

2006



Ohio Department of TAXATION

P.O. Box 181140 • Columbus, OH 43218-1140

IT 4708

Rev. 11/06

Composite Income Tax Return for Non-C Corporation Investors in a Pass-Through Entity

Please do not use staples.

Form header section containing fields for Federal Employer Identification Number (FEIN), Ohio Charter or License Number (if S Corp), Month, Year (2006), Name of pass-through entity, and address information.

Instructions for this form are on our Web site at tax.ohio.gov.

Schedule I – Taxable Income, Tax, Payments and Net Tax Calculation

Whole dollars only

Table with 24 rows for tax calculation, including items like Total income, Total deductions, Ohio apportionment ratio, and Net tax due.

If the balance due is less than \$1.01, payment need not be made. If the overpayment is less than \$1.01, no refund will be issued.

I have read this return. Under penalties of perjury, I declare that, to the best of my knowledge and belief, the return is true, correct and complete.

Signature and address section for the preparer and officer/agent, including fields for signature, date, title, and telephone number.

For Department Use Only section containing fields for Processing Code and Check Amount.

Please Sign Here

Items reflected on lines 25 through 47, below, are the combined amounts from the federal schedule K-1s for the taxable year for only those investors who are participating in the filing of this return. **Please enclose with this return a copy of all IRS Schedule K-1s, which this entity will issue for the taxable year even if the investor is not participating in the filing of this return (see "Important Notes" on page 3).**

Schedule II – Income and Adjustments

25. Ordinary income (loss) from trade or business activities.....	25.	
26. The investors' shares of expenses and losses incurred in connection with all direct and indirect transactions between the pass-through entity and its related members (see line 26 instructions). However, do <u>not</u> add expenses or losses incurred in connection with sales of inventory to the extent that the cost of the inventory and the loss incurred were calculated in accordance with Internal Revenue Code (I.R.C.) sections 263A and 482	26.	
27. Guaranteed payments that the pass-through entity made to each investor participating in the filing of this return if such investor directly or indirectly owns at least 20% of the pass-through entity.....	27.	
28. Compensation that the pass-through entity S corporation paid to each investor participating in the filing of this return if such investor directly or indirectly owns at least 20% of the pass-through entity. Reciprocity agreements do not apply. See instructions.....	28.	
29. Net income or (loss) from rental activities other than amount shown on line 25, above	29.	
30. Portfolio income (loss) See "Note" below line 38.		
a. Interest income	30a.	
b. Dividends.....	30b.	
c. Royalties.....	30c.	
d. Net short-term capital gain (loss).....	30d.	
e. Net long-term capital gain (loss).....	30e.	
f. Other portfolio income (loss)	30f.	
31. Net gain (loss) under I.R.C. section 1231	31.	
32. Add 5/6 of I.R.C. section 168(k) bonus depreciation and 5/6 of the qualifying I.R.C. section 179 depreciation and miscellaneous federal tax adjustments (see instructions)	32.	
33. Income (loss) (enclose schedule; see instructions).....	33.	
34. Pass-through entity add-back (see instructions)	34.	
35. Non-Ohio state or local government interest and dividends earned by the pass-through entity but not included above.....	35.	
36. Add state and local income taxes deducted in arriving at income.....	36.	
37. Add losses from the sale or other disposition of Ohio public obligations that have been deducted in determining federal taxable income.....	37.	
38. Total income (add lines 25 through 37; enter here and on line 1, page 1)	38.	

Note: If the sum of lines 30d and 30e result in a net loss, the net allowable loss for the sum of these two lines cannot exceed the product of \$3,000 and the number of participating investors included in this return.

Schedule III – Deductions

List only those deductions that have not already been used to reduce any income items set forth in Schedule II, above.

39. Section 179 expense not deducted in calculating line 25, above.....	39.	
40. Deduct one-fifth of the depreciation add-back made in each of the five previous taxable years and miscellaneous federal tax adjustments. See instructions	40.	
41. Net federal interest and dividends exempt from state taxation	41.	
42. Amount contributed to an Individual Development Account and other separately stated K-1 amounts, which are allowable as deductions in arriving at federal adjusted gross income (enclose detailed schedule of items)	42.	
43. Exempt gains from the sale of Ohio state or local government bonds.....	43.	
44. Wage and salary expense not otherwise deducted because of a federal work opportunity tax credit.....	44.	
45. Interest or income included on lines 25 through 33, above, earned on Ohio public obligations and Ohio purchase obligations.....	45.	
46. Net gain included in line 38, above, resulting from the sale, exchange or other disposition of Ohio public obligations (do not enter amounts shown on line 43).....	46.	
47. Total deductions (add lines 39 through 46; enter here and on line 2, page 1)	47.	

Schedule IV – Apportionment Formula

Use this schedule to calculate the apportionment ratio for a pass-through entity that is not a financial institution as defined in Ohio Revised Code section (R.C.) 5725.01. If the pass-through entity is a financial institution, use the apportionment and weighting schedules set forth in the year 2007 form FT 1120FI, Corporation Franchise Tax Report for Financial Institutions.

For more information, please see the instructions.

	(1) Within Ohio	(2) Total Everywhere	(3) Ratio (carry to six decimal places)	(4) Weight	(5) Weighted Ratio (carry to six deci- mal places)
1. Property					
(a) Owned (average cost)	_____	_____			
(b) Rented (annual rental X 8)	_____	_____			
(c) Total (lines 1a and 1b)	_____	÷ _____	= ■ _____	X .20	= ■ _____ 1c.
2. Payroll	_____	÷ _____	= ■ _____	X .20	= ■ _____ 2.
3. Sales	_____	÷ _____	= ■ _____	X .60	= ■ _____ 3.
4. Total weighted apportionment ratio (add column (5), lines 1(c), 2 and 3). Enter ratio here and on page 1, line 6, and on page 1 in the upper right-hand corner.					■ _____ 4.

Note: Any request for deviation from the statutory allocation and apportionment provisions must be in writing. 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 number of factors used is 100%. R.C. 5733.05(B)(2).

Schedule V – Questionnaire

	Yes	No	N/A
1. If the pass-through entity is an S corporation, did the S corporation file the year 2007 Ohio form FT 1120S, "Notice of S Status"?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. If the pass-through entity is an S corporation, did the pass-through entity pay any compensation or remuneration to any nonresident investors or nonresident members of the investor's family? If yes, please enclose a list of those individuals (include social security numbers) who received such compensation or remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. If the pass-through entity is, or is treated as, a partnership for federal income tax purposes, did the pass-through entity make any guaranteed payments to any of its partners or equity investors? If yes, please enclose a list of those partners or equity investors (include Social Security numbers and federal employer identification numbers) who received such guaranteed payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the pass-through entity been audited by the Internal Revenue Service (IRS) during the last four calendar years? If yes, please amend the Ohio return(s) affected by that audit and enclose a copy of the IRS report to the amended return(s)	<input type="checkbox"/>	<input type="checkbox"/>	

Important Notes

- Please enclose with this return a copy of pages 1 and 2 of the IRS Schedule K-1, which this entity will issue for this taxable year. Include the K-1s for all investors – even those investors not participating in the filing of this return.
- Indicate on the K-1s those investors on whose behalf the pass-through entity is filing. Alternatively, instead of indicating on each K-1 those investors on whose behalf the pass-through entity is filing this return, enclose with the K-1s a list of investors and the Social Security number or federal employer identification number for each investor on whose behalf this return is being filed.
- With respect to the K-1, which the pass-through entity will issue to each investor participating in the filing of this return, the K-1 should indicate the investor's proportionate share of the tax shown on line 12 of this return even if some or all of the tax is paid after the end of the taxable year. You do not need to enclose any schedules or statements relating to the K-1s.

For more instructions, see the full set of instructions available on our Web site at tax.ohio.gov.