

WHAT'S NEW THIS YEAR

Line Added

Line 5 – is a new line – “PA Apportionment as reported on PA-20S/PA-65 Schedule H-Corp _____ ”

GENERAL INSTRUCTIONS

Purpose of Form

Partnerships and limited liability companies taxed as partnerships use PA-65 Corp, Directory of Corporate Partners to remit corporate net income tax withheld on behalf of the partnership's nonfiling corporate partners that are domestic or foreign C corporations that have not filed its RCT-101, PA Corporate Tax Report.

Who Must File

Act 46 of 2003 added provisions to the Tax Reform Code, § 403.2 that require a partnership to withhold and remit corporate net income tax on behalf of a non filing corporate partner. The corporate net income tax withholding requirement for non filing corporate partners applies to taxable years beginning after Dec. 31, 2003.

Partnerships and limited liability companies filing as partnerships are required to ensure corporate net income tax is withheld and paid on any income passed through to corporate partners.

IMPORTANT: Entities that are publicly traded, real estate investment trusts or regulated investment companies are not subject to these corporate net income tax withholding requirements.

Signed Affidavit

Each corporate partner is required to provide the partnership with a signed affidavit stating the corporate partner is compliant with filing its RCT-101, PA Corporate Tax Report. The affidavit must also include the PA Account # (Box Number). The PA Account # is assigned by the Revenue's Bureau of Corporation Tax.

If the partnership has not received an affidavit, the partnership must file the PA-65 Corp, Directory of Corporate Partners, along with PA-20S/PA-65 Schedule H-Corp, PA-20S/PA-65 Schedule CP and federal schedules. The partnership must pay corporate net income tax for the total federal positive income multiplied by the tax rate of 9.99 percent. The partnership cannot reduce the income by losses or expenses. The corporation must file its RCT-101, PA Corporate Tax Report to take into account for losses and/or expenses.

If the partnership has a signed affidavit and the department determines the corporate partner is not compliant with filing an RCT-101, PA Corporate Tax Report, the obligation to withhold corporate net income tax falls back on the partnership, as do any penalty and interest fees.

Filing Requirements

A partnership must complete a PA-65 Corp, Directory of Corporate Partners if the partnership has income (loss) from operating a business, profession or farm within Pennsylvania and/or income (loss) from the ownership of property within Pennsylvania, and either of the following applies:

- The entity has any partner that is a non filing corporation (C corporation) subject to corporate net income tax, and the partnership is withholding and making corporate net income tax payments on behalf of its non filing corporate partner, or
- All of the entity's partners are C corporations or limited liability companies taxed as disregarded entities owned by C corporations.

Corporate partners are not exempt from filing the RCT-101, PA Corporate Tax Report. If the partnership does not have a signed affidavit from its corporate partner(s) then the partnership is responsible for withholding corporate net income tax. The corporate net income tax payment is posted to the corporate partner's account, and an estimate may be imposed on the corporate partner for not filing the RCT-101, PA Corporate Tax Report.

Filing Requirements for a Corporate-Owned Partnership

A partnership wholly owned by C corporations submits PA-65 Corp and a complete copy of the partnership's federal Form 1065, including all federal schedules and federal Form 1065 Schedules K-1.

If the partnership has business operations within and outside Pennsylvania or totally within Pennsylvania, the partnership submits a complete PA-20S/PA-65 Schedule H-Corp and provides a copy of Schedule H-Corp to each corporate partner. The PA-20S/PA-65 Schedule H-Corp provides the corporate partner with the apportionment information needed to complete RCT-101, PA Corporate Tax Report.

The partnership is also required to file PA-20S/PA-65 Schedule CP with PA-65 Corp for each non filing corporate partner and provide a copy of Schedule CP to each non filing corporate partner for use in filing RCT-101. A corporate partner is not required to file PA-20S/PA-65 Schedule CP with the RCT-101.

IMPORTANT: The partnership does not submit a PA-20S/PA-65 Information Return.

Filing Requirements for a Partnership with Corporate Partner(s) and Non Corporate Partner(s)

A partnership may have non corporate partners, as well as one or more partners that are domestic or foreign C corporations. Such a partnership submits a complete PA-20S/PA-65 Information Return.

If the partnership has corporate net income tax withholding(s) for any domestic or foreign non filing corporate partner(s), the partnership also submits a complete PA-65 Corp, Directory of Corporate Partners and a copy of the partnership's federal Form 1065, including all federal schedules and federal Form 1065 Schedules K-1.

If the entity is a PA S corporation or limited liability company taxed as a partnership and has already forwarded a complete copy of its federal tax return to the Bureau of Corporation Taxes with the RCT-101, PA Corporate Tax Report, do not send another copy.

If the partnership has business operations within and outside Pennsylvania or totally within Pennsylvania, the partnership must complete a PA-20S/PA-65 Schedule H to apportion business income (loss) for Pennsylvania personal income tax purposes.

The partnership must also submit a complete PA-20S/PA-65 Schedule H-Corp and provide a copy to each corporate partner. The PA-20S/PA-65 Schedule H-Corp provides the corporate partner with the apportionment information needed to complete the RCT-101, PA Corporate Tax Report. The PA-20S/PA-65 Schedule H-Corp is for information purposes only for corporate partners. Do not use this schedule to arrive at calculations for other non corporate partner's/member's income. PA-20S/PA-65 Schedule H-Corp must be completed for distribution to partners that are business entities.

The partnership is also required to file PA-20S/PA-65 Schedule CP with the PA-65 Corp for each non filing corporate partner and provide a copy of PA-20S/PA-65 Schedule CP to each non filing corporate partner for use in filing the RCT-101, PA Corporate Tax Report. A corporate partner is not required to file PA-20S/PA-65 Schedule CP with the RCT-101, PA Corporate Tax Report.

Filing Requirements for a Partnership without Corporate Partners

If the owners of the partnership are individuals, estates, trusts, other partnerships, PA S corporations, and/or other entities, and the partnership does not have any C corporations as partners, the partnership submits a complete PA-20S/PA-65 Information Return but does not complete a PA-65 Corp, Directory of Corporate Partners.

NOTE: Any excess withholding will be refunded when the C corporation's RCT-101, PA Corporate Tax Report, is filed and processed. The refund will be sent to the corporate partner and not the partnership submitting the payment.

When To File

A partnership or limited liability company filing as a partnership that files on a calendar year reports all corporate net income withholding and remits payment for all non filing corporate partners on or before April 15 for calendar year filers. The due date for fiscal year filers is on or before the 15th day of the fourth month following the close of the fiscal year.

If the partnership has been granted an extension of time to file federal Form 1065, submit federal Form 1065 on or before the extended due date. An extension of time to file federal Form 1065 does not extend the filing deadline for the PA-65 Corp.

NOTE: An extension of time to file is not available for the PA-65 Corp. The PA-65 Corp is a form for withholding corporate net income tax for a corporate partner which indicates how much of the payment should be allocated to each corporate partner. It is not a tax return and therefore has no extension provision. The corporate net income tax withholding payment must be remitted with the PA-65 Corp.

Where to File

A partnership and limited liability company filing as a partnership that has a partner that is a non filing corporation must submit the PA-65 Corp, Directory of Corporate Partners, PA-20S/PA-65 Schedule CP, PA-20S/PA-65 Schedule H-Corp, and corporate net income tax payment. If a limited liability company filing as a partnership did not forward a complete copy of its federal return to the Bureau of Corporation Taxes with the RCT-101, PA Corporate Tax Report, it must submit a complete copy of federal Form 1065, including federal Schedules K-1 to:

Without Payment:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280509
HARRISBURG PA 17128-0509

With Payment:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280502
HARRISBURG PA 17128-0502

IMPORTANT: Mail the PA-65 Corp, Directory of Corporate Partners separate from all other Pennsylvania returns.

IMPORTANT: Do not send corporate net income tax withholding payments to the Bureau of Corporation Taxes. Send it to:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280502
HARRISBURG PA 17128-0502

IMPORTANT: Do not mail the PA-20S/PA-65 Information Return with the RCT-101, PA Corporate Tax Report.

Apportionment

A partnership must apportion business income (loss), which is net profits from business, profession or farm, on PA-20S/PA-65 Schedule H when completing the PA-20S/PA-65 Information Return. Do not apportion PA-source income from other entities on the PA-20S/PA-65 Schedule H. When the partnership has at least one partner that is a non filing corporation subject to corporate net income tax, the partnership must also submit a PA-65 Corp, Directory of Corporate Partners, and a PA-20S/PA-65 Schedule H-Corp. The PA-20S/PA-65 Schedule H-Corp provides the corporate partner with the apportionment information needed to complete the RCT-101, PA Corporate Tax Report.

IMPORTANT: The PA-20S/PA-65 Schedule H-Corp is for information purposes only for corporate partners. DO NOT use PA-20S/PA-65 Schedule H-Corp to arrive at the calculations for other non-corporate partners'/members' (owners') income. The PA-20S/PA-65 Schedule H-Corp must be completed for distribution to partners who are business entities.

Assembling the PA-65 Corp, Directory of Corporate Partners

Assemble the PA-65 Corp, Directory of Corporate Partners in the following order:

- Signed original PA-65 Corp, Directory of Corporate Partners
Do not mail a photocopy
- PA-20S/PA-65 Schedule H-Corp
- PA-20S/PA-65 Schedule CP
- Federal Form 1065 including all federal schedules and federal Schedules K-1
- Corporate net income tax payment for non filing corporate partners

The partnership submits a complete federal Form 1065 and the federal Schedule K-1 for each corporate partner. If additional space is required, copy the PA-65 Corp, Directory of Corporate Partners.

IMPORTANT: Do not create a substitute PA-65 Corp that has not been approved by the department. A spreadsheet is an unapproved and unacceptable tax form. No more than three corporate partners may be entered on the PA-65 Corp form. If additional pages are needed, a photocopy of the PA-65 Corp or department-approved form is acceptable.

If you are filing any tax form other than an official tax form, please read Miscellaneous Tax Bulletin 2008-02, issued Aug. 13, 2008, on the department's Web site.

SPECIFIC INSTRUCTIONS

Partnership Federal Employer Identification Number (FEIN)

Enter the FEIN of the partnership.

Partnership Business Name

Enter the complete name of the entity or business

First Line of Address

Enter the street address. If the address has an apartment number, suite, or RR number, enter after the street address.

NOTE: If the street address along with the apartment number, suite, or RR number does not fit on the first line of address, then enter the street address on the second line of address and the apartment number, suite, or RR number on the first line of address.

Second Line of Address

Enter the post office box, if appropriate. If there is no post office box, leave the second line of address blank.

IMPORTANT: If the address has only a post office box, enter on the first line of address.

City, State, and Zip Code

Enter the appropriate information in each box.

Submit a complete federal Form 1065 and the federal Schedule K-1 for each corporate partner. If additional space is required, copy the PA-65 Corp, Directory of Corporate Partners.

Amended Schedule

If this is an amended schedule, fill in the oval. The PA-65 Corp, Directory of Corporate Partners, must be amended if the partnership amends federal Form 1065.

List Each Corporate Partner

1. Enter the following information for each corporate partner:

- FEIN
Federal employer identification number

- PA Account #
The PA Account # (corporate tax number) should be provided for every corporate partner. If the corporate partner does not have a PA Account #, leave this field blank.

The PA Account # is assigned by the Pennsylvania Department of Revenue's Bureau of Corporation Taxes and is applicable to PA S corporations, C corporations and limited liability companies only.

- Non filing Corporation Withholding
Enter the amount of corporate net income tax withheld for each corporate partner. Use whole dollar amounts only.
- Fill in the oval if a foreign entity
- Name of Corporate Partner and address

2. Total Number of Corporate Partners for this Entity

Enter the total number of corporate partners for this entity.

3. Total Number of Corporate Partners Registered in Pennsylvania for this Entity

Enter the total number of corporate partners registered in Pennsylvania for this entity.

4. Total Corporate Net Income Tax Withholding for all Non Filing Corporate Partners for this Entity

Enter the total corporate net income tax withheld for all non filing corporate partners. Use whole dollar amounts only.

5. Pennsylvania Apportionment as Reported on PA-20S/PA-65 Schedule H-Corp

Enter the Pennsylvania-Apportionment figure from PA-20S/PA-65 Schedule H-Corp. If using "Special Apportionment" enter that figure here.

Signature Verification

A partner or other authorized person must sign the PA-65 Corp, Directory of Corporate Partners, and provide an address and telephone number for the department to call for any additional information.

The partnership's preparer should also provide a name and telephone number.

Signature Requirements for Preparers

For the PA-65 Corp, Directory of Corporate Partners, follow federal rule.