



10211411

Tax Year		

IT NRCE  
Rev. 10/24

## Ohio IT NRCE – Income Allocation and Apportionment for Calculating the Estate Nonresident Credit

Use this form for tax years 2023 and forward.

This form is for nonresident estates for the tax year entered above. Include a completed copy of this form when filing the Ohio IT 1041.

Name of estate	FEIN/SSN
----------------	----------

### Section I – Nonresident Credit Calculation

For each of the lines in this section, include in Column A the total income included on the estate's federal return for the tax year. Include in Column B income earned or received in Ohio from each of the corresponding sources. Only report items of income or deductions that are included in federal taxable income and Ohio adjustments to federal taxable income.

**Important:** No item of income or deduction can be included on more than one line in Parts A and B of this section. If an item is business income, then it can only be included on line 5 (determined by completing Sections II and III).

Part A – Income and Deductions	(A) Federal Amount	(B) Ohio Amount
1. Nonbusiness Interest & Dividends .....	00	00
2. Nonbusiness Rents & Royalties.....	00	00
3. Nonbusiness Capital Gains.....	00	00
4. Nonbusiness Other Income.....	00	00
5. Business Income (From Section II).....	00	00
6. Lottery, Casino, and Sports Gaming Winnings.....	00	00
7. Net Apportioned Depreciation Deduction (From Section II, Line 22, Column B).....	00	00
8. Net Additions from Ohio Schedule II Additions.....	00	00
9. Net Deductions from Ohio Schedule II Deductions (excluding depreciation reported in Section II).....	00	00
10. Income Distribution Deduction .....	00	00
11. Federal Taxable Income Deductions (excluding Income Distribution Deduction).....	00	00
12. Total (Sum of lines 1-8, Minus Sum of Lines 9-11).....	00	00

### Part B – Portion of Taxpayer's Ohio Taxable Income Not Allocable or Apportionable to Ohio Deductions

13. Ohio Taxable Income (from IT 1041, line 3) .....	00
14. Total Ohio Income (Section I, Column B, Line 12).....	00
15. Income not allocable or apportionable to Ohio (Line 13 - Line 14. Include here and on Estate Nonresident Credit Schedule).....	00

#### 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.



Name of estate	FEIN/SSN
----------------	----------

**Section II – Ohio Business Income**

Report below each entity/business from which the taxpayer received business income or loss during the tax year. Entities/businesses should be listed in descending order from highest "Ohio Apportioned Income" to lowest. The amounts reported in columns B and C should be calculated using Section III of this form found on page 3. **However**, if the taxpayer received an Ohio IT K-1 from a pass-through entity in which they are an investor, attach a copy with the Ohio IT K-1 in lieu of completing Section III for that entity. Check the box indicating an Ohio IT K-1 is attached and report the corresponding amounts from the Ohio IT K-1 in columns B and C. Entities/businesses with no nexus in Ohio should be included in this section but do not require a Section III to be completed.

**Important:** "Federal Business Income" is the taxpayer's share of income reported for federal income tax purposes. **Column A is NOT a total of columns B and C.**

	IT K-1	(A) Federal Business Income	(B) Ohio Apportioned Depreciation Deduction	(C) Ohio Apportioned Income
1. Income from FEIN/SSN: _____	<input type="checkbox"/>	1. _____ 00	00	00
2. Income from FEIN/SSN: _____	<input type="checkbox"/>	2. _____ 00	00	00
3. Income from FEIN/SSN: _____	<input type="checkbox"/>	3. _____ 00	00	00
4. Income from FEIN/SSN: _____	<input type="checkbox"/>	4. _____ 00	00	00
5. Income from FEIN/SSN: _____	<input type="checkbox"/>	5. _____ 00	00	00
6. Income from FEIN/SSN: _____	<input type="checkbox"/>	6. _____ 00	00	00
7. Income from FEIN/SSN: _____	<input type="checkbox"/>	7. _____ 00	00	00
8. Income from FEIN/SSN: _____	<input type="checkbox"/>	8. _____ 00	00	00
9. Income from FEIN/SSN: _____	<input type="checkbox"/>	9. _____ 00	00	00
10. Income from FEIN/SSN: _____	<input type="checkbox"/>	10. _____ 00	00	00
11. Income from FEIN/SSN: _____	<input type="checkbox"/>	11. _____ 00	00	00
12. Income from FEIN/SSN: _____	<input type="checkbox"/>	12. _____ 00	00	00
13. Income from FEIN/SSN: _____	<input type="checkbox"/>	13. _____ 00	00	00
14. Income from FEIN/SSN: _____	<input type="checkbox"/>	14. _____ 00	00	00
15. Income from FEIN/SSN: _____	<input type="checkbox"/>	15. _____ 00	00	00
16. Income from FEIN/SSN: _____	<input type="checkbox"/>	16. _____ 00	00	00
17. Income from FEIN/SSN: _____	<input type="checkbox"/>	17. _____ 00	00	00
18. Income from FEIN/SSN: _____	<input type="checkbox"/>	18. _____ 00	00	00
19. Income from FEIN/SSN: _____	<input type="checkbox"/>	19. _____ 00	00	00
20. Income from FEIN/SSN: _____	<input type="checkbox"/>	20. _____ 00	00	00
21. Enter the total of all additional entities, if any.....	<input type="checkbox"/>	21. _____ 00	00	00
22. Totals (sum of lines 1 through 21, by Column).....		22. _____ 00	00	00

Enter the total from column A, line 22 on Section I, line 5, column A. Enter the total from column B, line 22, on Section I, line 7. If line 22, column C, is zero or less, enter the amount from line 22, column C, on Section I, line 5, column B and **STOP HERE.**



10211411

**Section III – Entity/Source-Level Business Income & Apportionment**

A separate Section III must be completed for each entity/source of business income with nexus in Ohio. However, if an Ohio IT K-1 has been provided to the taxpayer by a pass-through entity, a copy of the Ohio IT K-1 should be attached with this form in lieu of completing a Section III for that entity.

Name of estate	FEIN/SSN
Business name/description	FEIN/SSN

**Part A - Apportionment Ratio for This Entity/Source**

	(1) Within Ohio	(2) Total Everywhere	(3) Ratio	(4) Weight	(5) Weighted Ratio
			(carry to six decimal places)		(carry to six decimal places)
1. Property.					
(1a) Owned (original cost).....	_____	_____	_____		
(1b) Rented (annual rental x 8).....	_____	_____	_____		
(1c) Total (lines 1a plus line 1b).....	_____ ÷ _____	_____ = ._____		x _____ =	1c. _____
2. Payroll (see Exclusions in the instructions).....	_____ ÷ _____	_____ = ._____		x _____ =	2. _____
3. Sales (see Exclusions in the instructions).....	_____ ÷ _____	_____ = ._____		x _____ =	3. _____
4. Ohio apportionment ratio. Add lines 1c, 2 and 3.....					4. _____

**Part B - Apportionable Business Income & Deductions**

Include on these lines all amounts, included on the taxpayer's federal filing, that constitute business income from the entity/source entered above. See R.C. 5747.01(B).

5. Schedule B - Interest and Ordinary Dividends.....	5.	_____	00
6. Schedule C - Profit or Loss from Business.....	6.	_____	00
7. Schedule D - Capital Gains and Losses.....	7.	_____	00
8. Schedule E - Supplemental Income & Loss (excluding guaranteed payments).....	8.	_____	00
9. Guaranteed payments, wages and/or compensation from a pass-through entity in which the taxpayer has at least a 20% direct or indirect ownership interest.....	9.	_____	00
10. Schedule F - Profit or Loss from Farming.....	10.	_____	00
11. Other business income and/or federal conformity additions reported on Ohio Schedule II.....	11.	_____	00
12. Other business deductions and/or federal conformity deductions reported on Ohio Schedule II.....	12.	_____	00
13. Total Business Income (sum of lines 5 through 11 minus line 12).....	13.	_____	00
14. Gain (loss) described in R.C. 5747.212 if any such gain (loss) is included in the lines above.....	14.	_____	00
15. Line 13 minus line 14 (if line 14 is a loss); line 13 plus line 14 (if line 14 is a gain).....	15.	_____	00
16. Non-R.C. 5747.212 income apportioned to Ohio (multiply line 4 by line 15).....	16.	_____	00
17. R.C. 5747.212 income apportioned to Ohio (enclose detailed computations).....	17.	_____	00
18. Ohio Apportioned Income (line 16 plus line 17). Enter here and on the line for this entity/source in Section II, column C.....	18.	_____	00

**Part C - Apportionable Ohio Depreciation Deductions from Ohio Schedule II**

Include on these lines only amounts representing Ohio's deductions for IRC §168(k) bonus depreciation and §179 expense that are reported on Ohio Schedule II and are attributable to the entity/source above.

19. Reserved.....	19.	_____	00
20. Deduction of prior year IRC §168(k) bonus depreciation and §179 expense add-back.....	20.	_____	00
21. Reserved.....	21.	_____	00
22. Ohio Apportioned Depreciation Deduction (multiply line 4 by line 20). Enter here and on the line for this entity/source Section II, column B.....	22.	_____	00

## IT NRCE - Ohio Nonresident Credit Calculation

**These instructions are used to complete the form IT NRCE and Schedule V of the Ohio IT 1041.**

Estates must use the IT NRCE to calculate the nonresident portion of their federal taxable income. This amount is used to calculate the Ohio nonresident credit. **Only nonresident estates may use this form.**

Include this form with the completed IT 1041 and retain a copy for your records. If the tax preparation software allows for PDF attachments, the estate should include a copy of this form.

Individuals should use the IT NRC instead of the IT NRCE to calculate their Ohio nonresident credit. Both forms are available at [tax.ohio.gov](http://tax.ohio.gov).

### **Section I – Nonresident Credit Calculation**

All Ohio nonresident estates must complete Part A and Part B.

For Column A (Federal Amount), enter only the specified items of income to the extent they are included in the calculation of the federal taxable income.

**Except for line 5, list only non-business income amounts in column B. All Ohio business income should be listed on line 5 after completing Sections II and III of this form.**

#### **Line 1 – Nonbusiness Interest and Dividend Income**

Enter interest and dividends paid or accrued and allocated to Ohio in Column B. See R.C. 5747.20(B)(6).

#### **Line 2 – Nonbusiness Rent and Royalty Income**

Enter rents and royalties in Column B that were received or derived:

- From real property located in Ohio;
- From tangible personal property to the extent utilized in Ohio; OR
- From patents or copyrights to the extent they were utilized in Ohio.

Ohio law defines when tangible personal property, patents, and copyrights are “utilized in Ohio.”

See R.C. 5747.20(A), (B)(3) and (B)(4).

#### **Line 3 – Nonbusiness Capital Gain Income**

Enter capital gains and/or losses in Column B that:

- Resulted from the transfer of real property located in Ohio; OR

- Resulted from the transfer of tangible personal property that, when transferred, was located in Ohio.

See R.C. 5747.20(A) and (B)(2).

#### **Line 4 – Nonbusiness Other Income**

Enter other nonbusiness income reported on the federal return, and paid or accrued and allocated to Ohio in Column B.

Do not enter any income directly deducted on Ohio Schedule II, such as state and local tax refunds.

See R.C. 5747.20(B)(6).

#### **Line 6 – Lottery, Casino, and Sports Gaming Winnings**

Enter lottery prizes and casino winnings in Column B that were:

- Paid by the Ohio lottery commission;
- Paid by a casino located in Ohio; OR
- Paid for sports gaming conducted in Ohio.

Also enter any income from the sale of a lottery prize issued by the Ohio lottery commission.

See R.C. 5747.20(A), (B)(5) and (B)(7).

#### **Line 8 – Net Additions from Ohio Schedule II**

Only include the portion of other Ohio Schedule II additions that were:

- Paid or accrued and allocated to Ohio; OR
- Related to Ohio activities.

See R.C. 5747.20(B)(6).

#### **Line 9 – Net Deductions from Ohio Schedule II**

Only include the portion of other Ohio Schedule II deductions that were:

- Paid or accrued and allocated to Ohio; OR
- Related to Ohio activities.

Certain Ohio Schedule II deductions either do not affect the calculation of the Ohio nonresident credit or are accounted for elsewhere on this form.

**Do not enter any amounts directly deducted on the following lines of Ohio Schedule II:**

- Line 33 – State or Municipal Income Tax Overpayments
- Line 39 – Ohio Depreciation Deduction

See R.C. 5747.20(B)(6).

**Line 10 – Income Distribution Deduction**

Deduct income distribution deduction utilized on page 1 of the federal 1041 on Section I, Column A.

Deduct income distribution deduction at the same ratio of Ohio income to Federal income on Section I, Column B based on amounts from lines 1-6. For more information on how to determine this amount, see page 21.

Example: An estate has \$1,000,000 in business income. \$100,000 is apportioned to Ohio. There is a \$500,000 distribution made to the beneficiaries.

$$\frac{\$100,000}{\$1,000,000} = 0.1$$

- Federal distribution deduction = \$500,000
- Ohio distribution deduction = \$50,000

**Line 11 – Federal Taxable Income Deduction**

Deduct the total amount of allowable federal deductions utilized on page 1 of the federal 1041 on Section I, Column A.

Deduct the total amount of allowable federal deductions at the same ratio of Ohio income to Federal income on Section I, Column B based on amount from lines 1-6.

Example: An estate has \$700,00 in nonbusiness income; \$35,000 is allocated to Ohio.

There are \$200,000 in deductions reported on the federal 1041.

$$\frac{\$35,000}{\$700,000} = 0.05$$

- Federal distribution deduction = \$200,000
- Ohio distribution deduction = \$10,000

**Section II – Ohio Business Income**

List every business in which the entity held an ownership interest during the tax year. If the entity has more than 20 businesses, include additional page 2(s),

with only lines 1-20 completed. Total all businesses reported on the additional page 2(s) on line 21.

For each business, enter:

- Total business income included on the federal return in Column A;
- Ohio depreciation deduction in Column B (from Section III, line 22);
- Ohio apportioned income in Column C (from Section III, line 18).



**Each column is independently calculated for each business. Column A is not a total of Columns B and C.**

If you have an Ohio IT K-1 for a business, the entity must still list that business and check the “IT K-1” box. Additionally, the entity must enter:

- Total business income included on the federal return in Column A;
- Ohio depreciation deduction in Column B (from Ohio IT K-1, line 1c);
- Ohio apportioned income in Column C (from Ohio IT K-1, line 1a plus line 1b).

**Line 22 – Column Totals**

**Column A:** This is the total of all business income reported on the federal return.

**Column B:** This is the total of all Ohio apportioned depreciation deductions. The total may be a negative number. Enter this amount on Section I, line 7.

**Column C:** This is the total of all Ohio apportioned business income. It may be positive or negative. Enter the amount on Section I, line 5.

**Section III – Business-Level Income & Apportionment**

Complete a separate Section III for each business having property, payroll, and/or sales in Ohio. However, if an Ohio IT K-1 reporting income from a pass-through entity is attached with the IT NRCE, Section III does not need to be completed for that entity.

For each Section III completed, include the name of estate, FEIN / SSN, and ownership percentage in the business, as well as the business’ name and FEIN (if applicable) in the spaces provided.

## Part A

Calculate a separate apportionment ratio for each business listed in Section III. Ohio apportionment is based on a three-factor weighted ratio.

The three 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%.

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

If this business receives income from pass-through entities, its apportionment ratio calculation must include the proportionate share of each lower-tiered entity's property, payroll and sales.

### Line 1 – 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. 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; **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 be included only in Column B.

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. 5747.21(B) and 5733.05(B)(2)(a).

### Line 1(a) – Property Owned

---

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

**Column B:** Enter the average value of all business property owned during the tax year.

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

### Line 1(b) – Property Rented

---

**Column A:** Enter the average value of all Ohio business property rented during the tax year.

**Column B:** Enter the average value of all business property rented during the tax year.

Property rented by the business is valued at eight times the net annual rental rate (annual rental expense less subrental receipts).

### Line 2 – Payroll Factor

---

The payroll factor is the ratio of:

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

"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 Column B.

See R.C. 5747.21(B) and 5733.05(B)(2)(b).

**Column A:** Enter the total compensation paid in Ohio during the tax year. Compensation is paid in Ohio if:

- 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; **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 a state where part of the service is performed.

### **Line 3 – Sales Factor**

---

The sales factor is the ratio of:

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

“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:

- 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. 5747.21(B) and 5733.05(B)(2)(c).

**Column A:** 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;
- 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 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).

**Column B:** Enter the gross receipts from sales everywhere during the tax year.

### **Line 4 – Ohio Apportionment Ratio**

---

The amount on this line represents the Ohio apportionment ratio for this business. This is used in Parts B and C to determine:

- Income apportioned to Ohio; **AND**
- Ohio apportioned depreciation deductions from Ohio Schedule II.

### **Part B**

For each Section III completed, enter only amounts that are both included in the calculation of the federal adjusted gross income and are “business income” under Ohio law. Remember, because of differences between federal and Ohio law, some amounts reported as business income on the federal return may not be business income on this schedule. **Do not simply list the amounts from the federal return.**

For more information on how Ohio defines business income and examples of business income, see page 13. See also R.C. 5747.01(B) and 5733.40(A)(7).

### **Line 5 – Schedule B, Interest and Ordinary Dividends**

---

Enter taxable interest and ordinary dividends reported on federal Schedule B that qualify as business income.

### **Line 6 – Schedule C, Profit or Loss from Business**

---

Enter the net profit or loss from the business reported on federal Schedule C. Show a business loss as a negative number.

### **Line 7 – Schedule D, Capital Gains and Losses**

---

Enter capital gains or losses reported on federal Schedule D that qualify as business income. Show a net capital business loss as a negative number.

**Do not** include any amounts that represent a R.C. 5747.212 gain or loss. Instead, include those amounts on line 15.

### **Line 8 – Schedule E, Supplemental Income and Loss**

---

Enter the net business income or loss reported on federal Schedule E. Show a net business loss as a negative number. **Do not include any guaranteed payments on this line, even if included on federal Schedule E.**

### **Line 9 – Guaranteed Payments, Compensation, and/or Wages**

---

If this business is a pass-through entity in which the entity has at least a 20% direct or indirect ownership, enter any guaranteed payments or compensation paid to the entity by another entity, or a professional employer organization on its behalf.

**Note:** “Indirect” ownership does not include beneficial or constructive ownership via Internal Revenue Code attribution rules.

### **Line 10 – Schedule F, Profit or Loss from Farming**

---

Enter the net profit or loss from farming reported on federal Schedule F. Show a net business loss as a negative number.

### **Line 11 – Other Business Income and/or Federal Conformity Additions**

---

Enter any business income included in the federal adjusted gross income that was not entered on lines 5 through 10. Include on this line any amounts reported on the federal 4797 that constitute business income.

Also, enter any federal conformity additions reported on Ohio Schedule II related to this business.

### **Line 12 – Other Business Deductions and/or Federal Conformity Deductions**

---

Enter any business deductions included in the federal adjusted gross income that were not entered on lines 5 through 10 of this section. Include on this line any amounts reported on the federal 4797 that constitute business loss.

Also, enter any federal conformity deductions reported on Ohio Schedule II related to this business.

### **Line 15 – Total R.C. 5747.212 Income**

---

Enter any R.C. 5747.212 income or loss included in the federal adjusted gross income. “R.C. 5747.212 income” is gain or loss resulting from the transfer of an ownership interest in a closely held business having nexus with Ohio. Show the amount as a negative number if the amount was a loss.

### **Line 17 – R.C. 5747.212 Income Apportioned to Ohio**

---

R.C. 5747.212 amounts are apportioned differently than other business income. For additional information on how to apportion these amounts, see R.C. 5747.212 as well as *Corrigan v. Testa*, 2016-Ohio-2805.

Enter the Ohio portion of the R.C. 5747.212 amount entered on line 15. Show a loss as a negative number. Include the apportionment calculation with this form.

### **Line 18 – Ohio Apportioned Income**

---

The amount on this line represents the Ohio portion of the income from this business. Enter this amount in Section II, Column C of the line corresponding to this business.

### **Part C**

### **Line 19 – Reserved**

---

### **Line 20 – Ohio Depreciation Deduction**

---

Enter any portion of the deduction for prior year \$168(k) bonus depreciation and \$179 expense add-backs:

- That was reported as an Ohio Schedule II deduction; **AND**
- That is attributable to this business.

This amount is calculated using the current year’s Ohio Schedule II. **Do not use an amount from a prior year’s filing.**

### **Line 22 – Ohio Apportioned Depreciation**

---

The amount on this line represents the Ohio portion of the Ohio Schedule II depreciation adjustment from this business. Enter this amount in Section II, Column B of the line corresponding to this business.