owners of the PTE; therefore, all owners are included.

Note: If a nonresident or trust owner's only Ohio adjusted gross income or modified Ohio taxable income is from an EPTE, there is no requirement to file an Ohio income tax return for the taxable year. However, the nonresident or trust owner may choose to file an income tax return (e.g. form IT 1040 or IT 1041) and claim a refundable credit for taxes paid by the EPTE on the IT 4738. See R.C. 5747.08(L) and 5747.39.

How Does Ohio Law Define Business and Nonbusiness Income?

"Business income" is income, including gain/loss arising from any of the following:

- Transactions, activities, and sources in the regular course of a trade of business operation
- Real, tangible, and intangible property if the acquisition, rental, management, and disposition of the property constitute integral parts of the regular course of a trade or business operation
- A partial or complete liquidation of a business, including gain or loss from the sale or other disposition of goodwill
- A sale of an equity or ownership interest in a business if the sale is treated for federal income tax purposes as the sale of assets and/or the seller materially participated, as described in 26 C.F.R. 1.469-5T, in the activities of the business during the taxable year in which the sale occurs or during any of the five preceding taxable years
- Compensation and guaranteed payments paid by a pass- through entity, or a professional employer organization on its behalf, to an investor who directly or indirectly owns 20% or more of the entity

Nonbusiness income is any income other than business income.

How Does an Entity Determine What Income is Business Income?

Business income can be determined by using either of two tests:

- Transactional Test: Looks to the nature, frequency and regularity of the transaction
- Functional Test: Looks to whether the property was integral to the trade or business, or if it generated business income in the past

Generally, all income from a PTE is presumed to be business income.

See R.C. 5747.01(B).

Can an EPTE Claim a Net Operating Loss (NOL) on the IT 4738?

EPTEs are not permitted to claim an NOL deduction on the IT 4738. Instead, owners who want to utilize an NOL deduction must file the IT 1040.

How Does a PTE Determine its Reporting Period for the Ohio Taxable Year?

An EPTE's taxable year reporting period for Ohio income tax purposes is the same as its taxable year reporting period for federal income tax purposes.

However, when filing the IT 4738 return the PTE must file a single return that includes all tax periods and aggregates all income and expenses for the entity for a 12-month reporting period. Generally, an IT 4738 cannot be filed for less than a 12-month reporting period. See R.C. 5747.08.

Filing Extensions

The extension due date for filing the 2025 IT 4738 is September 15, 2026, provided the EPTE 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. However, if the EPTE has a fiscal year end, it may have a different extension due date. If your due date falls on a Saturday, Sunday, or legal holiday, the due date is moved to the next business day.

An extension of time to file does not extend the time for payment of the tax due. The PTE must make extension payments by April 15, 2026 with the required IT 4738 OUPC. Interest will accrue on any tax not paid by April 15, 2026, and penalties may also apply.

Estimated Tax Payments

The EPTE must make estimated tax payments with the IT 4738 Ohio Universal Payment Coupon (OUPC) for the entity's taxable year if the EPTE's estimated qualifying taxable income exceeds $10,000. For more information, see R.C. 5747.43(E).

Due Dates for Estimated Tax Payments

If any filing due date set forth below falls on a weekend or on a holiday, then the due date becomes the first business day thereafter.

Due Date for Estimated Payments	% Cumulative Estimated Payments Made
On or before the 15th day of the month following the last day of the **1st** quarter.	22.5% of the current year tax liability
On or before the 15th day of the month following the last day of the **2nd** quarter.	45% of the current year tax liability
On or before the 15th day of the month following the last day of the **3rd** quarter.	67.5% of the current year tax liability
On or before the 15th day of the month following the last day of the **4th** quarter.	90% of the current year tax liability

For taxable years beginning on or after January 1, 2026, the IT 1140 and IT 4738 estimated payment schedule will change. Estimated payments will be due by the 15th day of the 4th, 6th, and 9th months after the beginning of the entity's tax year and the 15th day of the 1st month of the following tax year.

Does Ohio Follow the Alternative Preparer Signature Procedures?

The Department follows federal Notice 2004-54. However, the paid preparer **must** print (not sign) his/her name if the PTE 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).

Can the EPTE's Tax Preparer Contact the Department About the IT 4738?

The EPTE can check the box on page 2 of the return to authorize the preparer to:

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

How Does an EPTE Determine its Ohio Method of Accounting?

An EPTE's method of accounting on its Ohio return is the same method it used for federal income tax purposes. See R.C. 5747.45(B).

When Should the EPTE Complete the IT K-1?

The IT K-1 allows the EPTE to report its income, adjustments, credits, and apportionment information to its owners. The information is used by the EPTE's owners when completing the IT 1040, IT 1041, IT 4708, IT 4738 or IT 1140.

The EPTE must complete two copies of the IT K-1 for each owner. One copy of the IT K-1 must be included when filing the IT 4738. The other copy should be provided to the owner of the EPTE.

The Ohio IT K-1 form and instructions are available at tax.ohio.gov/forms.

Amended Returns

When to Amend

The EPTE can file an amended IT 4738 to report changes to the originally filed return(s). 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 4738 the EPTE 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 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: Amended return processing may take at least 180 days from the date of receipt.

When Not to Amend Your Return

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

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

Requesting a Refund

The EPTE may want to amend the return to request an additional deduction or payment. Such changes may result in a refund.

The EPTE has four years from the date of the payment to request a refund. The EPTE must include supporting documentation to substantiate the changes reported on the amended return. Some commonly required documentation includes:

- Federal return, including applicable schedules and attachments
- Copies of the income statements (W-2, 1099, etc.)
- IT K-1s

Reporting Additional Tax Due

The EPTE should amend the return to report additional income or reduce a previously claimed deduction. Such changes may result in additional tax due. Payment should be included with the amended return using an IT 4738 OUPC when paying by check or money order.

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 EPTE is required to file an amended IT 4738. **DO NOT** file your 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 the following:

- Federal amended 1065 OR 1120S AND
- IRS acceptance letter

Note: Instead of including a copy of these documents, the EPTE may submit a copy of the IRS Tax Account Transcript reflecting the updated federal return information.

The amended IT 4738 shall be filed not later than one year after the adjustment has been agreed to or finally determined for federal income tax purposes or any federal income tax deficiency or refund, or the abatement or credit resulting therefrom, has been assessed or paid, whichever occurs first.

See R.C. 5747.45.

Taxable Income, Tax, Payments and Net Amount Due Calculations

Generally, all income from an EPTE is presumed to be business income.

Note: Amounts reflected in Schedule I are the combined amounts of income and adjustments of ALL owners.

Line 1 – Total Business Income(loss) from Schedule I, Line 36

This line must equal line 36 (sum of lines 22 through 35).

Line 2 – Total Business Deductions from Schedule II, Line 42

This line must equal line 42 (sum of lines 37 through 41).

Line 6 – Net Nonbusiness Income Allocated to Ohio

Generally, income earned by an EPTE is apportionable business income. If income is shown on this line, the EPTE must provide a narrative and schedule explaining the types of income included on this line and why they are nonbusiness income.

Failure to include this information will delay processing of the return and may result in a billing or reduced refund.

See R.C. 5747.20 and 5747.38.

Line 7 – Net Nonbusiness Loss Allocated to Ohio

If an amount is shown on this line, the EPTE must provide a narrative and schedule explaining the types of loss included on this line and why they are nonbusiness loss.

Failure to include this information will delay processing of the return and may result in a billing or reduced refund.

See R.C. 5747.20 and 5747.38.

Line 9 - Tax Liability

Multiply line 8 times the tax rate. For taxable years beginning January 1, 2023 or after, the tax rate is 3%.

Line 10 – Interest Penalty on Underpayment of Estimated Tax

An EPTE that does not make timely, sufficient estimated payments may be subjected to the 2210 interest penalty. An EPTE filing the IT 4738 should use pages 1 and 3 of the Ohio IT/SD 2210 to determine if an interest penalty is due, and if so enter the interest penalty amount. This form is available at tax.ohio.gov/forms.

Note: An EPTE may be subject to the interest penalty even if due a refund when filing its return.

See R.C. 5747.43(C), (D), and (E).

Line 11 - Ohio IT 4708, IT 1140, IT 4738 Estimated Payments, Prior Year Overpayments and Amounts Previously Paid With Original/Amended 2025 Return

Enter estimated payments made in the OH|TAX eServices system as a logged in or guest user as an ACH debit, EFT payments made through the Ohio Treasurer of State (TOS), or check/money order payments remitted with an Ohio Universal Payment Coupon (OUPC), any credit carryforwards from a prior year Ohio PTE return and any payments previously made with an original or amended 2025 return.

Line 12 - Amended return only - overpayment previously requested on original and/or amended IT 4738 return

Enter the amount of the refund previously issued on the original IT 4738.

Note: This line should be used for amended returns only.

Line 14 - Pass-through entity (PTE) credit total

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. 5747.38(D).

Line 17 - Amount of Line 16 to be Credited Toward Next Year's Liability

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

Line 18 - Amount of Line 16 to be Refunded

Interest on Overpayments. Once the return has been verified, if the refund exceeds one dollar it will be refunded to the EPTE. Refund interest is paid from the latest of the following dates until the date of the refund:
- Payment date
- 90th day after the due date of the return, OR
- 90th day after the return was filed

During calendar year 2026, interest accrues on overpayments at an annual rate of 7%.

See R.C. 5747.11(B) and (C)(2).

Line 20 - 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. 5747.42, 5703.75 and Ohio Admin Code 5703-7-05.

Line 21 - 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
- Electronic funds transfer (EFT) through the Ohio Treasurer of State, OR
- Sending a personal check / money order with the Ohio OUPC

For Ohio Treasurer of State EFT payment program instructions and additional information, visit tos.ohio.gov.

Schedule I – Income and Adjustments

Line 22 - Ordinary Business Income

Amounts reflected on Schedule I are the combined amounts of income and adjustments of ALL owners. The amounts included are those which, pursuant to the Constitution of the United States, the Constitution of Ohio, or any other Ohio or federal law, are subject to a tax measured by net income.

Generally, all income from an EPTE is presumed to be business income. See R.C. 5747.01(B).

Line 23 – Related Member Adjustments

All electing pass-through entities are required to add back **expenses or losses** paid or incurred with respect to transactions involving **related members**. A "related member" is:

- Any person described in IRC §1563(e) that owns at least 40% of the EPTE
- Any individual owner, or the owner's spouse, child, grandchild, or parent if combined they own at least 50% of the EPTE
- An owner that is a partnership, estate, trust, or corporation, or the owner's partnership, estate, trust, or corporation if combined they own at least 50% of the EPTE, OR
- A corporation, or a party related to the corporation that would require an attribution of stock from the corporation to the party or from the party to the corporation if the EPTE owns at least 50% of the corporation

Ownership includes: direct, indirect, constructive, and beneficial.

- **Direct** – Investor owns an EPTE with no other owners in between.
- **Indirect** – Investor owns an EPTE that owns another EPTE.
- **Constructive** – Person is not an investor but is deemed to own the EPTE through attribution because of their relationship to one of the EPTE's owners.
- **Beneficial** – Person is a beneficiary of a trust or estate, and thus is treated as an "owner" of the asset.

Note: The attribution rules in IRC §318 apply for purposes of evaluating the ownership requirements.

Common expenses and losses subject to add back when paid to a related member include:

- Management fees
- Interest expenses
- Rents and royalties
- Compensation paid to an individual owner's family members or other entities
- Expense sharing, or "common paymaster" arrangements

For more information, see the Information Release Meaning of "Indirect" Ownership.

See R.C. 5733.40(A)(3) and (4) and R.C. 5733.40(P), IRC §1563(e), and IRC §318.

Line 24 and 25 – Guaranteed Payments and Compensation

Enter compensation or guaranteed payments the EPTE paid, or a professional employer organization (PEO) paid on behalf of the EPTE, to an owner who directly or indirectly owns at least 20% of the profits or capital of the EPTE at any point during the tax year. These amounts are reclassified from guaranteed payments/ compensation to a distributive share of income.

Note: Agreements that Ohio has with Kentucky, West Virginia, Pennsylvania, Michigan, and Indiana relating to the taxation of compensation do not apply. Compensation paid to a 20% or more owner must be included on this line.

Example 1: Jim is a Kentucky resident who owns 30% of EPTE A. He provides services for EPTE A in Kentucky and is paid a wage for his services. Since Jim owns at least 20% of EPTE A, his wages are reclassified as a distributive share of income. Thus, the wages are required to be included on EPTE A's return as a compensation add-back, even though Jim is a Kentucky resident.

Example 2: Karen is an Iowa resident who owns 19% of EPTE A. Karen receives wages from EPTE A. However, since Karen does not own at least 20% of EPTE A, her wages are not reclassified as a distributive share of income or added back onto the return as a compensation add-back.

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

Lines 27 - 31 - Portfolio Income (Loss)

List the amount of each type of portfolio income (or loss) on each line.

Exclude from net long-term capital gain (loss) line any capital loss carryforward amount.

If the sum of Line 32 and Line 33 results in an overall loss, the amount on Line 33 is limited to $3,000 per participating investor.

Lines 33a - 33c – IRC §168(k) Bonus Depreciation and §179 Expense Add-Back

Add 5/6 of IRC §168(k) bonus depreciation allowed under the IRC. Also, add 5/6 of any qualifying §179 depreciation expense.

However:

- Replace "5/6" with "2/3" for employers who increase their Ohio income taxes withholding by an amount equal to or greater than 10 percent over the previous year; OR
- Replace "5/6" with "6/6" for taxpayers who incur a net operating loss (NOL) for federal income tax purposes if the loss was a direct/indirect result of the §168(k) and/or §179 depreciation expenses.

The amount subject to the add-back is the taxpayer's total §179 expense less $25,000 plus all of the taxpayer's §168(k) depreciation expense.

Using the following lines from federal form 4562, the add-back formula is (line 12 - $25,000) + line 14 + line 25. The sum of these lines is multiplied by the appropriate ratio.

Additionally, there is no requirement to make Ohio's depreciation add-back in either of the following circumstances:

- The depreciation is from a PTE, and the owner owns **less than 5%** of the PTE. This is true even if the PTE performed the add-back on its Ohio filing (i.e., the IT 1140, IT 4708 or IT 4738); OR
- The EPTE increases its Ohio income taxes withheld over the previous year's by an amount **greater than or equal to** the sum of §168(k) and/or §179 depreciation amounts.

Example 1: EPTE A has a total of $180,000 subject to add-back for the current tax year. The $100,000 of §179 depreciation is from EPTE A's business operations. The $80,000 of §168(k) depreciation is from its distributive share of bonus expense from EPTE B.

Source of Depreciation	Add-back Amount (§179-$25,000)	§168(k)	Add-back Ratio	Add-back Amount
EPTE A - operations	$75,000	$0	5/6	$62,500
EPTE B- distributive share/ bonus expense		$80,000	5/6	$66,667
Total add-back for tax year:				$129,167

Example 2: EPTE A owns 100% of EPTE B. EPTE A has $180,000 subject to add-back for the current tax year, as outlined in Example I. EPTE B increased its Ohio employer withholding for its employees by at least 10% over the previous tax year. EPTE A must use a different add-back ratio for each source of depreciation, and calculates its depreciation add-back as follows:

Add-Back - Combined add-back				
Source of Depreciation	Add-back Amount (§179-$25,000)	§168(k)	Add-back Ratio	Add-back Amount
EPTE A - operations	$75,000	$0	5/6	$62,500
EPTE B- distributive share/ bonus expense	$0	$80,000	2/3	$53,333
Total add-back for tax year:				$115,833

Example 3: EPTE A still has $180,000 subject to add-back for the current tax year including $100,000 of §179 depreciation from EPTE A's business operations and $80,000 of §168(k) depreciation from its distributive share of bonus expense from PTE B. EPTE A has federal taxable income of ($100,000) (i.e., EPTE A has a federal net operating loss). EPTE A would calculate its depreciation add-back as follows:

Add-Back - NOL				
Source of Depreciation	Add-back Amount (§179-$25,000)	§168(k)	Add-back Ratio	Add-back Amount
EPTE A - operations	$75,000	$0	6/6	$75,000
EPTE B- distributive share/ bonus expense	$0	$80,000	6/6	$80,000
Total add-back for tax year:				$155,000

For additional information, please see R.C. 5733.40(A)(5) and 5747.01(A)(17)(a)(i-v).

Line 34 – Other Income or Deduction

Enter income or deductions not otherwise reported on Schedule I that are part of an investor's distributive share from the EPTE. Include a supporting schedule detailing each amount reported on this line, as well as an explanation of why each amount is included on this line. Failure to provide this information may delay the processing of the return.

The following generally **can be included** on this line:

- Section 59(e)(2) – depletion amortized on federal Schedule E; include federal form 4562.
- Deductions allocable to royalties appearing on federal Schedule E.
- §754 election – § 754 election is made to adjust the basis of partnership property in the event of a sale or exchange of partnership interest, a partner's death, or certain distributions to partners.

- §743(b) – 743(b) provides certain adjustments in the case of a sale or exchange of a partnership interest in which a §754 election is in place.

The following generally **cannot be included** on this line:

- Charitable contributions
- Any state or federal credit amount, including the research and development tax credit and the work opportunity credit
- Wage expenses not deducted on the federal return related to work opportunity credit from Ohio Schedule of Adjustments
- Itemized deductions from federal Schedule A

Line 35 - Federal Conformity Additions

This line is for federal conformity adjustments. For updates on Ohio Conformity, see Ohio Conformity Updates at tax.ohio.gov and R.C. 5701.11.

Line 36 - Total Business Income (Loss)

This line **must** equal the sum of lines 22 through 35. A difference will delay processing of the return and may result in a billing or reduced refund.

Schedule II – Deductions

Lines 37 through 41 are allowable deductions for all owners. Do not include deductions that have already been used to reduce income items included on Schedule II.

DO NOT include deductions solely because they are available to an individual on the federal 1040 or the Ohio IT 1040.

Line 38 – IRC §168(k) Bonus Depreciation and §179 Expense Deduction

Calculate the current year deduction from the prior year add-back amounts reported on Ohio PTE returns filed with the same FEIN. 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) and §179 depreciation add-backs on a prior year's IT 4708, IT 4738, or IT 1140.

Note: Deduct **only** amounts that were added back by the EPTE on a prior year IT 4738, IT 1140 or IT 4708. This deduction is available even if the asset is no longer owned by the EPTE.

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 EPTE would have to amend the prior returns to claim the deduction.

If there is an NOL, the deduction cannot be claimed for that year and will be carried forward to the next year without an NOL.

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

Line 39 – Net Federal Interest and Dividends Exempt from State Taxation

Enter interest and dividend income from obligations issued by the United States government or its possessions/territories that are exempt from Ohio tax under federal law.

A comprehensive list of deductible interest and dividends can be found in Information Release IT 1992-01 – Exempt Federal Interest Income.

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(A).

Line 41 - Federal Conformity Deductions

This line is for federal conformity deductions.

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 more information, see Ohio Conformity Updates at tax.ohio.gov.

See R.C 5701.11.

Line 40 – Exempt Gains from the Sale of Ohio State or Local Government Bonds

If included in federal income:

- **Deduct** interest income and gains from the sale or disposition of Ohio public obligations and Ohio purchase obligations and income from a certain transfer agreement or an enterprise transferred under that agreement.
- **Add** any loss from the sale or disposition of Ohio obligations.

See R.C. 5747.01(A)(8).

Line 42 - Total Business Deductions

This line **must** equal the sum of lines 37 through line 41. A difference will delay processing of the return and may result in a billing or reduced refund.

Schedule III - Apportionment Worksheet

The three apportionment factors are property and payroll, each weighted at 20%, and sales, weighted at 60%, for a total of 100%. However, if any factor's "total everywhere" is zero, the weights of the remaining factors must be proportionately increased so that the total remains 100%. You must show the reweighted factors by replacing them with the correct weights.

Example: ABC LLC is a single-member LLC with no employee payroll. In calculating its Ohio apportionment ratio, ABC LLC must reweight its property factor to 25% and its sales factor to 75%.

If an EPTE owns an interest in other PTEs, when calculating its apportionment ratio, the EPTE **must** include its proportionate share of other PTEs "Within Ohio" portion and the "Total Everywhere" portion of property, payroll and sales. These amounts will be reported by the other PTEs in the "Entity Apportionment Percentage" section of the Ohio IT K-1 issued to the EPTE-owner.

Note: An EPTE may request, in writing, an alternative form of apportionment instead of the method listed above. Such request is only valid if approved by the Department.

See R.C. 5747.231, 5747.38(A)(4)(a), and 5733.05(B)(2).

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 EPTE or other PTEs owned by the EPTE. Property does not include any of 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
- Property used exclusively during the taxable 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 taxable year.

See R.C.5733.05(B)(2).

Line 43a - Property Owned

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

Total Everywhere: Enter the average value of all property owned by the business during the taxable year.

Property owned by the business is valued at its original cost.

Line 43b - Property Rented

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

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

Property rented by the business is valued at eight times the net annual rental rate (annual rental expense less subrental 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 by the EPTE, or other PTEs owned by the EPTE, 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 PTE 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. 5709.65, 5747.38, and 5733.05(B)(2)(b).

Line 44 - Payroll

Within Ohio: Enter the total compensation paid in Ohio during the taxable year. Compensation is paid in Ohio if:

- The employee's job is entirely in Ohio.
- The employee's job is primarily in Ohio with only incidental work outside Ohio.
- The 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, OR
- The 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.

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

Sales Factor

The sales factor is the ratio of:

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

"Sales" includes gross business receipts earned by the EPTE or other PTEs owned by the EPTE, 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:

- Interest and dividends
- Receipts from the transfer of intangible property other than trademarks, trade names, patents, copyrights or other similar intellectual property
- 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. 5733.05(B)(2)(c)

Note: Income amounts excluded from the sales factor may still be considered business income under Ohio law.

See R.C. 5747.38 and 5733.05(B)(2)(c).

Line 45 – Sales

Within Ohio: Enter gross receipts from sales within Ohio during the taxable year. Sales within Ohio include all 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
- Receipts from services to the extent the purchaser ultimately used or received the benefit of the services in Ohio
- Rents and royalties from tangible personal property to the extent the property was used in Ohio
- Receipts from the transfer of certain intellectual property to the extent the property was used in Ohio
- Receipts from the right to use certain intellectual property to the extent the receipts are based on the right to use the property in Ohio
- Receipts from the sale of real property located in Ohio, AND
- Rents and royalties from real property located in Ohio

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.

See R.C. 5733.05(B)(2)(c)(i) and (ii).

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

Owner Information

Complete owner information should be reported as follows:

- Include with the return copies of Ohio IT K-1s for all owners to report their proportionate or distributive share of income, adjustments, and/or credits when filing the IT 4738.
- Provide a copy of the Ohio IT K-1 to each owner.
- Visit tax.ohio.gov/forms to obtain a copy of the Ohio IT K-1 form.

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.

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.

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 taxable 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).

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

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).

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

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).

Line 3 - Total IT 4738 Tax Paid

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.

Line 4 - Total Tax Paid to Other States

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.

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 universal payment coupon (OUPC).