

**For Taxable Years
Beginning in 2025**



**Department of
Taxation**

Tax.Ohio.gov

**Instructions for Filing:
IT 1140 Pass-Through Entity and
Trust Withholding Tax Return**

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Federal Privacy Act Notice

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

Taxpayer Assistance

Contact Us

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



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



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

4485 Northland Ridge Blvd
Columbus OH 43229-6596

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



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



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

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



Mail – Write to the Department at:

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

Online Resources

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

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

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

Information Releases – Visit tax.ohio.gov/info to find detailed analyses of certain tax topics such as residency and taxation of military servicemembers.

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

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

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

Highlights for 2025

2025 Tax Rate

For reporting periods beginning on or after 1/1/2023, the tax rate is 3%.

When is the IT 1140 Return Due?

A pass-through entity (PTE) with a taxable year beginning during calendar year 2025 must file the 2025 IT 1140, including supporting documentation (e.g., copies of the IT K-1s, federal return and any other supporting documents) by the 15th day of the fourth month following the close of the entity's tax year.

IT K-1

Each entity with Ohio income should prepare a separate IT K-1 for each investor or qualifying beneficiary to enclose with the investor's or beneficiary's return. The IT K-1 form includes lines for reporting required direct and indirect add-backs for electing pass-through entity tax paid.

For more information, see the IT K-1 form and instructions at tax.ohio.gov/forms.

Electronic Filing

Starting November 12, 2025, pass-through entity tax filers can file IT 1140 returns and make and schedule payments using the using the OH|TAX eServices portal. No fees exist for these filing and payment options; however, an account is required for filing and account access.

The IT 1140 can also be filed electronically through the federal e-file program overseen by the IRS (irs.gov/filing), or through a participating third-party tax preparation product. For a current list of approved software programs, please see the [Software Developers](#) page on the Ohio Department of Taxation website, and search for the most recent MeF Approval Status link.

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

See R.C. 5747.082.

Should the PTE File the IT 1140?

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

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

NEW Federal Partnership Adjustments Return (FPAR) Reporting Process

The Ohio Department of Taxation has updated state tax reporting procedures for partnerships subject to a final federal tax adjustment, conforming to the federal Bipartisan Budget Act of 2015 with House Bill 166.

The 2025 IT 1140 and IT 4708 returns feature a new checkbox at top of page 1 indicating the entity is filing as a result of a federal partnership adjustment. The Sign Here section includes a new section identifying the State Partnership Representative, as required.

For additional details, see the Ohio Federal Partnership Adjustments Return (FPAR) and instructions available at tax.ohio.gov/forms.

See R.C. 5747.10.

2025 Ohio PTE Returns Comparison Chart

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

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

Important Filing Reminders

Use Current Address

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

Verify the IT 1140 and OUPCs are for the Correct Tax Year

Do not cross out the year at the top of the IT 1140 or OUPC and write in a different reporting period as the system will read the originally saved period printed on the IT 1140 and on the OUPC, which directs the payment accordingly. Writing in a different period will delay the processing of the IT 1140 or OUPC. IT 1140 filers should file the return and complete the OUPC’s tax year field with the year (YYYY) that coincides with the **start** of the tax year. For example, if the PTE or trust has a tax year starting November 1, 2024 and ending October 31, 2025, the entity should complete the tax year field with 2024.

Maintain a Bank Account

The PTE or trust must maintain its bank account to ensure it can receive refunds after its closing date. The Department **cannot** change the name on a refund check, or issue the check directly to an investor, due to the closing or termination of a business or trust.

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 software to make the necessary changes, save, and reprint the return. The Department’s system will not pick up handwritten changes on returns generated by tax preparation software.

Complete Tax Return Schedules

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

Report Apportionment Ratio and Ownership Percentage

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

Report Payments on Correct Lines

Incorrect reporting of the payments may result in a denied/reduced refund or bill. If the entity receives an IT K-1 reporting a PTE tax payment or credit from another entity on its behalf, the credit is not permitted on the IT 1140 and should not be placed on a payment line. See Investor Information below for details on passing credits proportionately to investors.

Claim payments as follows:

- Line 4: Enter Ohio IT 1140, IT 4708, and/or IT 4738 estimated (OUPC/electronic) payments, prior year overpayments claimed on this return, and amounts previously paid with an original and/or amended 2025 return
- Line 5: [**Amended Return ONLY**] report overpayment previously requested on original and/or amended return

Provide Supporting Documentation

Attach the appropriate documentation specified on the IT 1140 to validate the amounts reported, such as IT K-1s to verify income/withholding credits flowing from another PTE indirectly to the filer, and from the filer to an investor, and any other documents providing clarification. For faster processing, include a copy of the federal Form 1120-S U.S. Income Tax Return for an S Corporation or federal Form 1065 U.S. Return of Partnership Income.

Payment Options

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

If the PTE or trust is a first-time filer, submit the Pass-Through Entity and Fiduciary Income Tax Registration form before submitting the first estimated payment. The form can be found at tax.ohio.gov/forms. **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 or transfer payments from one FEIN to another. 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 1140)
- **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. OH|TAX eServices: Pass-through entity and fiduciary income tax filers can make and schedule payments in the OH|TAX eServices system as both a logged-in user and as a guest user. At this time, PTE and fiduciary filers do not have the option to make an online credit card payment. Taxpayers can use an electronic check (ACH debit) to make the following payments online:
 - Bill & Assessment Payment – Select to pay a specific bill
 - Estimated, Extension, or Return Payment – Select to make a payment for a specific tax year
 - Note: Taxpayers making payments for their current year tax balance due should use the “Return Payment” option
 - Audit Payment – Select to pay towards an audit
 - Account Payment – Select to pay multiple outstanding balances at once

Please allow 2-3 business days for recent payment activity to be applied to your account. For specific instructions for making an electronic payment in OH|TAX eServices, see the Make and Schedule Payments job aid at tax.ohio.gov.

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

This is an ACH credit option; the entity initiates the payment through its own bank. No online credit card payment or ACH debit option exists at this time either through the Ohio Treasurer of State (TOS) or the Ohio Department of Taxation.

Visit the Ohio Treasurer of State website at tos.ohio.gov to access the applicable IT 1140 form-specific information page with TOS routing/account numbers and codes/format the financial institution must use to issue the ACH credit.

- 3. Check or Money Order:** Make check or money order payable to “Ohio Treasurer of State.” A payment made by a check or money order must be submitted with the appropriate Ohio Universal Payment Coupon (OUPC) based on the form filed. All OUPCs can be found at tax.ohio.gov/forms by entering “OUPC” in the Form Title or Number field. Please mail the payment and OUPC to the address on the OUPC or hand deliver to our self-service walk-in center.
- 4. Electronic Check:** When filing electronically through an approved software program, the PTE or fiduciary has the option to make a payment by electronic check in the form of an Electronic Funds Withdrawal, or direct debit. The direct debit option is only available for e-filed returns. For mailed returns created from an approved software program, the options for payment are 1) make and schedule payments in the OH|TAX eServices system as both a logged-in user and as a guest user, 2) Electronic Funds Transfer (EFT) via the Ohio Treasurer of State (TOS), or 3) check or money order, as listed above.

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

Completing the Ohio Universal Payment Coupon (OUPC)

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

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

The **IT 1140 OUPC** is used by PTEs and trusts to make either an estimated payment or a payment submitted with the return. When completing either the PTE/FID Tax IT 1140 Estimated Payment or PTE/FID Tax IT 1140 Return Payment OUPC:

- Enter the tax year that coincides with the year **start** date in the format yyyy.
- Enter the FEIN in the box above the payment amount.
- Enter the amount of payment as a whole number without a decimal, as the OUPC features a preprinted “.00”.

Sample IT 1140 OUPC: This form must be included with each check or money order.

The image shows a sample of an Ohio Universal Payment Coupon (OUPC) form. The form is titled "Ohio Universal Payment Coupon (OUPC) Return Payment PTE/FID Tax IT 1140" with a form number "463". It includes fields for "ID Type" (08) and "Coupon Type" (54). There are sections for "First name", "M.I.", "Last name", "Address", and "City, State, ZIP code". A note states: "Note: Pay online at tax.ohio.gov/pay. Make payment payable to: Ohio Treasurer of State. Mail to: Ohio Department of Taxation, P.O. Box 181140, Columbus, OH 43218-1140". The form also features a QR code, a "Tax Year" field, a "Taxpayer's FEIN" field, and an "Amount of Payment" field with a pre-printed ".00".

Include a Check or Money Order with each IT 1140 OUPC

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

- Federal Employer Identification Number (**FEIN**)
- **Tax form** using the payment (IT 1140)
- **Tax year** end for the payment (mm-dd-yy)

2025 Ohio IT 1140 General Instructions

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

What is a Pass-Through Entity (PTE)?

A “pass-through entity” is an S corporation, partnership, or limited liability company (LLC). A PTE is also any other person, except an individual, trust, or estate, that is not classified as a C corporation for federal tax purposes.

See R.C. 5747.01(K) and 5733.04(O).

What Is a Qualifying Pass-Through Entity?

A qualifying PTE is **any PTE** except:

- Entities described in IRC 501(c) such as pension plans and charities
- Publicly traded partnerships, AND
- A REIT, RIC, or REMIC

What is a Qualifying Trust?

A qualifying trust is any trust that meets the following three requirements during the trust’s taxable year:

- The trust is subject to filing the federal 1041 or the federal 1040NR (foreign trusts).
- The trust has at least one beneficiary who is a nonresident during any part of the taxable year, AND
- The trust makes a distribution of income to a nonresident beneficiary directly or indirectly from either real estate located in Ohio or to tangible personal property located in Ohio.

What is a Qualifying Investor?

A qualifying investor is a nonresident individual, an S Corporation, partnership, trust, estate or LLC treated as a partnership or S Corporation for federal income tax purposes.

A Qualifying Investor Is NOT:

- Full-year Ohio resident individuals, estates and trusts;
- Nonresident individuals and estates included on the IT 4708 for the taxable year
- C corporations
- A PTE whose only investors are C corporations and full-year Ohio resident individuals, estates, trusts
- A PTE that is a disregarded entity or qualifying subchapter S subsidiary and the PTE owner (parent) is excluded or exempt from filing with the Department

- Dealers in intangibles as defined in R.C. 5725.01(B)
- REITS, RICs and REMICs
- Publicly traded partnerships
- Pension plans or charities
- Ohio public utilities who pay Ohio gross receipts excise tax
- Colleges or universities
- Insurance companies who file with the Ohio superintendent of insurance
- Fraternal organizations
- Beneficiaries of a pension plan trust, profit-sharing trust; a stock bonus plan trust or similar retirement trust
- Beneficiaries or new recipients of payments from a trust/fund that is a nuclear decommissioning reserve fund, a designated settlement fund or any other similar trust/fund established to resolve similar injury claims
- Beneficiaries of a complex trust, but only if the trust irrevocably agrees in writing that:
 - For the taxable year during or for which the trust distributes any of its income to any of its beneficiaries who are individuals residing outside of Ohio, the trust will be withholding tax as required under R.C. 5747.41 through 5747.453.

For a complete list of nonqualifying investors, see R.C. 5733.40(I).

Who Should File the IT 1140?

A qualifying PTE is required to file an IT 1140 when it is subject to withholding or entity tax on distributive shares of income issued to qualifying investors. A qualifying entity is subject to withholding or entity tax when:

- The entity is doing business in Ohio or otherwise has nexus with Ohio, AND
- The adjusted qualifying amount exceeds \$1,000.

A qualifying trust is required to file an IT 1140 when it is subject to a withholding tax on distributions of certain types of income made to qualifying beneficiaries. A qualifying trust is subject to withholding tax when:

- The income distributed is gains or net income attributable to real and/or tangible personal property located in Ohio.
- The income is distributed to the trust’s beneficiaries who are nonresidents for any portion of the taxable year, AND
- The adjusted amount of the income distributed exceeds \$1,000.

Who is Not Required to File an Ohio IT 1140?

There is no requirement for a PTE to file the IT 1140 if any of the following is applicable for the entire taxable year:

- The PTE's equity investors are limited to full-year Ohio resident individuals, estates, trusts, C corporations and other non-qualifying investors (see page 7 "A qualifying investor is NOT:" section).
- The PTE is filing the Ohio IT 4708 composite return on behalf of all its nonresident equity investors who are not full-year Ohio resident taxpayers.
- The PTE is filing the Ohio IT 4738 Electing Pass-Through Entity Income Tax Return, which includes all of its owners, OR
- The PTE is either a disregarded entity or a qualifying Subchapter S subsidiary, and the PTE's owner is excluded or is exempt from filing with the Department.

There is no requirement for a trust to file the IT 1140 if any of the following is applicable for the entire taxable year:

- The entity is a trust whose beneficiaries are limited to full-year Ohio resident taxpayers.
- The entity is a trust that does not directly or indirectly own real estate or tangible personal property located in Ohio and owns NO direct or indirect equity investments in a PTE that has nexus with Ohio.

Note: Trusts may also be required to file the IT 1041 Fiduciary Income Tax return. See the IT 1140 Pass-Through Entity & Trust Withholding Tax Return Instructions available at tax.ohio.gov/forms.

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. 1.469-5T, in the activities of the business during the taxable year in which the sale occurs or during any of the five preceding taxable years

- Compensation and guaranteed payments paid by a pass-through entity, or a professional employer organization on its behalf, to an investor who directly or indirectly owns 20% or more of the entity
- Nonbusiness income is any income other than business income.

See R.C. 5747.01(B), 5747.01(C), and 5733.40(A)(7).

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 if 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).

Are Any Tax Credits Available on the IT 1140 Return?

No. A PTE or trust is **not** entitled to claim any credits, including PTE credits, on the IT 1140.

A PTE or trust cannot claim a credit as an estimated payment for its taxable year. An IT 1140 filer must pass all credits equal to the investor/beneficiary's proportionate share of the lesser of either the tax due or the tax paid. The IT 1140 filer should provide an Ohio IT K-1 to each of its investors/beneficiaries documenting the credits.

See R.C. 5747.98 and 5747.059.

Can Tax Credits Withheld on the IT 1140 Be Used on an Ohio Income Tax Return?

The IT 1041, IT 4708, IT 4738, and IT 1040 are all Ohio income tax returns. Qualifying investors, including PTEs and trusts, can claim an income tax credit based on their proportionate share of the IT 1140 withholding or entity tax that was paid on an IT 1140 when filing their own IT 1041, IT 4708, IT 4738, or IT 1040.

See R.C. 5747.059.

Filing Extensions

A PTE or trust with a calendar year end of 12/31/25 can extend the due date for filing the IT 1140 to September 15, 2026, provided it qualifies for an IRS extension of time to file. Ohio does not have an extension request form but honors the IRS extension. Include a copy of the IRS extension or IRS acknowledgement, and/or the extension confirmation number if electronically filed.

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

Estimated Tax Payments

The PTE or trust must make estimated tax payments with the IT 1140 estimated payment Ohio Universal Payment Coupon (OUPC) for the entity’s taxable year if the PTE or trust’s estimated sum of the adjusted qualifying amounts exceeds \$10,000. The interest penalty applies to estimated payments not timely made. For more information, see page 10.

Due Dates for Estimated Tax Payments

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

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

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

See R.C. 5703.262(B) and 5747.08(F).

Can Investors and Beneficiaries Be Held Personally Liable for the Tax Liability of the PTE or Trust?

Certain beneficiaries, investors, employees, trustees, officers, members, or managers of the qualifying entity can be held personally liable for the entity’s failure to file the IT 1140 and pay the appropriate tax due.

See R.C. 5747.453.

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.

Can the PTE or Trust’s Tax Preparer Contact the Department About the IT 1140?

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

- Contact the Department about the status of the entity’s return, payments, or refund
- Provide the Department with information missing from the entity’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 or Trust Determine Its Ohio Method of Accounting?

A PTE’s or trust’s method of accounting on its Ohio IT 1140 return is the same method it used for federal income tax purposes.

See R.C. 5747.45(B).

When Should the PTE or Trust Complete the IT K-1?

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

The entity must complete two copies of the IT K-1 for each investor or beneficiary whose income is included on the IT 1140. One copy of the IT K-1 must be included when filing the IT 1140. The other copy should be provided to the investor or beneficiary.

The IT K-1 is available at tax.ohio.gov/forms. For additional information, please see the IT K-1 information in the PTE & Fiduciary Income Tax section at tax.ohio.gov.

Investment Pass-Through Entities

Investment PTE Definition. An investment PTE is a PTE with at least 90% of its assets represented by intangible assets and at least 90% of its gross income from one or more of the following sources:

- Transaction fees earned in connection with the acquisition, ownership or disposition of intangible property
- Loan fees
- Financing fees
- Consent fees
- Waiver fees

- Application fees
- Net management fees (management fees received, reduced by management fees incurred or paid) as long as the net does not exceed 5% of the pass-through entity's profit
- Dividend income
- Interest income
- Net capital gains from the sale or exchange of intangible property
- Distributive shares of income and gain from other PTEs

The percentages are based upon quarterly averages calculated during the pass-through entity's taxable year. For purposes of determining if a PTE is an investment PTE, intangible assets include investments in other PTEs.

See R.C. 5733.401.

Investors in an investment PTE are "deemed investors" in any other PTE in which the investment PTE is a direct investor. The operating PTE may withhold on the deemed investors at the applicable tax rate 3% if a timely notice by the investment PTE is provided to the operating PTE and includes the name, address and SSN/FEIN for each deemed investor.

Using the Filing on Behalf of Deemed Investors.

There are different rules that apply to investment PTEs. For more information, please see Appendices A and B at the end of these instructions.

Amended Returns

When to Amend. The entity can file an amended IT 1140 to report changes to the originally filed return. An amended return can result in either a tax due or a refund based on the changes. Under certain circumstances, an amended return may be required. To amend the IT 1140, the entity 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 and a detailed statement that reflects the reason(s) for filing the amended return

Note: Amended return processing may take at least 180 days from the date of receipt.

When Not to Amend the Return

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

- Math errors
- Missing pages or schedules
- Demographic errors
- Missing any supporting documentation

In these situations, the department will either make the corrections to the return or contact the entity to request the needed documentation. **NOTE:** Amending an original return to zero to replace it with a different type of PTE return for the same period is disallowed.

Requesting a Refund

The entity may want to amend the return to request an additional deduction or payment. Such changes may result in a refund. The entity has four years from the date of the payment to request a refund. The entity 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
- IT K-1 (to verify a change in income)

Reporting Additional Tax Due

The entity should amend the return to report additional income or reduce a previously claimed deduction. Such changes may result in additional tax due. Payment, including any statutory interest due, should be included with the amended return using an IT 1140 OUPC payment coupon.

Changes to the Federal Return

If the IRS makes changes to the federal return, either based on an audit or an amended return, and those changes affect the Ohio return(s), the entity is required to file an amended IT 1140. Do not file the amended Ohio return(s) 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, 1120S OR 1041 AND
- IRS acceptance letter

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

The amended IT 1140 shall be filed not later than one year after the adjustment has been agreed to or finally determined for federal income tax purposes or any federal income tax deficiency or refund, or the abatement or credit resulting therefrom, has been assessed or paid, whichever occurs first.

See R.C. 5747.45.

Schedule I - Reconciliation Tax and Payments

Line 1 - Tax Liability for Each Column

The amounts on this line are from Schedule I, Line 27, Columns A and B for PTEs, or line 39 for Trusts. A difference will delay processing of the return and may result in a billing or a reduced refund.

Line 2 - Interest Penalty

A PTE or trust that does not make timely, sufficient estimated payments may be subject to the 2210 interest penalty. A PTE or trust filing the IT 1140 should use pages 1 and 3 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 at tax.ohio.gov/forms.

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

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

Line 4 - Estimated Payments, Prior Year Overpayment(s), Payments Made with Original/Amended Return for This Period

Enter any estimated payments, prior year overpayments claimed on this return, and any payments previously made with an original and/or amended return filed for this period. Enter 2024 overpayments credited to 2025. If both are made, combine the totals in column A. Do not include any IT K-1 credits paid by another PTE on this line.

Line 5 - Amended Return Only - Overpayment Previously Requested

Enter any overpayment(s) previously requested on an original and/or amended return filed for this period.

Line 9 - Amount of Line 8 to be Credited Toward Next Year's Liability

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

Line 10 - Amount of Line 8 to be Refunded

Interest on Overpayments. Once the return has been verified, if the refund exceeds one dollar it will be refunded. Refund interest is paid from the latest of the following dates until the date of the refund:

- Payment date
- 90th day after the due date of the return, OR
- 90th day after the return was filed

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

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

Line 12 - 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. Generally, the PTE or trust does not owe interest if it is due a refund. An extension of time to file does not extend the payment due date. The interest rate for calendar year 2026 is 7%.

See R.C. 5747.08(G).

Line 13 - Total Amount Due - Payment Options

Make payments by:

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

For questions regarding the EFT payment program, visit the Ohio Treasurer of State's website at tos.ohio.gov.

**Schedule I
Qualifying Pass-Through Entities - Tax Due**

Line 14 - Qualifying Investors' Distributive Shares of Income, Gain, Expense and Loss

Enter only qualifying investors' distributive share of all income, gain, expenses and losses.

The following generally can be included on this line:

- Section 59(e)(2) - depletion amortized on federal Schedule E; include federal form 4562;
- Deductions allocable to royalties appearing on federal Schedule E;

- §754 election – §754 election is made to adjust the basis of partnership when property is distributed or when a partnership interest is transferred;
- §743(b) – 743(b) provides in case of the sale or exchange of partnership interest in which §754 is in place, the basis of partnership property is adjusted.

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 such as:
 - Interest paid on loan proceeds to purchase investments
 - Any expense incurred to generate investment income
 - Research and experimental expenditures
 - Amounts paid for medical insurance and long term care

If the combined total of capital short-term and long-term gains/losses results in a net loss, only calculate \$3,000 per investor included on the return.

Line 15a-15c – IRC §168(k) Bonus Depreciation & §179 Expense

Add 5/6 of Internal Revenue Code (IRC) §168(k) bonus depreciation allowed under the IRC Code. 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
- 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 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 a total of \$180,000 subject to add-back for the current tax year; \$100,000 of qualifying §179 depreciation expense from PTE A’s business operations, and \$80,000 of §168(k) depreciation from its distributive share 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		5/6	\$62,500
PTE B - distributive share		\$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, as outlined in Example 1. 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		5/6	\$62,500
PTE B - distributive share		\$80,000	2/3	\$53,333
Total add-back for tax year:				\$115,833

Example 3: 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 A has federal taxable income of (\$100,000) (i.e., PTE A has a federal net operating loss). 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		6/6	\$75,000
PTE B - distributive share		\$80,000	6/6	\$80,000
Total add-back for tax year:				\$155,000

See R.C. 5733.40(A)(5) and 5747.01(A)(17).

Line 16 - Federal Conformity Additions

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

See R.C. 5701.11.

Line 17 - IRC §168(k) Bonus Depreciation & §179 Expense Deductions

Calculate the current deductions from 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 §168(k) and §179 depreciation expense add-backs on a prior year’s IT 1140, IT 4708 or IT 4738.

Note: Deduct only amounts that were added back by the PTE 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 years’ return to claim the deduction.

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

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

Line 18 - Federal Conformity Deductions

This line is for federal conformity adjustments.

See R.C 5701.11.

This line is also for amounts not subject to a tax on or measured by net income. Distributive shares of income from qualifying PTEs and distributions from qualifying trusts shall be reduced by any amount that is not subject to a tax on or measured by net income.

See R.C. 5733.40 (A)(2).

This income includes but is not limited to the following:

- Federal interest income that under federal law is exempt from state tax measured on or by net income
- All income that the qualifying PTE earns if the qualifying PTE claims an exemption under U.S. Public Law 86-272
- An IPTE’s items of income previously listed
- Interest income from Ohio public obligations and Ohio purchase obligations and gains from the sale or other disposition of Ohio public obligations

See R.C. 5733.401, 5709.76 and tax alert [IT 1992-01 – Exempt Federal Interest Income](#), at tax.ohio.gov.

Line 20 - Related Members Add-Back

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.

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 tax alert "Personal Income & Pass-Through Entity Tax: [Meaning of 'Indirect Ownership'](#)".

Line 21 and 22 – Guaranteed Payments and Compensation Add-Back

Compensation and guaranteed payments paid by a PTE, or by a PEO (professional employer organization) on the PTE's behalf, to any qualifying investor with at least 20% direct or indirect ownership is reclassified as business 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, even though Jim is a Kentucky resident.

Example 2: Karen is an Indiana 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 and are not added back on this return.

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

Line 27 – Tax Due

This line must be the product of line 25 (adjusted qualifying amount) times line 26 (tax rate). A difference will delay processing of the return and may result in a billing or reduced refund.

Schedule II – Qualifying Pass-Through Entities – Tax Apportionment Worksheet

Instructions and a worksheet for a financial institution pass-through entity are available at the end of this booklet.

The PTE must include in its apportionment ratio its proportionate share of each lower-tiered pass-through entity's property, payroll, and sales. See R.C. 5747.231.

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. In calculating its Ohio apportionment ratio, ABC LLC must weight its property factor at 25% and its sales factor at 75%.

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 only be included in Total Everywhere Property.

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) and 5709.65.

Line 28a - 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 28b - 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 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) and 5733.05(B) (2) (b) and 5709.65.

Line 29 - 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 such as:

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

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

- 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 and 5733.05.

Line 30 - 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 III – Trusts – Tax Due

A qualifying trust is required to file an IT 1140 to report and withhold tax on distributions of certain types of income to its qualifying beneficiaries. A qualifying trust is subject to Ohio’s withholding tax when:

- It distributes gains or net income attributable to real and/or tangible personal property located in Ohio.
- The income is distributed to the trust’s beneficiaries who are nonresidents of Ohio, AND
- The adjusted qualifying amount of the income distributed exceeds \$1,000.

Line 32 – Sum of All Distributions of Income or Gain Attributable to Tangible Personal Property Located in Ohio or Real Property Located in Ohio

Enter gains or net income attributable to real and/or tangible personal property located in Ohio if:

- The income is distributed to the trust’s qualifying beneficiaries. AND
- The trust’s total adjusted qualifying amount exceeds \$1,000.

The proportionate share of credits, received by the trust from an IT K-1 or 1099R on a distribution of income, must forward to the beneficiaries of the trust. Report distributed credits on the IT K-1, line 4, as indirect credits. Include on line 4 the FEIN of the source entity.

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

Enter the investor’s/beneficiary’s proportionate or distributive share of the current year IRC §168K bonus depreciation and §179 expense add-back. See Line 15a-15c line item details.

See R.C. 5733.40(A)(5) and 5747.01(A)(17).

Line 34. Federal Conformity Additions

This line is for federal conformity additions.

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

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

Line 35 – IRC §168(k) Bonus Depreciation and §179 Expense Deductions

Calculate the current year deduction from the prior year add-back amounts reported on an Ohio PTE return filed with the same FEIN. Deduct:

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

of applicable IRC § 168(k) bonus depreciation and §179 expense add-backs on a prior year’s IT 1140.

Note: Deduct only amounts that were added back by the trust on a prior year’s IT 1140. This deduction is available even if the asset is no longer owned by the trust.

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 trust would have to amend the prior returns to claim the deduction. If there is an NOL, the deduction cannot be claimed for that year and will be carried forward to the next year without an NOL.

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

Line 36 - Federal Conformity Deductions

This line is for federal conformity deductions.

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

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

See R.C 5701.11.

Investor or Beneficiary Information

Complete investor or beneficiary information should be reported as follows:

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

Ohio IT K-1

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

Preparers Completing the IT K-1

A PTE, EPTE, or fiduciary should issue the IT K-1 to each investor, owner, or beneficiary that receives income, adjustments, and/or credits. Use the IT K-1 to report the proportionate or distributive share of income, adjustments, and/or credits for any investor, owner, or beneficiary.

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

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

Part I – Investor / Owner / Beneficiary and Entity Information

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

Check the box to indicate which Ohio return the PTE, EPTE, or trust is filing. If the PTE, EPTE, or trust does not file the IT 1140, IT 4738, or IT 4708, check “Not included on entity return.” Additionally, check the box to indicate an amended IT K-1, if applicable.

Investor / Beneficiary Information

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

Ownership %

PTes/EPTEs: Enter the same investor/owner ownership information reported on the federal K-1 for the tax year.

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

Part II - Entity Information

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

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

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

Apportionment Ratio

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

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

If the PTE, EPTE, or fiduciary is not filing an Ohio return, see detailed instructions on calculating the Ohio apportionment ratio in the IT 1140, IT 4708, IT 4738 or IT 1041 instructions. Calculate Ohio property and payroll, each weighted at 20%, and Ohio sales, weighted at 60%, versus property, payroll and sales everywhere. If any factor’s “total everywhere” is zero, the weights of the remaining factors must be proportionately increased so that the total remains 100%. Report the apportionment ratio to six (6) decimal places.

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

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

Part III – Investor’s / Owner’s / Beneficiary’s Depreciation Adjustments

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

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

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

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

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

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

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

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

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

Schedule IV - Investor's/Owner's/Beneficiary's Share of Ohio Income**Line 2a - PTE / EPTE / Trust & Estate Income**

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

- IT 4708 – The income to be allocated or apportioned, excluding Internal Revenue Code 168(k) and 179 depreciation expense adjustments, and guaranteed payments and compensation reported on Schedule I
- IT 1140 (PTEs only) – The “sum of distributive shares” plus any “related member” adjustments from Schedule I
- IT 4738 – The income to be allocated or apportioned, excluding Internal Revenue Code 168(k) and 179 depreciation expense adjustments, and guaranteed payments and compensation reported on Schedule I
- IT 1140 (Trusts only) – The “sum of all distributions” from Schedule III

For the specific lines related to these amounts, see the IT 4708, IT 4738, or IT 1140 for the applicable tax year.

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

See R.C. 5733.40(A), 5747.08(D) and 5747.38.

Line 2b - Guaranteed Payments and/or Compensation (20% or Greater Investors Only)

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

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

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

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

Line 2c - Net Depreciation Adjustment

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

Line 2d – Total Taxable Income

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

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

The Ohio IT K-1 is issued by a PTE, EPTE, or fiduciary to its investors, owners, or beneficiaries (individuals, trusts, estates, PTEs, or EPTEs). It contains the investor's, owner's, or beneficiary's distributive share of income, adjustments, and/or credits.

The IT K-1 is commonly used by:

- Individuals filing an IT 1040 and claiming the nonresident credit (using form IT NRC), or refundable / nonrefundable business credits (including the pass-through entity credit) on the Ohio Schedule of Credits
- PTEs and fiduciaries claiming refundable / nonrefundable business credits on the IT 4708 and/or IT 1041
- Electing PTEs claiming a refundable PTE credit on line 14 of the IT 4738 (taxable years starting on or after 1/1/25)

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

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

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

- IT 4708 - “Tax liability after nonrefundable business credits,” line 12
- IT 4738 - “Tax liability,” line 9
- IT 1140 - “Tax due” from Schedule I, line 27, columns A and B or line 39 from Schedule III

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

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

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

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

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

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

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

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

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

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

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

Lines 5 – Refundable Business Credits

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

Lines 5a, 5b and 5c

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

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

Line 6 – Nonrefundable Business Credits

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

Investors Receiving an IT K-1

Part I – Investor / Owner / Beneficiary and Entity Information

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

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

- Form IT NRC, Section II, AND/OR
- Ohio Schedule of Business Income, part 4

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

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

- Form IT NRC, Section III, Part A
- Form IT NRCE Section III, Part A
- IT 4738, Schedule III
- IT 4708, Schedule III
- IT 1140, Schedule II, OR
- IT 1041 Schedule V

Note: If the PTE, EPTE, or fiduciary has received multiple IT K-1s, it must aggregate the apportionment information from each IT K-1 when completing the IT 4738, IT 4708, IT 1140, and/or IT 1041.

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

Part II - Investor’s / Owner’s / Beneficiary’s Ohio Depreciation Adjustments

Line 1a – Current Year Depreciation Add-Back

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

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

PTEs, EPTEs, and fiduciaries: PTEs and fiduciaries should add the total amount to Schedule I of the IT 4738, IT 4708, IT 1140, and/or IT 1041. For taxable

years ending on or after October 3, 2023 through taxable years ending on or before December 31, 2024, the depreciation add-back was not required on the IT 1041.

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

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

Line 1b – Deduction of Prior-Year Depreciation Add-Backs

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

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

- IT 1040, Schedule of Adjustments

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

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

- IT 4708, Schedule II
- IT 4738, Schedule II
- IT 1140, Schedule I, columns A and/or B, OR
- IT 1041, Schedule I

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

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

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

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

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

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

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

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

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

Line 2b – Guaranteed Payments / Compensation

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

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

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

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

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

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

Line 2c – Net Ohio Depreciation Adjustment (Individual Investors and Estates ONLY)

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

Part IV - Investor's / Owner's / Beneficiary's Ohio Tax Credits

Lines 3 and 4 – Direct / Indirect Pass-Through Entity Credits

Line 3 is the portion of income tax paid, after nonrefundable credits and refunds, by this entity on its investor's behalf (the "direct pass-through entity" credit). Line 4 is the portion of tax paid by another entity on this entity's behalf (the "indirect pass-through entity" credit). Nonrefundable and refundable credits can be claimed on the IT 1040, IT 4708 and IT 1041; only the refundable PTE credit can be claimed on the IT 4738 (line 14). Nonrefundable/refundable credits cannot be claimed on the IT 1140. Add lines 3 and 4 together and report the total on the "pass-through entity credit" line of one of the following:

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

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

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

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

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

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

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

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

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

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

Line 5 - Refundable Business Credits

Enter the total proportionate and distributive share of any refundable business credits granted to the entity by the Ohio Department of Development

(ODOD). Include a copy of the ODOD certificate and this IT K-1 when filing the return. Refundable business credits include:

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

Individuals: Report these credits on the corresponding lines of the “Refundable Credits” section of the Ohio Schedule of Credits.

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

- IT 4708, page 2
- IT 1041, page 2

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

Line 6 – Nonrefundable Business Credits

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

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

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

- IT 4708, page 2
- IT 1041, page 1

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

EPTE Add-Back Schedule

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

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

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

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

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

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

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

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

Line 3 - Total IT 4738 Tax Paid

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

Line 4 - Total Tax Paid to Other States

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

Appendix A - Investment Pass-Through Entities (IPTEs) - Deemed Investor

The “deemed investor” rule allows a pass-through entity (the “filing entity”) in which an IPTe is a direct investor to “look through” the IPTe and withhold directly on behalf of the investors in an IPTe (“deemed investors”). For this rule to apply, the IPTe must provide a timely notification to the filing entity including the name, address, and SSN/FEIN of the deemed investors.

The filing entity must attach a statement to the Ohio PTE return explaining the flow of income and amounts to tie back to the Schedule K on the federal return.

Even if the IPTe no longer has an Ohio PTE filing requirement, the entity must issue an IT K-1 to each of its investors reporting the flow of income from the operating entity.

Appendix B - Filing an Ohio IT 1140 for an IPTe

The Department reviews and verifies PTE credits claimed by a taxpayer on a tax return. Credits are verified back to the initial source, the operating PTE. When the IPTe has several layers of investors, the inability to verify where the credit originated could result in:

- Billing for non-payment
- Reduced refunds
- Requesting information for a full review by a Tax Examiner

Every entity must document all credits and income being claimed and passed through to another entity or individual. Documentation can include any of the following:

- IT K-1s issued to the PTE listing all investment sources along with the initial source of income and credits (the operating entity);
- An organization chart, including FEINs of all PTEs in the organization; include the initial source of income and credits (the operating entity); AND
- A narrative outlining the flow of income and credits.

Even if not required, an IPTe may elect to file an IT 1140 to provide more clear and precise information to the Department for verifying the flow of income and credits.

To file the IT 1140 as an IPTe:

1. Include on line 14 of the IT 1140 the combined total of all qualifying investor’s distributive shares of income, gain, expenses, and losses
2. Include on line 15a - 15c IRC 168(k) bonus depreciation and 179 expense add-back amounts
3. Include on line 17:
 - a. IRC §168(k) bonus depreciation and §179 expense incurred for the current reporting period
4. Include on line 18:
 - a. Applicable federal conformity adjustments for the IPTe
 - b. The non-qualifying amount from the underlying IPTes or operating companies
5. Subtract lines 17 and 18 from the sum of lines 14 through 16 and report on line 19. This will determine the amount of taxable income to be apportioned. If the sole source of income to the IPTe is distributive shares of income from other PTEs, then the net result is no adjusted qualifying amount, resulting in zero income to be taxed.
6. The IPTe should include the proportionate share of all indirect income and credits on the IT K-1s issued to its investors.

NOTE: IT K-1s issued to the PTE cannot be used as a credit or payment on the IT 1140 and should list all investment sources along with the initial source of income and credits (the operating entity). The entire amount of the indirect credit must be distributed to the qualifying investors by their proportionate share showing on the IT K-1 line 4.

Include the federal return, and all IT K-1s it received from other PTEs in which it holds an ownership interest, showing the income and credits flowing to it.

Clear representation of the chain of ownership reduces the occurrence of Department notices and inquiries.

See R.C. 5733.401.

Appendix C – PTE with IT K-1 Income

The PTE credit received from the underlying PTE must not be applied as a credit or payment on the IT 1140 return. The entire amount of credit must be distributed to the qualifying investors based on ownership percentage / distributive share in the PTE. This share of the credit is reported on the investors' IT K-1, line 4.

NOTE: If all investors are not included on the IT 1140, use only the portion of income and credits of the investors who are included on the return.

To calculate Ohio taxable income for a PTE that received an IT K-1:

1. Include on line 14 of the IT 1140, the combined total of all qualifying investor's distributive shares of income, gain, expense, and loss.
2. Include on line 15a-15c IRC §168(k) bonus depreciation and §179 expense add-back for the current reporting period.
3. Include on line 16 applicable federal conformity additions.
4. Add lines 14 through 16 and subtract the sum of 17 and 18. Report on line 19.
5. Include on lines 20-22 – Related member, guaranteed payments or compensation add-backs.
6. Add lines 19-22 - This will determine the amount of taxable income to be apportioned.
7. Combine all apportionment ratios from all PTEs to arrive at the aggregate amount of apportionment.
8. Calculate tax due:
 - a. Line 23 multiplied by the aggregate apportionment ratio.
 - b. This tax will be owed by the PTE that received the IT K-1 from the underlying entity.
9. Report the calculated tax on the IT K-1s as a direct credit on line 3.
10. Calculate the total indirect credits from the underlying PTEs and report on the IT K-1s as indirect on line 4.

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%.

VISION

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

MISSION

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



Department of
Taxation

Tax.Ohio.gov

Go Paperless and File Electronically! with OH|TAX eServices

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

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

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

Pay Electronically

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

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

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

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