

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. You must include each owner's complete information regardless of whether the owner has Idaho distributable income or a loss. If you are 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. At the entity's discretion, the entity can pay the tax for Idaho nonresident individuals 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
- Include 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

- Include 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(s) on the entity return at the corporate tax rate (7.4%)
 - Include the nonresident individual's information on the PTE-12. Enter "**C**" in the Filing Code column
- Pass-through entity withholding via Form PTE-01
 - 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
 - Submit withholding to the Tax Commission using Form PTE-01 for each nonresident individual owner
 - Include the nonresident individual'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 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 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
 - Include the nonresident individual's information on the PTE-12. Enter "**A**" in the Filing Code column

INSTRUCTIONS FOR IDAHO FORM PTE-12 – continued

SPECIFIC INSTRUCTIONS

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

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.

Contact Name and Telephone Number

Enter the name, telephone number, and email address of a person we can contact 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.

AGREEMENT (A)

The 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 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.

NOT REQUIRED (N)

The individual 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 on Form PTE-01.

*See General Instructions for new 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 includes the proportionate 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. 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 who's subject to withholding by the entity.

Enter the total amount of the owner's pass-through income. This includes the proportionate 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. 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. 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 you enter filing code "C" 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 proportionate 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. 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 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 7.4%. Enter the total for this column on either Form 41S, line 43 or Form 65, line 41.