

# INSTRUCTIONS FOR IDAHO FORM PTE-12

## GENERAL INSTRUCTIONS

Form PTE-12 is the reconciliation schedule to be included with the entity's Idaho income tax return (Form 41S, Form 65, or Form 66) as required by Idaho Code section 63-3036B. Each owner's complete information is required on the PTE-12 regardless of whether the owner has Idaho distributable income or a loss. If Form 66 is being filed, refer to the Form 66 Specific Instructions for information on completing Form PTE-12.

A pass-through entity (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 are taxed at the owner level. This means that each owner's distributive share of income or loss from the entity is included on the individual income tax return. At the entity's discretion, the income for Idaho nonresident individuals may be included and taxes paid on the entity's composite return.

The definition of "individual" now includes 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.
  - Resident and part-year resident individual owner information must be included 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.
  - The information for these owners must be included 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 information for these owners must be included 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
- Pass-through entity withholding via Form PTE-01
- Form PTE-NROA (Nonresident Owner Agreement)

### Composite filing

Under the composite filing option, the entity pays the tax for the nonresident individual(s) on the entity return at the corporate tax rate (7.4%).

The nonresident individual's information must be included on the PTE-12. Enter **"C"** in the Filing Code column.

### Withholding

Under the withholding option, the entity pays Idaho income tax withholding computed at the highest individual rate (7.4%) on the nonresident individual's Idaho source distributable income from the entity.

The withholding is submitted to the Tax Commission using a Form PTE-01 for each nonresident individual owner.

The nonresident individual's information must be included on the PTE-12. Enter **"W"** in the Filing Code column.

### PTE-NROA

Under the Form PTE-NROA option, the nonresident individual owner may submit a signed agreement (PTE-NROA) to the entity. This agreement allows the 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 Form PTE-NROA for a 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 nonresident individual's information must be included 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 Ending

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

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### Contact Name and Telephone Number

Enter the name, telephone number, and email address of a person who may be contacted regarding 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 it will appear on the individual 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 if the:

- A** owner has provided an Idaho nonresident owner agreement (Form PTE-NROA).

By entering the "A" filing code, the entity agrees that it has received and approved the nonresident owner 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.

- C** individual owner is included in a composite return.

If the owner is another entity,\* the income can't be included on a composite return and code "C" can't be used.

- N** individual owner isn't subject to backup withholding. 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).\*

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

- W** entity is paying withholding on behalf of a non-resident individual on Form PTE-01.

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

### Column (b) Idaho Distributable Income

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

Enter the total amount of the owner's pass-through income. This includes the pro rata or distributive share of income for a partner 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](http://tax.idaho.gov). The total for this column will be entered on either Form 41S, line 40 or Form 65, line 38.

### Column (c) Idaho Distributable Income

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

Enter the total amount of the owner's pass-through income. This includes the pro rata or distributive share of income for a partner 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](http://tax.idaho.gov). The total for this column will be entered on either Form 41S, line 41 or Form 65, line 39.

### Column (d) Withholding

If filing code "W" is entered in Column (a), enter in Column (d) the tax withheld on behalf of the nonresident individual by the entity. The total amount reported should agree with the total amount of the PTE-01s and payment submitted.

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

### Column (e) Idaho Distributable Income

If filing code "C" is entered in Column (a), enter in Column (e) the Idaho distributable income of the nonresident individuals included in the composite return.

Enter the total amount of the owner's pass-through income. This includes the pro rata or distributive share of income for a partner 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](http://tax.idaho.gov). The total for this column will be entered on either Form 41S, line 42, Form 65, line 40, or Form 66, line 14.

### Column (f) Income Tax Paid by Entity

If filing code "C" is entered in Column (a), enter in Column (f) the tax paid on behalf of the nonresident individual by the entity on the composite return. For those individuals with positive income, tax is computed by multiplying the income by the tax rate of 7.4%. The total for this column will be entered on either Form 41S, line 43 or Form 65, line 41.

\*See General Instructions for new definition of "individual".