



Pass-Through Entity and Trust Withholding Tax Return

For Department Use Only

Federal Employer Identification Number, Check box if amended return, Month, Year 2005, For taxable year beginning

Name, Address, City, state and ZIP code, Schedule C - Apportionment ratio, Schedule B - Line 1, total of columns A and B, Total assets, Entity Type - Check Only One (S corp, Limited liability co., Partnership, Trust)

- 1. File this form with the Ohio Department of Taxation by the 15th day of the fourth month following the last day of the entity's taxable year. Please see general instructions for the automatic extensions of time to file this return. The due date for payment of tax cannot be extended.
2. Attach (i) Ohio Schedules B and C or Schedule D and (ii) the K-1 information as indicated on page 4 of the instructions.
3. Please round all numbers to the nearest dollar.
4. Instructions for this form are on our Web site at tax.ohio.gov.

Schedule A - Tax Reconciliation Tax and Payments table with columns for Withholding Tax and Entity Tax, and rows for tax calculations.

Amount You Owe or Refund section with instructions and fields for AMOUNT YOU OWE and REFUND.

Signature and information section including 'Please Sign Here', 'If the balance due is less than \$1.01, payment need not be made...', and fields for signature, date, title, address, and telephone number.

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

# Ohio Form IT 1140 for Taxable Years Beginning in 2005

## Schedule B: Qualifying Pass-Through Entities – Tax Due

Use this schedule to calculate the adjusted qualifying amounts and tax due for all qualifying investors in qualifying pass-through entities. Please see "Special Rules" starting on page 3 of the instructions at [tax.ohio.gov](http://tax.ohio.gov).

	(A) Qualifying Investors Who Are Nonresident Individuals	(B) Qualifying Investors Other Than Nonresident Individuals
1. Sum of all qualifying investors' distributive shares of income and gain .....	1. _____	_____
2a. Add: 5/6 of Internal Revenue Code (I.R.C.) section 168(k) bonus depreciation and 5/6 of the qualifying section 179 depreciation and miscellaneous federal tax adjustments (see page 6 of the instructions) .	2a. _____	_____
2b. Subtract: other adjustments and miscellaneous federal tax adjustments (see page 6 of the instructions) .....	2b. <span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>	<span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>
3. Adjusted qualifying amount: Line 1 plus line 2a minus line 2b .....	3. _____	_____
4. Add: All qualifying investors' shares of expenses and losses incurred in connection with all direct and indirect transactions between the qualifying pass-through entity and its related members (see note #2, on page 4). 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 I.R.C. sections 263A and 482 .....	4. _____	_____
5. If the qualifying pass-through entity is either a partnership or a limited liability company treated as a partnership, add all qualifying investors' shares of guaranteed payments that the qualifying pass-through entity made to any qualifying investor directly or indirectly owning at least 20% of the qualifying pass-through entity .....	5. _____	_____
6. If the qualifying pass-through entity is an S corporation, add all qualifying investors' shares of compensation that the qualifying pass-through entity S corporation made to any qualifying investor directly or indirectly owning at least 20% of the qualifying pass-through entity. Reciprocity agreements do not apply. See instructions.....	6. <span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>	<span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>
7. Adjusted distributive share. Add lines 3, 4, 5 and 6 .....	7. _____	_____
8. Apportionment ratio from Schedule C, line 4 on the next page .....	8. <span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>	<span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>
9. Adjusted qualifying amount: Line 7 times line 8. Complete the remainder of this worksheet only if the sum of line 9, columns (A) and (B) exceeds \$1,000 .....	9. _____	_____
10. Tax rate (see note #3 on page 4) .....	10. <span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>	<span style="display: inline-block; border-top: 3px double black; width: 100%;"></span>
11. Tax due: Line 9 times line 10. Place the column (A) amount on form IT 1140, line 1, column (I); place column (B) amount on form IT 1140, line 1, column (II) (see note #4 on page 4). Please round tax to the nearest dollar .....	11. _____	_____

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### Schedule C: Qualifying Pass-Through Entities – Apportionment Ratio

Use this schedule to calculate the apportionment ratio for a qualifying pass-through entity that is not a financial institution as defined in R.C. section 5725.01. For detailed instructions, please refer to page 7 in the instructions for pass-through entities. If the pass-through entity is a financial institution, use the apportionment and weighting schedules set forth in the tax year 2006 Form FT 1120FI, Corporation Franchise Tax Report for Financial Institutions.

	(1) Within Ohio		(2) Total Everywhere		(3) Ratio (carry to six decimal places)	(4) Weight		(5) Weighted Ratio (carry to six decimal places)
1. Property								
(a) Owned (average cost)								
(b) Rented (annual rental X 8)								
(c) Total (lines 1a and 1b)		÷		=	•	X	.20	=
								•
								1(c).
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 Schedule B, line 8 (both columns).								•
								4.

**Note:** 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%.

## Ohio Form IT 1140 for Taxable Years Beginning in 2005

### Schedule D: Trusts – Tax Due

Use this schedule to calculate the adjusted qualifying amounts and tax due for nonresident individuals who are beneficiaries of trusts that made distributions of either income or gain attributable to the trust's ownership of or disposition of either tangible personal property located in Ohio or real property located in Ohio.

1. Sum of all distributions to nonresident individuals of income or gain attributable to the trust's ownership of or disposition of either tangible personal property located in Ohio or real property located in Ohio .....	1.	
2a. Add: 5/6 of I.R.C. section 168(k) bonus depreciation and 5/6 of the qualifying section 179 depreciation and miscellaneous federal tax adjustments (see page 6 of the instructions for Schedule B) .....	2a.	
2b. Other adjustments and miscellaneous federal tax adjustments (see page 6 of the instructions for Schedule B) .....	2b.	< <u>                    </u> >
3. Adjusted qualifying amount: Line 1 plus line 2a minus line 2b. Complete the remainder of the worksheet only if line 3 exceeds \$1,000 .....	3.	
4. Tax rate .....	4.	X <u>          .05          </u>
5. Tax (to form IT 1140, page 1, line 1, column (I)). Please round tax to the nearest dollar .....	5.	

**Note #1:** Instructions for page 1, Schedule A, line 2. If this pass-through entity or trust has invested in a partnership or limited liability company that also filed Ohio form IT 1140, this pass-through entity or trust is not entitled to any credit for this pass-through entity's or this trust's proportionate share of tax paid by that investee partnership or investee limited liability company. Furthermore, this pass-through entity or trust cannot claim such payment as an estimated payment for this pass-through entity's or trust's taxable year. However, the pass-through entity or trust can "pass through" (via the K-1s it will issue) to its qualifying investors or to its qualifying beneficiaries the pass-through entity's or trust's proportionate share of such tax payment that the investee partnership or investee limited liability company paid on behalf of this pass-through entity or trust.

**Note #2:** Instructions for page 2, line 4. "Related member" is defined in Ohio Revised Code section (R.C.) 5733.042(A)(6) but is modified by R.C. section 5733.40(P). For purposes of the line 4 adjustment, a related member is any business entity or person directly or indirectly related to the taxpayer if the direct and indirect ownership interests exceed 40%.

**Note #3:** Instructions for page 2, line 10, column (B). For those qualifying corporate investors that are not listed below, compute the tax at the rate of 6.8% for the taxable year ending in year 2005 and 5.1% for the taxable year ending in 2006. For those qualifying corporate investors listed below and for estates, trusts and pass-through entities, compute the tax at the rate of 8.5%.

- Financial holding companies as defined in the federal "Bank Holding Company Act."
- Bank holding companies as defined in the federal "Bank Holding Company Act."
- Savings and loan holding companies as defined in the federal "Home Owners Loan Act" that are engaging only in activities permissible under 12 United States Code (U.S.C.) 1843(k).
- Persons, other than persons held pursuant to merchant banking authority under 12 U.S.C. 1843(k)(4)(H) or 12 U.S.C. 1843(k)(4)(i), directly or indirectly "owned" by one or more financial institutions, financial holding companies, bank holding companies, or savings and loan holding companies, but only if those persons are engaged in activities permissible for a financial holding company under 12 U.S.C. 1843(k).
- Persons directly or indirectly "owned" by one or more insurance companies (i) authorized to do the business of insurance in this state and (ii) paying the Ohio insurance premiums tax.
- Persons that solely facilitate or service one or more "securitizations" or similar transactions for financial institutions, financial holding companies, bank holding companies, savings and loan holding companies, insurance companies, or persons directly or indirectly "owned" by such businesses.

Definition of "owned" for this purpose: generally, a person "owns" another entity if the person . . .

- . . . owns at least 50% of the entity's voting stock (corporations),
- . . . owns at least 50% of the entity's membership interests (LLCs), or
- . . . has a beneficial interest in the entity's profits, surpluses, losses or distributions (partnerships, trusts or other business interests).

Definition of "securitization" for this purpose: Transferring one or more assets to one or more persons and then issuing securities backed by the right to receive payment from the asset or assets so transferred.

If you use multiple rates for column (B), attach a schedule reflecting the computation of tax for each investor.

**Note #4:** Instructions for page 2, line 11, column (B). Enter the sum of (i) the tax for qualifying corporate investors subject to the 6.8% or 5.1% rate and (ii) the tax for qualifying investors subject to the 8.5% rate.