

**For taxable year
ending in 2024**



**Department of
Taxation**

Instructions for Filing:

**IT 4708 Pass-Through Entity
Composite Income Tax Return**

Table of Contents

A		H	
Amended Returns.....	9	Highlights for 2024	2-3
Appendix A (IPTE)	19	I	
Apportionment Formula.....	14-16	Income & Adjustments	11-14
Apportionment Formula Worksheet	18	Investor Information	18
B		P	
Bonus Depreciation.....	12-13, 18	Payment Options.....	5-6
D		Penalties and Interest	10-11
Deductions	14-15	R	
F		Refundable Business Credits	16-17
Filing Tips	4-5	T	
G		Taxpayer Assistance	1
General Instructions.....	7-9		

Online Resources

The Department of Taxation's website at tax.ohio.gov has many resources available to assist when filing the Ohio Pass-Through Entity & Fiduciary income tax returns:

- ✓ [PILOT](#) – A virtual assistant, available 24/7 to answer questions for all tax types.
- ✓ [FAQs](#) – Review answers to common questions on topics.
- ✓ [Forms](#) – Find all pass-through entity & fiduciary income tax forms (including related schedules and worksheets). Many forms have fill-in versions that you can complete online, print, and then submit to the Department.
- ✓ [Information Releases](#) – Research detailed explanations and legal analyses of certain tax topics.
- ✓ [Ohio Virtual Tax Academy](#) – View webinars designed and presented by Department staff on Ohio's state taxes.
- ✓ [Tax Alerts](#) – Sign up to receive tax updates and reminders from the Department via email.

Federal Privacy Act Notice

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

Taxpayer Assistance

Need Help? – To help answer questions and ensure that tax returns are filed accurately, the Department of Taxation provides the following resources at tax.ohio.gov:



Additionally, the website has all Pass-Through Entity and Fiduciary income tax forms to download or print. If you cannot find the answer using the website, contact the Department using any of the following methods:

Email – Click 'Contact Us' at the top right on tax.ohio.gov and select 'Email Us' to access a secure email form, or email directly to Pass-ThroughEntity@tax.ohio.gov.

FAX/ONRS - 1-206-894-1685

Use this number when uploading documents via the Online Notice Response Service (ONRS) at tax.ohio.gov/ONRS and to fax documents to the Pass-Through Entity & Fiduciary Income Tax Division.

Call – Speak with an examiner at 1-888-405-4039 during the Department's normal business hours.

Normal business hours are from 8 a.m. to 5 p.m. Monday through Friday excluding holidays.

Write – Contact the Department by mail at:

Ohio Department of Taxation
Pass-Through Entity
P.O. Box 181140
Columbus, OH 43218-1140

Note: To overnight documents to the Department, please use the street address listed below.

4485 Northland Ridge Blvd.
Columbus, OH 43229-6596

For persons who use text telephones (TTYs) or adaptive telephone equipment only: Contact the Ohio Relay Service at 7-1-1 or 1-800-750-0750 and give the communication assistant the Ohio Department of Taxation phone number that you wish to contact.

Go Paperless and File Electronically!

The IT 4708 can 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. PTEs can verify their software is compatible with the MeF program by reviewing the list of approved software vendors at [PTE and Fiduciary Income Tax - Software Developers](#).

Highlights for 2024

2024 Tax Rate

For PTE taxable reporting periods beginning on or after 1/1/2024, the tax rate is 3.5%. For reporting periods beginning on or after 1/1/2023 but prior to 1/1/2024, the tax rate was 3.75%.

NEW Commercial Vehicle Training Credit

This credit is granted by the Ohio Department of Development (ODOD). To claim the credit, you must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. This credit cannot be claimed based on the amount of estimated tax credit-eligible training expenses approved by ODOD prior to the application for the credit. Additionally, if this credit is based on your ownership of a pass-through entity that holds the certificate, you must also include documentation showing your portion of the credit. To the extent this credit exceeds your tax liability, any remaining balance can be carried forward up to five years.

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

See R.C. 5747.82.

NEW Film and Theater Capital Improvements Credit

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

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

See R.C. 5747.67.

Schedule E Form (Nonrefundable Business Credits)

See the Schedule E form for a full list of nonrefundable business credits claimable on the IT 4708. The form is available in the searchable [Tax Forms](#) section at tax.ohio.gov.

IT K-1

Each entity with Ohio income should prepare a separate IT K-1 for each investor/owner to enclose with the investor's/owner's return.

For more information, see the IT K-1 form and instructions on tax.ohio.gov in the searchable [Tax Forms](#) section.

Electronic Filing

The IT 4708 can 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 4708?

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 4708, the IT 4738 or the IT 1140. 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: Once the IT 4708 is filed for any given tax period, the PTE is not permitted to amend this return to change to an IT 1140 or IT 4738.

For more information regarding which form to file, see the following chart, or search the PTE FAQ's at tax.ohio.gov.

Note: Credits cannot be claimed on the IT 4738 or IT 1140. However, a PTE can claim credits on the IT 4708.

	The IT 4738 Income Tax Return	The IT 4708 Composite Return	The IT 1140 Withholding Return
Filing date	April 15th after the year in which the entity's taxable year ends	April 15th after the year in which the 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
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
Tax rate	3% *For reporting periods that begin on or after 1/1/2023	3.5% *For reporting periods that begin on or after 1/1/2024	3% *For reporting periods that begin on or after 1/1/2023
Can the return claim credits?	No	Yes	No
Can the return claim refundable PTE credits for payments made by another PTE?	No	Yes	No

Filing Tips

Provide 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 4708 and UPCs are for the Correct Tax Year

Do NOT cross out the year at the top of the IT 4708 or UPC and write in a new one, as doing so will delay the processing of the IT 4708 or UPC and could cause a reduced refund or billing notice to be issued. A PTE with taxable year ending in 2024 must file a 2024 IT 4708 (e.g., taxable year 07/01/2023 to 06/30/2024 would file a 2024 IT 4708).

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 4708 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 1.000). 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.

Enter Estimated Payments and Credits on Correct Lines

Incorrect reporting of the payments and credits may result in a denied/reduced refund or bill. If the entity receives an IT K-1 reporting a PTE payment or credit from another entity on its behalf, do not report these as estimated payments.

Report refundable business credits on Line 19 of Schedule I and on Schedule V – Refundable Business Credits ONLY. Do not claim nonrefundable credits on this schedule. Instead, claim nonrefundable credits on Schedule E and Line 11.

Report nonrefundable business credits on Line 11 of Schedule I – Taxable Income, Tax, Payments and Net Amount Due Calculations ONLY. You must include a copy of Schedule E – Schedule of Nonrefundable Business Credits, and include copies of the required certificates. Do not use Schedule E to claim refundable credits. Instead, claim refundable credits on Line 19 of Schedule I.

Provide Supporting Documents

Attach the appropriate documentation specified on the IT 4708 to validate the amounts reported, such as IT K-1s to verify income/withholding flowing from another PTE to the filer, and from the filer to an investor, copies of required certificates issued for nonrefundable credits, and any other documents providing clarification.

Report the Proportionate Share of Income and Credits

A PTE is only permitted to claim the portion of credits belonging to the investors whose income is reported on the IT 4708 return.

Example: Four individuals each own 25% of Entity B. Two of the individuals are Ohio residents (i.e., non-qualifying investors) and two are nonresidents of Ohio (i.e., qualifying investors). Entity B owns 100% of Entity A. Entity A pays \$1,000 in Ohio pass-through entity tax.

Entity B files an IT 4708, but only includes the nonresident investors and their share of the PTE's income on the return (50% of the total). While Entity B can claim taxes paid by Entity A as a credit on its IT 4708, Entity B is limited to claiming only the portion of the credit belonging to the investors included on the return of \$500 (50% of \$1,000). The resident investors should claim their share of the credit (\$250 each) when they file their Ohio IT 1040 returns.

Payment Options

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

If the PTE is a first-time filer, submit the Pass-Through Entity and Fiduciary Income Tax Registration Form before submitting the first estimated payment. The form can be found on the tax.ohio.gov website in the [Tax Forms](#) search. **Failure to submit the registration form may result in a delay in processing the estimated payment(s), resulting in a billing notice or refund delay.**

Submit a Separate Check for Each Balance

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

- Federal employer identification number (**FEIN**),
- **Tax form** using the payment (IT 4708);
- **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 MMY. **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. 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 either through the Ohio Treasurer of State (TOS) or the Ohio Department of Taxation.

Access the applicable tax form-specific link below for the information page with the TOS routing/account numbers and codes/format the financial institution must use to issue the ACH credit via the TOS payment option:

- [IT 4708 Pass-Through Entity Composite Income Tax Payments](#)
- [IT 1140 Pass-Through Entity and Trust Withholding Tax Payments](#)
- [IT 1041 Fiduciary Income Tax \(Trusts and Estates\) Payments](#)
- [IT 4738 Electing Pass-Through Entity Tax Payments](#)

2. 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 (UPC) based on the form filed. All UPCs can be found on the tax.ohio.gov website in the searchable [Tax Forms](#) section by entering “UPC” in the Form Title or Number field. Please mail the payment and UPC to the address on the UPC or hand deliver to our self-service walk-in center.

3. 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 Funds Transfer (EFT), or 2) check or money order, as listed above.

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

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

Completing the Universal Payment Coupon (UPC)

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

All UPCs can be found in the [Tax Forms](#) field by entering “UPC” in the Form Title or Number field.

When completing the UPC:

- Enter the reporting period start date and end date in the format mm-dd-yy;
- Select either the IT 4708ES or IT 4708P;
- Enter the correct entity type code in the box above the payment amount (*see codes on instructions page above UPC);
- Enter the amount of payment as a whole number without a decimal, as the UPC features a preprinted “.00.”

Sample IT 4708 UPC: This form must be included with each check or money order.

Ohio Universal Payment Coupon (UPC)
Pass-Through Entity/Fiduciary Income Tax
Rev. 06/19

Do NOT fold check or voucher.

Do NOT staple or paper clip. Do NOT send cash.

Reporting Period (Annual Period Start Date) mm-dd-yy

Reporting Period (Annual Period End Date) mm-dd-yy

FEIN (08) XX XXXXXX (9 digits;no dash)

Entity Type Code(see instructions) []

Entity Type Codes:
1=S-Corporation
2=Limited Liability Co (LLC)
3=Partnership
5=Other

Check One Only:
 IT 4708P (841)
 IT 4708ES (852)

Amount of Payment \$ NO DECIMALS .00

• Make payment payable to: Ohio Treasurer of State
• Mail this voucher and payment to:
Ohio Department of Taxation
P.O. Box 181140
Columbus, OH 43218-1140

000 0 08 0000000000000000 000000 0 555

Verify address is current.

Check one box:
P=Return Payment
ES=Estimated Payment

Mail UPC and check or money order to the address on the UPC.

Include a Check or Money Order with each IT 4708 UPC

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 4708);
- **Tax year** end for the payment (mm-dd-yy).

2024 Ohio IT 4708 General Instructions

Note: Ensure tax return pages are in numerical order. Include any attachments after the return. The return and supporting schedules are on the [Tax Forms](https://tax.ohio.gov) page tax.ohio.gov.

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).

Who Should File Form IT 4708?

The IT 4708 is a composite income tax return a PTE elects to file on behalf of its qualifying investors. It is filed in lieu of the IT 1140 Pass-Through Entity & Trust Withholding Tax Return. An entity cannot file the IT 4708 if it has elected to file the IT 4738 for the taxable year. Unlike the IT 1140 and the IT 4738, a PTE can use the IT 4708 to claim credits or payments made on its behalf by other PTEs. The election to file the IT 4708 applies only for one tax year and, once made, is binding and irrevocable.

Note: A trust **cannot** file the IT 4708. See R.C. 5747.08(D).

Which Investors Can Be Included on Form IT 4708?

The PTE can elect to include **any qualifying investor**, other than a C Corporation or other exempt entity, on form IT 4708. This includes individuals (both residents and nonresidents), estates, trusts, and other PTEs. The PTE can include an investor on the IT 4708, regardless of how another PTE files on the investor’s behalf.

If an investor’s only Ohio-sourced income is included on the IT 4708, the investor is not required to file an Ohio individual income tax return for the tax year. However, the investor 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 PTE on the IT 4708.

See R.C. 5747.08(D)(1)(a) and (3); 5747.08(I).

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 or 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. 1.468-5T, 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 a PTE Claim a Net Operating Loss (NOL) on the IT 4708?

PTEs are not permitted to claim an NOL deduction on the IT 4708. Instead, investors who want to utilize an NOL deduction must file the IT 1040.

How Does a PTE Determine Its Ohio Taxable Year?

A PTE’s taxable year for Ohio income tax purposes is the same as its taxable year for federal income tax purposes.

However, when filing the IT 4708 return the PTE must file a single return that includes all tax periods and aggregates all income and expenses for the investor(s). Multiple IT 4708 returns (including short-period returns) cannot be filed in the same year.

When is the Return Due?

A PTE with a taxable year end during calendar year 2024 must file its 2024 IT 4708, including copies of its IT K-1s, by April 15, 2025.

Filing Extensions

The extension due date for filing the IT 4708 is September 15, 2025, provided the PTE 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 PTE 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, 2025 with the required IT 4708 UPC by searching for UPC in the Form Title or Number field on the [Tax Forms](#) page at [tax.ohio.gov](#). Interest will accrue on any tax not paid by April 15, 2025, and penalties may also apply.

See R.C. 5747.08(G) and Ohio Admin Code 5703-7-05.

Estimated Tax Payments

The PTE must make estimated tax payments with the IT 4708ES Universal Payment Coupon (UPC) for the entity's taxable year if the PTE's estimated tax liability after credits is greater than \$500. The interest penalty applies to estimated payments not timely made. For more information, see page 10.

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 4th month of the taxable year.	22.5% of the current year tax liability
On or before the 15th day of the 6th month of the taxable year.	45% of the current year tax liability
On or before the 15th day of the 9th month of the taxable year.	67.5% of the current year tax liability
On or before the 15th day after the close of the taxable year.	90% of the current year tax liability

For more information, see the Payment Tips on page 3.

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) and 5747.08(F).

Can the PTE's Tax Preparer Contact the Department About the IT 4708?

The PTE can check the box below the tax preparer's name on page 2 of the return to authorize the preparer to:

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

See R.C. 5747.08(J).

How Does a PTE Determine its Ohio Method of Accounting?

A PTE'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 PTE Complete the IT K-1?

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

The PTE must complete two copies of the IT K-1 for each investor whose income is included on the IT 4708. One copy of the IT K-1 must be included when filing the IT 4708. The other copy should be provided to the investor.

The IT K-1 is available in the searchable [Tax Forms](#) section at [tax.ohio.gov](#). For additional information, please see the IT K-1 category in the PTE FAQs at [tax.ohio.gov](#).

Amended Returns

When to Amend

The PTE can file an amended IT 4708 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 4708 the PTE 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.

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) or credit certificates.

In these situations, the Department will either make the corrections to the return or contact the PTE to request the needed documentation.

Requesting a Refund

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

- Federal return, including applicable schedules and attachments;
- Copies of the income statements (W-2, 1099, etc.);
- IT K-1s or credit certificates (ODOD, OHFA, other).

Reporting Additional Tax Due

The PTE should amend the return to report additional income or reduce a previously claimed credit or deduction. Such changes may result in additional tax due. Payment should be included with the amended return using an IT 4708 UPC payment coupon.

Changes to the Federal Return

If the IRS makes changes to the federal return, either based on an audit or an amended return, and those changes affect the Ohio return, the PTE is required to file an amended IT 4708. **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
- Date on a refund check issued by the IRS; OR
- IRS acceptance letter.

Note: Instead of including a copy of these documents, the PTE may submit a copy of the IRS Tax Account

Transcript reflecting the updated federal return information.

The amended IT 4708 should be filed no later than 90 days after the IRS completes its review of the federal return. Failure to file the return within this time period may result in an assessment or a denial of the refund claim.

The 90 days begins to run when:

- Period for the federal appeal has expired; **OR**
- Date a federal settlement agreement is signed.

See R.C. 5747.10.

Schedule I – Taxable Income, Tax, Payments and Net Amount Due Calculations

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

Note: Amounts reflected in Schedule I are the combined amounts of income, adjustments and credits **ONLY** for those investors who are participating in the filing of this return.

Line 1 – Total Income (loss) from Schedule II, line 36

This line must equal line 36 (the sum of lines 27 through 35); a discrepancy will delay processing of the return and may result in a billing or reduced refund.

Line 2 – Total Deductions from Schedule III, line 41

This line must equal line 41 (the sum of lines 37 through 40); a discrepancy will delay processing of the return and may result in a billing or reduced refund.

Line 4 – Net Allocable Nonbusiness Income (Loss)

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

The types of income which **MAY** be excluded are all types and classifications of income from an investment pass-through entity (IPTE) attributable to the distributive shares of income from other PTEs and certain other net income items as listed in R.C. 5733.401(C)(1).

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

Line 8 – Net Nonbusiness Income (Loss) Allocated to Ohio

If income is shown on this line, the PTE must provide a narrative and schedule explaining the types of income included on this line and why they are nonbusiness income.

An investment pass-through entity (IPTE) can include Ohio income from other PTEs as listed on the IT K-1, line 2a, Ohio portion; include the IT K-1s for verification. 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, 5747.21, 5747.212, 5747.221 and 5747.231; 5733.401.

Line 10 - Tax Liability Before Credits

For reporting periods beginning on or after 1/1/24, the tax rate is 3.50%. For reporting periods beginning on or after 1/1/2023, the tax rate was 3.75%.

Line 11 – Nonrefundable Business Credits

A PTE claiming nonrefundable business credits must include Schedule E when filing its return. The PTE can only claim the distributive share of direct and indirect nonrefundable business credits attributable to those investors whose income is included on this return.

Line 13 – Interest Penalty on Underpayment of Estimated Tax

A PTE that does not make timely, sufficient estimated payments may be subject to the 2210 interest penalty. A PTE filing the IT 4708 should use pages 1 and 2 of the Ohio IT/SD 2210 to determine if an interest penalty is due, and if so the interest penalty amount. This form is available in the [Tax Forms](#) section of tax.ohio.gov.

Note: A PTE may be subject to the interest penalty even if it is due a refund when filing its return.

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

Line 14 - Ohio IT 4708 UPC Payments

Enter estimated payments made with an IT 4708 UPC or EFT payments made through the Ohio Treasurer of State for this tax year applied to this return.

Line 15 - Ohio IT 1140 Estimated (UPC/electronic) Payments, IT 4738 Estimated (UPC/electronic) Payments and Prior Year IT 1140 or IT 4738 Overpayments Claimed on This Return

Enter the portion of estimated payments made with an IT 1140 and/or an IT 4738 UPC for this tax year to apply to this IT 4708 and prior year IT 1140 or IT 4738 overpayments claimed on this IT 4708. This will result in a delay in processing the return. These amounts cannot also be claimed on an IT 1140 and/or IT 4738.

Line 16 - Ohio IT 4708 Estimated (UPC) Payments Claimed on IT 1140

- Report the portion of any IT 4708 estimated payments made for the tax year on a IT 4708 UPC (reported on line 14) that the taxpayer wants the Department to apply to an IT 1140 being filed for the same tax year; OR
- If an amended IT 4708 is being filed and the original 4708 reported an overpayment, enter the portion of the 4708 estimated payments transferred to the 1140 as originally reported on line 16 of the return PLUS any refund received on the originally filed return.

Line 19 – Total Refundable Business Credits

This line must equal line 52 from Schedule V; a difference will delay processing of the return and may result in a billing or reduced refund.

NOTE: The PTE can only claim the distributive share of direct and indirect refundable business credits attributable to those investors whose income is included on this return. Provide IT K-1s or applicable certificates to verify credits claimed.

Line 22 – Amount of Line 21 to be Credited Toward Next Year’s Tax Liability

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

Line 23 – Amount of Line 21 to be Refunded

Enter the amount of Line 21 (overpayment amount) on either Line 22 as a credit to the next tax period or on Line 23 as the amount to be refunded to you, or any combination of the two lines.

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

During calendar year 2025, interest accrues on overpayments at an annual rate of 8%.

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

Line 25 – 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 2025 is 8%.

See R.C. 5747.08(G).

Line 26 – Total Amount Due

Make payments by:

- Electronic check through an approved software program when filing electronically;
- Electronic funds transfer (EFT) as ACH credit (initiated by bank) via the Ohio Treasurer of State; OR
- Sending a personal check / money order with the Ohio UPC.

For questions regarding the EFT payment program, see the Electronic Funds Transfer Via Ohio Treasurer of State (TOS) at [Business Tax - Pay Online](https://tax.ohio.gov/BusinessTax-PayOnline) at tax.ohio.gov.

Schedule II – Income and Adjustments

Note: Amounts reflected on Schedule II are the combined amounts of income and adjustments **ONLY** for those investors who are participating in the filing of this return. 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 a PTE is presumed to be business income. See R.C. 5747.01(B).

Line 28 – Related Member Adjustments

All 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 PTE;
- Any individual investor, or the investor’s spouse, child, grandchild, or parent if combined they own at least 50% of the PTE;
- An investor that is a partnership, estate, trust, or corporation, or the investor’s partnership, estate, trust, or corporation if combined they own at least 50% of the PTE; 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 PTE owns at least 50% of the corporation.

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

- **Direct** – Investor owns a PTE with no other owners in between.
- **Indirect** – Investor owns a PTE that owns another PTE.
- **Constructive** – Person is not an investor but is deemed to own the PTE through attribution because of their relationship to one of the PTE’s investors.
- **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. See the PTE FAQs at tax.ohio.gov for additional examples.

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 investor’s family members or other entities;
- Expense sharing, or “common paymaster” arrangements.

For more information, see [FAQs](https://tax.ohio.gov/FAQs) at tax.ohio.gov and the Information Release [Meaning of “Indirect” Ownership](https://tax.ohio.gov/InformationRelease/MeaningofIndirectOwnership).

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

Line 29 and 30 – Guaranteed Payments and Compensation

Enter compensation or guaranteed payments the PTE paid, or a professional employer organization (PEO) paid on behalf of the PTE, to an investor who directly or indirectly owns at least 20% of the profits or capital of the PTE 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 investor **must** be included on this line.

Example 1: Jim is a Kentucky resident who owns 30% of PTE A. He provides services for PTE A in Kentucky and is paid a wage for his services. Since Jim owns at least 20% of PTE A, his wages are reclassified as a distributive share of income. Thus, the wages

are required to be included on PTE 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 PTE A. Karen receives wages from PTE A. However, since Karen does not own at least 20% of PTE 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).

Line 32 - Portfolio Income(loss) a. - f.

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

Note: If the sum of lines 32d and 32e (capital gains/losses) is an overall loss, the amount on line 32e is limited to \$3,000 per participating investor.

Line 34/Line 53 (Schedule VI): IRC §168K Bonus Depreciation and §179 Expense Add-back

Check the box for the appropriate add-back ratio.

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. If the amount of qualifying §179 depreciation expense is greater than \$200,000, the \$25,000 deduction is reduced dollar for dollar by any amount over \$200,000, per the IRC as it existed as of December 31, 2002.

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

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

Example 2: PTE A owns 100% of PTE B. PTE A has \$180,000 subject to add-back for the current tax year including \$100,000 of §179 depreciation from PTE A's business operations and \$80,000 of §168(k) depreciation from its distributive share of bonus expense from PTE B. PTE B increased its Ohio employer withholding for its employees by at least 10% over the previous tax year. PTE 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
PTE A - operations	\$75,000	\$0	5/6	\$62,500
PTE B - distributive share/ bonus expense	\$0	\$80,000	2/3	\$53,333
Total add-back for tax year:				\$115,833

Example 3: PTE A still has \$180,000 subject to add-back for the current tax year, but its federal taxable income is (\$100,000) (i.e. PTE A has a federal NOL). PTE 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
PTE A - operations	\$75,000	\$0	6/6	\$75,000
PTE B - distributive share/ bonus expense	\$0	\$80,000	6/6	\$80,000
Total add-back for tax year:				\$155,000

Put the total year add-back amount on line 53 of Schedule VI.

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

Line 35 – Other Income or Deduction and Federal Conformity Additions

Enter income or deductions not otherwise reported on Schedule II that are part of an investor's distributive share from the PTE. 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 – 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.

Federal Conformity

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

For more information, see [FAQs](#) at tax.ohio.gov.

Line 36 – Total Income(loss)

This line **must** equal the sum of line 27 through line 35. A difference will delay processing of the return and may result in a billing or reduced refund.

Schedule III – Deductions

Lines 37-40 are allowable deductions for those investors that participate in the filing of the IT 4708. 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 – Ohio Depreciation Deduction

Ohio Depreciation Deductions

Use the table on line 54 to calculate the current deductions from the prior year add-back amounts. 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 IRC §168(k) bonus depreciation and §179 expense add-backs on a prior year filed IT 4708, IT 1140 or IT 4738.

Note: Deduct only amounts that were added by the PTE under this FEIN on a prior year's IT 1140, IT 4708 or IT 4738. This deduction is available even if the asset is no longer owned by the PTE.

The deduction must be taken in equal increments in consecutive tax years. If the deduction is missed in a taxable year, any unused portion from any given tax year is not eligible to be carried forward. Instead, the PTE would have to amend the prior 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.

For additional information, see the PTE FAQs in the Bonus Depreciation category at tax.ohio.gov.

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

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

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)(3).

Federal Conformity Deductions

This line is also 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 41 – Total Deductions

This line **must** equal the sum of line 37 through line 40. A difference will delay processing of the return and may result in a billing or reduced refund.

Schedule IV – Apportionment Formula

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%.

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 a PTE owns an interest in other PTEs, when calculating its apportionment ratio, the PTE **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 PTE-owner.

Note: A PTE may request, in writing with a timely filed original return or amended return, an alternative form of apportionment instead of the method listed

above. Such request is only valid if approved by the Department.

See R.C. 5747.231, 5747.21 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 PTE or other PTEs owned by the PTE. 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 tax year for qualified research.

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

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

See R.C. 5747.21(B), 5733.05(B)(2) and 5709.65.

Line 42a - Property Owned

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

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

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

Line 42b - Property Rented

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

Total Everywhere: Enter the average value of all property rented by the business 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).

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 PTE, or other PTEs owned by the PTE, 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. 5747.21(B), 5733.05(B)(2)(b) and 5709.65.

Line 43 - Payroll

Within Ohio: Enter the total compensation paid in Ohio during the tax 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 tax 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 PTE or other PTEs owned by the PTE, 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).

Line 44 - Sales

Within Ohio: Enter gross receipts from sales within Ohio during the tax 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 tax year.

Schedule V – Refundable Business Credits

Certificates from the Ohio Department of Development (ODOD) and/or IT K-1(s) must be included to verify each refundable credit claimed.

The PTE can only claim the distributive share of direct and indirect refundable business credits attributable to those investors whose income is included on this return.

Line 46 – Historic Preservation Credit

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

Additionally, if this credit is based on the PTE’s ownership of another PTE that holds the certificate, the PTE must also include, when filing its return, documentation of the portion of the credit to which the PTE is entitled. If your certificate was issued prior to September 13, 2022 or after July 1, 2024, and exceeds \$3,000,000, your credit must be taken as a nonrefundable credit. For more information, please see the instruction for line 16 of Schedule E.

For additional information about the requirements for this credit or the new enhanced credit visit development.ohio.gov, or call 1-800-848-1300.

See R.C. 5747.76 and 149.311(I).

Line 47 – Jobs Creation Credit and Job Retention Credit

These credits are granted by the Ohio Department of Development, (ODOD). To claim the credit, the PTE must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on the PTE’s ownership of another PTE that holds the certificate, the PTE must also include, when filing its return, documentation of the portion of the credit to which the PTE is entitled. This amount can

be refunded, in whole or in part, to the extent that it exceeds the PTE’s total Ohio tax liability.

For additional information about the requirements for this credit, visit development.ohio.gov, or call 1-800-848-1300.

See R.C. 5747.058(A), 122.171, and former R.C 122.171(B).

Line 48 – Pass-Through Entity Credit

This credit is for taxes paid on the PTE’s behalf by another PTE on its form IT 4708, IT 4738, or IT 1140. To claim this credit, attach a copy of the IT K-1 issued to this 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 the PTE indirectly owns.

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

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

Line 49 – Venture Capital Credit

This credit is granted by the Ohio Department of Development, (ODOD). To claim the credit, the PTE must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on the PTE’s ownership of a PTE that holds the certificate, the PTE must also include, when filing its return, documentation of the portion of the credit to which the PTE is entitled. This amount can be refunded, in whole or in part, to the extent that it exceeds the PTE’s total Ohio tax liability.

For additional information about the requirements for this credit, visit development.ohio.gov or call 1-800-848-1300. See R.C. 5747.80.

Line 50 – Motion Picture & Broadway Theatrical Production Credit

This credit is granted by the Ohio Department of Development, (ODOD). To claim the credit, the PTE must attach a copy of the certificate from ODOD that indicates the amount of the credit and the tax year for which the credit is awarded. Additionally, if this credit is based on the PTE’s ownership of a PTE that holds the certificate, the PTE must also include, when filing its return, documentation of the portion of the credit to which the PTE is entitled. This amount can

be refunded, in whole or in part, to the extent that it exceeds the PTE’s total Ohio tax liability.

For additional information about the requirements for this credit, visit development.ohio.gov, or call 1-800-848-1300.

See R.C. 5747.66.

Line 51 - Film and Theater Capital Improvements Credit

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

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

See R.C. 5747.67.

Schedule VI - 168K Bonus Depreciation and 179 Expense Add-back Schedule

Prior tax year add-back amount and add-back ratio.

Line 53 - Total Current Year \$168K Bonus Depreciation and \$179 Expense Add-Back

Total current year add-back from line 34.

Add-Back Calculation Table				
Source of Depreciation	\$179 Add-back Amount	\$168(k) Amount	Add-back Ratio (2/3, 5/6, 6/6)	Add-back Amount
Total add-back for tax year:				

Line 54 - Prior Years Add-Back Amount and Applicable Add- Back Ratio

Use this table to calculate the current deductions from prior year add-back amounts and applicable ratios and report on line 38.

Line 54: Deduction Worksheet					
Tax Year	A Source of Depreciation	B Depreciation Add-back Amount	C Add-back Ratio (2/3, 5/6, 6/6)	D Deduction Period	E Annual Depreciation Deduction Amount
2023					
2022					
2021					
2020					
2019					

Column B: Enter the depreciation expense add-back.
Column C: Enter the ratio used (5/6, 2/3, or 6/6) to calculate the depreciation expense add-back.

Column D: Enter the deduction period based on the following chart:

Add-back Ratio	Deduction Period
5/6	5 Years
2/3	2 Years
6/6	6 Years

Column E: Divide the amount in Column B by Column D. This is the “annual depreciation deduction amount” for the deduction period. Report the amount on line 38.

Note: In a given tax year, the PTE may need to report a mixture of add-back ratios on Schedule VI, due to investment in multiple PTEs. In this scenario, check the 5/6 box and provide an explanation of the ratio. The PTE may wish to attach this explanation to future years’ returns.

Follow the same procedure for the investors of the PTE on the IT K-1 under Depreciation Information and fill out the Supplemental Information portion.

Schedule VII – Investor Information

Provide information for all investors in the PTE. First list investors whose income is included on the return, in order from highest to lowest ownership percentage. Then list the remaining investors from highest to lowest ownership percentage. Indicate investors included on the return by checking the appropriate box.

Complete investor information must be on both of the following:

- Schedule VII and additional sheet(s), if necessary; AND
- A copy of IT K-1s, which the PTE will issue to each investor.

Apportionment Formula for Financial Institution Pass-Through Entities

For a pass-through entity that is a financial institution, the apportionment formula should be calculated in accordance with Ohio Revised Code (R.C.) 5733.056. Use this worksheet to calculate the apportionment formula for a pass-through entity that is a financial institution. **Note:** All ratios are to be carried to six decimal places.

Apportionment Ratio	(1) Ohio	(2) Everywhere	(3) Ratio
Sales Factor – R.C. 5733.056(F)			
1. Receipts from the lease, sublease or rental of real property.....	_____	_____	
2. Receipts from the lease or rental of tangible personal property.....	_____	_____	
3. Interest from loans secured by real property.....	_____	_____	
4. Interest from loans not secured by real property.....	_____	_____	
5. Net gains from the sale of loans secured by real property.....	_____	_____	
6. Net gains from the sale of loans not secured by real property.....	_____	_____	
7. Interest and fees charged to credit card holders.....	_____	_____	
8. Net gains from the sale of credit card receivables.....	_____	_____	
9. Credit card issuer's reimbursement fees.....	_____	_____	
10. Receipts from merchant discount.....	_____	_____	
11. Loan-servicing fees from loans secured by real property.....	_____	_____	
12. Loan-servicing fees from loans not secured by real property.....	_____	_____	
13. Loan-servicing fees for servicing the loans of others.....	_____	_____	
14. Receipts from services not otherwise apportioned.....	_____	_____	
15. Interest, dividends, net gains and other income from both investment assets and activities and trading assets and activities.....	_____	_____	
Check method: <input type="checkbox"/> Avg. value method <input type="checkbox"/> Gross income method			
16. Certain other receipts.....	_____	_____	
17. Total. Enter ratio here and on Summary, line 1, below.....	_____	÷	=

Property Factor – R.C. 5733.056(D)	Ohio	Everywhere	
18. Average cost of real property and tangible personal property owned	_____	_____	
19. Gross rents payable on real and tangible personal property x 8	_____	_____	
20. Loans and credit card receivables	_____	_____	
21. Total. Enter ratio here and on Summary, line 2, below	_____	÷	=

Payroll Factor – R.C. 5733.056(E)	Ohio	Everywhere	
22. Compensation paid to employees. Enter ratio here and on Summary, line 3, below	_____	_____	=

Apportionment Ratio Summary	(1) Factor	÷	(2) Weight	=	(3) Weighted Factor
1. Sales (line 17)	_____	x	.70	=	_____
2. Property (line 21).....	_____	x	.15	=	_____
3. Payroll (line 22)	_____	x	.15	=	_____
4. Total weighted apportionment ratio					_____

If the denominator of any factor is zero, the weight given to the other factors must be proportionately increased so that the total weight given to the combined factors used is 100%.

Appendix A

Investment Pass-Through Entities (IPTE)

What is an IPTE?

An IPTE is a PTE that meets both of the following:

- 90% of its gross income from intangible sources, which may include the following: loan and financing fees, dividend income, interest income, net capital gains from the sale or exchange of intangible property and distributive share of income from other PTEs (list is not all inclusive); AND
- 90% of its net book value classified as intangible assets.

The percentages are based upon quarterly averages calculated during the PTE's tax year.

For additional types of intangible income and more information, see R.C. 5733.401.

What are the Benefits of Being an IPTE?

An IPTE can exclude from its adjusted qualifying amount certain investment income and income it receives from other PTEs, such as all types and classifications of income from an investment pass-through entity (IPTE) attributable to the distributive shares of income from other PTEs and certain other net income items.

See R.C. 5733.401

How Should an IPTE File the IT 4708?

To receive a refund of refundable business credits including payments made by another PTE (refundable PTE credit), the PTE should file the IT 4708. The return should include only the income and credits in proportion to those investors included on the return.

To verify the income and credits of the investor(s) an IPTE should complete the return as follows:

- Report income received by the IPTE on line 1 and the deductions on line 2 (complete Schedules II and III to populate lines 1 and 2);
- Deduct certain investment income, described in R.C. 5733.401(C), not subject to tax because the PTE is an IPTE on line 4;
- Use line 8 to proportionately allocate the income to Ohio;
- Any income and credits will be distributed proportionately to the qualifying investors directly on line 3 of the IT K-1; any overpayment is refunded to the entity.

Please attach the following:

- A copy of the federal return;
- An IT K-1 for each investor that shows the proportionate share of the income and credits being passed to the IPTE's investors from another PTE. Direct credits should be listed on line 3 of the IT K-1;
- The IT K-1(s), federal K-1(s) and/or other supporting documentation and statements showing the source of income and credits from each PTE included on the IPTE's return.

See R.C. 5747.221.

CORE VALUES

- Collaborate and Innovate
- Listen Before Talking
- Say Yes Before No
- Do the Right Thing the Right Way
- Bring a Solution
- Embrace Diversity and Inclusion
- If it's Worth Doing, It's Worth Doing NOW

VISION

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

MISSION

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



Department of
Taxation
tax.ohio.gov

Go Paperless and File Electronically!

The IT 4708 can be filed electronically through the federal efile 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.

Pay Electronically

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 Funds Transfer (EFT), or 2. check or money order. See additional information on pages 5 - 6 above.