

**GENERAL INSTRUCTIONS**

**Purpose of Form**

The PA-20S/PA-65 Schedule CP is completed by a partnership to determine the corporate net income tax withholding for non filing corporate partners (C corporations only) that are required to file an RCT-101, PA Corporate Tax Report. A separate schedule must be completed for each non filing corporate partner. Before completing this schedule, complete the PA-20S/PA-65 Schedule H-Corp to apportion business income (loss) for the corporate partner(s). The partnership should use federal Form 1065 Schedule K-1 to calculate withholding for any corporate partner that did not file an RCT-101, PA Corporate Tax Report. Corporate net income tax withholding is based on federal Form 1065 Schedule K-1 income only, without regard to losses or deductions. Each corporate partner should receive a copy of PA-20S/PA-65 Schedule H-Corp.

**NOTE:** All PA-20S/PA-65 Schedules CP must be filed with the PA-65 Corp, Directory of Corporate Partners and provided to the corporate partners for filing their RCT-101, PA Corporate Tax Report. The corporate partners are not required to file the PA-20S/PA-65 Schedule CP with their RCT-101, PA Corporate Tax Report.

A non filing corporate partner is a corporation as defined in § 401 of the Tax Reform Code of 1971, as amended, which has not filed an RCT-101, PA Corporate Tax Report, and paid corporate net income tax for the previous taxable year. Apportionment rules apply.

**IMPORTANT:** A corporate partner is not required to file the RCT 101, PA Corporate Tax Report, if the partnership is domiciled in Pennsylvania and the only income of the corporate partner is intangible income such as sale of stock, interest, or dividend.

**NOTE TO CORPORATE PARTNER**

The amount on Line 16 of PA-20S/PA-65 Schedule CP is remitted by the issuing partnership on the corporation's behalf for payment of corporate net income tax withholding. The partnership is not permitted to adjust federal Form 1065 Schedule K-1 income for expenses or deductions. To claim expenses or deductions or to offset between classes of income, the corporation files an RCT-101, PA Corporate Tax Report, and if appropriate, files for a refund.

**CAUTION:** Do not submit nonresident individual partner withholding payments with PA-20S/PA-65 Schedule CP. This schedule is only used to report C corporation non filer corporate net income tax withholding.

**SPECIFIC INSTRUCTIONS**

**PART I**

**General Information for the Corporate Partner**

Complete the information for the non filing corporate partner including name, address and federal employer identification number (FEIN).

Also, report the corporate partner's percentage of profit sharing, loss sharing, and ownership of capital and the date that the corporation became a partner.

**PART II**

**General Information for the Partnership that Withholds and Remits Corporate Net Income Tax for Non Filing Corporate Partners**

Enter the name of the partnership issuing this form.

Enter the partnership's federal employer identification number and address.

Enter the date the entity began business in Pennsylvania.

**PART III**

**Schedule (Income) for Corporate Partners Using Federal Schedule K-1**

On the following lines, enter the income for the corporate partner from federal Schedule K-1.

**Line 1. Ordinary Income from Trade or Business Activities**

Enter the amount of income from the corresponding line of federal Form 1065 Schedule K-1. If the business or trade incurred a loss, enter "0."

**Line 2. Net Income from Rental Real Estate Activities**

Enter the amount of rental income derived from real estate from the corresponding line of federal Form 1065 Schedule K-1. If rental activity resulted in a loss, enter "0."

**Line 3. Net Income from Other Rental Activities**

Enter the amount of rental income from the corresponding line of federal Form 1065 Schedule K-1. If rental activity resulted in a loss, enter "0."

**Line 4. Guaranteed Payments**

Enter the amount of guaranteed payments from the corresponding line of the federal Form 1065 Schedule K-1.

**Line 5. Interest Income**

Enter the amount of interest income from the corresponding line of federal Form 1065 Schedule K-1.

**Line 6. Ordinary Dividends**

Enter the amount of income from ordinary dividends from the corresponding line of federal Form 1065 Schedule K-1.

**Line 7. Royalties**

Enter the amount of income from royalties from the corresponding line of federal Form 1065 Schedule K-1.

**Line 8. Net Short-Term Capital Gain**

Enter the amount of income from short-term capital gains from the corresponding line of federal Form 1065 Schedule K-1. If there is no gain, enter "0."

**Line 9. Net Long-Term Capital Gain**

Enter the amount of income from long-term capital gains from the corresponding line of federal Form 1065 Schedule K-1. If there is no gain, enter "0."

**Line 10. Net § 1231 Gain**

Enter the amount of IRC § 1231 gain from the corresponding line of federal Form 1065 Schedule K-1.

**PA-20S/PA-65 Schedule CP**

**Corporate Partner Withholding**

**Instructions**

PA-20S/PA-65 Schedule CP (12-09)



**Line 11. Net Gain from Disposal of Federal § 179 Property**

Enter the amount of income from the disposition of IRC § 179 Property from the corresponding line of federal Form 1065 Schedule K-1. If there is no gain, enter "0."

**Line 12. Other Income**

Other income (submit statement). Include any amount that is reported on the corresponding line of federal Form 1065 Schedule K-1. If other income resulted in a loss, enter "0."

**Line 13. Total Income**

Total Lines 1 through 12. Enter positive income only.

**Line 14. Apportionment from the PA-20S/PA-65 Schedule H-Corp**

Enter the percentage of apportionment from PA-20S/PA-65 Schedule H-Corp.

**Line 15. Income Apportioned to Pennsylvania**

Multiply Line 13 by Line 14.

**Line 16. Corporate Net Income Tax Withholding**

Multiply Line 15 by 0.0999 and enter the result on Line 16. The amount on Line 16 represents the amount of corporate net income tax withholding required for the C corporation.

Send a copy of this withholding statement to the corporate partner listed on PA-20S/PA-65 Schedule CP. Each corporate partner also must receive a copy of the PA-20S/PA-65 Schedule H-Corp.