

INSTRUCTIONS FOR IDAHO FORM PTE-12

GENERAL INSTRUCTIONS

Form PTE-12 is the reconciliation schedule you include with the entity's Idaho income tax return (Form 41S, Form 65, or Form 66) as required by Idaho Code section 63-3036B. Include each owner's complete information whether the owner has Idaho distributable income or a loss. If you're filing Form 66, refer to the Form 66 Specific Instructions for information on completing Form PTE-12.

A pass-through entity as defined in Idaho Code section 63-3006C includes a partnership, limited liability company taxed as a partnership, an S corporation, or a trust or estate. Income, loss, deductions, and credits typically flow through and the owner pays the tax. The entity can choose to pay the tax for Idaho nonresident individual owners on the entity's composite return.

The definition of "individual" includes:

- Natural persons
- Grantor trusts
- Qualified subchapter S trusts and
- Single-member LLCs that haven't elected to be classified as a corporation and are treated as disregarded entities for federal purposes

A pass-through entity transacting business in Idaho with income taxable in Idaho has reporting requirements for each pass-through owner type.

Resident and part-year resident individuals

- These owners must report the income from the entity on their individual Idaho income tax returns. They can't be included in a composite filing and aren't subject to withholding
- The entity includes resident and part-year resident individual owner information on the PTE-12. Enter **"R"** in the Filing Code column

Corporations, partnerships, trusts, and estates

- These owners must report the income on their Idaho return
- Include the owner(s) information on the PTE-12. Enter **"N"** in the Filing Code column

Nonresident individual owners with Idaho distributable income of less than \$1,000

- These owners must report the income from the entity on their Idaho income tax returns if they have other reporting requirements. They aren't included in a composite filing and aren't subject to withholding
- The entity includes the owner(s) information on the PTE-12. Enter **"N"** in the Filing Code column

Nonresident individual owners with Idaho distributable income of at least \$1,000

An entity has three options:

Composite filing

- The entity pays the tax for the nonresident individual owner(s) on the entity's return at the corporate tax rate (6.925%)
- The entity includes the nonresident individual owner's information on the PTE-12. Enter **"C"** in the Filing Code column

Pass-through entity withholding on Form PTE-01

- The entity pays Idaho income tax withholding computed at the highest individual rate (6.925%) on the nonresident individual owner's Idaho source distributable income from the entity
- The entity submits withholding to the Tax Commission using Form PTE-01 for each nonresident individual owner
- The entity includes the nonresident individual owner's information on the PTE-12. Enter **"W"** in the Filing Code column

Form PTE-NROA (Nonresident Owner Agreement)

- The nonresident individual owner can submit a signed agreement (PTE-NROA) to the entity
- This allows the nonresident individual owner to file an Idaho return to report the Idaho source distributable income from the entity and pay the required tax due
- If the entity receives the signed agreement from the nonresident individual owner and approves it, the entity doesn't include the individual in a composite filing or pay withholding to the Tax Commission on the owner's behalf
- The entity includes the nonresident individual owner's information on the PTE-12. Enter **"A"** in the Filing Code column

SPECIFIC INSTRUCTIONS

Heading

Enter the entity's name and Employer Identification Number (EIN) in the space provided.

Entity's Tax Year Beginning and Ending

Enter the beginning and ending date of the entity's tax year.

Contact Name and Telephone Number

Enter the name, telephone number, and email address of a person we can contact about the information reported on Form PTE-12.

Owner's Name and Social Security Number or EIN

Enter the name and corresponding Social Security number or EIN of each owner as shown on the Idaho income tax return, one owner per line.

Address

Enter the owner's address, city, state, and ZIP Code.

Column (a) Filing Code

Enter one of the following letters corresponding to the filing code for the owner.

AGREEMENT (A)

The nonresident individual owner has provided an Idaho nonresident owner agreement (Form PTE-NROA).

By entering the "A" filing code, the entity agrees that it received and approved the agreement from the individual and acknowledges that the entity is liable for any tax due if the individual doesn't file a return and pay the tax as agreed.

COMPOSITE (C)

The nonresident individual owner is included in a composite return. If the owner isn't an individual,* the income can't be included on a composite return and code "C" can't be used.

NOT REQUIRED (N)

The owner isn't subject to backup withholding. Backup withholding isn't required on income of less than \$1,000. Don't withhold on the income of owners and beneficiaries if they aren't natural persons (including corporations, partnerships, trusts, and estates).*

RESIDENT (R)

The owner is an Idaho resident or part-year resident filing an Idaho individual income tax return.

WITHHOLDING (W)

The entity is paying backup withholding on behalf of a nonresident individual owner on Form PTE-01.

Withholding can't be paid on behalf of another entity* and code "W" can't be used.

*See General Instructions for definition of "individual."

Column (b) Idaho Distributable Income

If you enter filing code "A," "N," or "R" in Column (a), enter the Idaho distributable income in Column (b).

Enter the total amount of the owner's pass-through income.

This is the proportionate or distributive share of income for an owner multiplied by the pass-through entity's Idaho apportionment factor. Pass-through income may also include guaranteed payments. (See Guaranteed Payments Guidance at tax.idaho.gov.) Enter the total for this column on either Form 41S, line 40 or Form 65, line 38.

Column (c) Idaho Distributable Income

If you enter filing code "W" in Column (a), enter in Column (c) the Idaho distributable income of the nonresident individual owner who's subject to withholding by the entity.

Enter the total amount of the owner's pass-through income.

This is the proportionate or distributive share of income for an owner multiplied by the pass-through entity's Idaho apportionment factor. Pass-through income may also include guaranteed payments. (See Guaranteed Payments Guidance at tax.idaho.gov.) Enter the total for this column on either Form 41S, line 41 or Form 65, line 39.

Column (d) Withholding

If you enter filing code "W" in Column (a), enter in Column (d) the tax withheld on behalf of the nonresident individual owner. The total amount reported should match the total amount paid on the PTE-01s.

Don't send payments or PTE-01s with the entity return.

Column (e) Idaho Distributable Income

If you enter filing code "C" in Column (a), enter in Column (e) the Idaho distributable income of the nonresident individual owners included in the composite return.

Enter the total amount of the owner's pass-through income.

This is the proportionate or distributive share of income for an owner multiplied by the pass-through entity's Idaho apportionment factor. Pass-through income may also include guaranteed payments. (See Guaranteed Payments Guidance at tax.idaho.gov.) Enter the total for this column on either Form 41S, line 42, Form 65, line 40, or Form 66, line 14.

Column (f) Income Tax Paid by Entity

If you enter filing code "C" in Column (a), enter in Column (f) the tax paid on behalf of the nonresident individual owner by the entity on the composite return. For those individuals with positive income, compute the tax by multiplying the income by the tax rate of 6.925%. Enter the total for this column on either Form 41S, line 43 or Form 65, line 41.