

State	Withholding	Composite Returns	Statutory/Regulatory Authority
Alabama	Not required	Passthrough files a composite return and pays tax on nonresident partner's distributive share of Alabama income at the highest marginal tax rate applicable.	<p>Alabama Code § 40-18-24.2(b)</p> <p>40-18-24.2(b)(1) Except as provided in subsection (c), a pass-through entity shall file with the Department of Revenue, at the time the entity's annual return is required to be filed with the Department of Revenue for each taxable year, a composite income tax return on behalf of its nonresident members and shall report and pay the income tax imposed by this chapter at the highest applicable marginal rate provided in Section 40-18-5 on the nonresident members' distributive shares of the income of the pass-through entity apportioned and allocated at the entity level to this state under Chapter 27 of this title.</p> <p>40-18-24.2(b)(2) A nonresident member that has been included in a composite income tax return filed pursuant to this section may file its own Alabama income tax return and shall receive credit for Alabama income tax paid on the member's behalf by the pass-through entity.</p> <p>40-18-24.2(b)(3) The Department of Revenue may enter into agreements to permit the filing of annual composite income tax returns on behalf of one or more nonresident owners of pass-through entities who are not defined as nonresident members above, or of other forms of business entities the income of which is taxable at the owner level.</p>
Alaska	Not required	No composite return exemption.	
Arizona	Not required	Passthrough entity can voluntarily remit estimated tax payments on behalf of the partners on a composite basis using Form 140ES	
Arkansas	Withholding required for the following nonresident owners: <ul style="list-style-type: none"> • individuals; and • trusts. 	Exemption from withholding for nonresident that elects to have the tax due paid as part of a composite return.	<p>Ark. Code Ann. § 26-51-919(c)</p> <p>A pass-through entity is not required to withhold tax for a nonresident member if:</p> <p>26-51-919(c)(1) The nonresident member has a pro rata or distributive share of income of the pass-through entity from doing business in or deriving income from sources within this state of less than one thousand dollars (\$1,000) per year;</p> <p>26-51-919(c)(2) The director has determined that the nonresident member's income is not subject to withholding;</p> <p>26-51-919(c)(3) The nonresident member elects to have the tax due paid as part of a composite return filed by the pass-through entity under subsection (d) of this section;</p> <p>26-51-919(c)(4) The pass-through entity:</p> <p>26-51-919(c)(4)(A) Is a publicly traded partnership as defined by § 7704(b) of the Internal Revenue Code, as in effect on January 1, 2005, that is treated as a partnership for the purposes of federal income taxation; and</p> <p>26-51-919(c)(4)(B) Has agreed to file an annual information return reporting the name, address, and taxpayer identification number of each member with an annual Arkansas income greater than five hundred dollars (\$500) along with any other information requested by the director;</p>

			<p>26-51-919(c)(5) 26-51-919(c)(5)(A) The pass-through entity has filed with the director on forms prescribed by the director the nonresident member's signed agreement to timely file an Arkansas nonresident individual or trust income tax return, to pay any tax due on the return, and to be subject to the jurisdiction of the Department of Finance and Administration in the courts of this state for the purpose of determining and collecting any Arkansas income tax together with interest and penalties owed by the nonresident member.</p> <p>26-51-919(c)(5)(B) 26-51-919(c)(5)(B)(i) The department may revoke the exception from the withholding requirement in subdivision (c)(5)(A) of this section if it is determined that the nonresident member is not abiding by the terms of the agreement.</p> <p>26-51-919(c)(5)(B)(ii) At the time of revocation, the department shall notify the pass-through entity that withholding is required for future distributions to the nonresident member whose exception is revoked; or</p> <p>26-51-919(c)(6) The income received by the nonresident member is exempt from Arkansas income tax pursuant to § 26-51-202(e).</p> <p>26-51-919(d) 26-51-919(d)(1) A pass-through entity may file a composite income tax return on behalf of electing nonresident members reporting and paying Arkansas income tax at the highest income tax rate under §§ 26-51-201 and 26-51-202 on the nonresident member's pro rata or distributive shares of income of the pass-through entity from doing business in or deriving income from sources within this state.</p> <p>26-51-919(d)(2) A nonresident member whose only source of income within this state is from one (1) or more pass-through entities may elect to be included in a composite return filed pursuant to this section.</p> <p>26-51-919(d)(3) A nonresident member who has been included in a composite return may file an individual income tax return and shall receive credit for income tax paid on the nonresident member's behalf by the pass-through entity.</p> <p>26-51-919(d)(4) On or before the fifteenth day of the fourth month following the close of the pass-through entity's tax year, a pass-through entity shall file an annual composite return with the director showing the total amount of income distributed or credited to its nonresident members and the amount of tax withheld and shall remit the tax due on the composite income tax return.</p>
California	Withholding required for the following domestic nonresident owners: <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; 	No composite return exemption.	<p>Cal. Rev. & Tax Code § 18662(a) The Franchise Tax Board may, by regulation, require any person, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers, and any officer or department of the state, or any political subdivision or agency of the state, or any city organized under a freeholder's charter, or any political body not a subdivision or agency of the state, having the control, receipt, custody, disposal, or payment of items of income specified in subdivision (b), to withhold an amount, determined by the Franchise Tax Board to reasonably represent the amount of tax due when the items of income are included with other income of the taxpayer, and to transmit</p>

	<ul style="list-style-type: none"> • trusts; and • estates. <p>Withholding required for the following foreign (non-U.S.) partners:</p> <ul style="list-style-type: none"> • nonresident alien individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts and; • estates. 		<p>the amount withheld to the Franchise Tax Board at the time as it may designate.</p> <p>18662(b) The items of income referred to in subdivision (a) are interest, dividends, rents, prizes and winnings, premiums, annuities, emoluments, compensation for services, including bonuses, partnership income or gains, and other fixed or determinable annual or periodical gains, profits, and income.</p> <p>18662(c) The Franchise Tax Board may authorize the tax under subdivision (a) to be deducted and withheld from the interest upon any securities the owners of which are not known to the withholding agent.</p> <p>18662(d) Any person that fails to withhold from any payments any amounts required to be withheld by this section or fails to remit the taxes withheld is liable for the amount specified in Section 18668.</p> <p>18662(e)</p> <p>18662(e)(1) This subdivision applies to any disposition of a California real property interest by:</p> <p>18662(e)(1)(A) Any person, other than either of the following:</p> <p>18662(e)(1)(A)(i) Except as otherwise provided in this subdivision, a corporation, including an entity classified for tax purposes as a corporation under Part 11 (commencing with Section 23001).</p> <p>18662(e)(1)(A)(ii) Except as otherwise provided in this subdivision, a partnership, as determined in accordance with Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code, including an entity classified as a partnership for tax purposes under Part 10 (commencing with Section 17001).</p> <p>18662(e)(1)(B) A corporation or partnership, if that corporation or partnership immediately after the transfer of the title to the California real property has no permanent place of business in California. For purposes of this subdivision, a corporation or partnership has no permanent place of business in California if all of the following apply:</p> <p>18662(e)(1)(B)(i) It is not organized and existing under the laws of California.</p> <p>18662(e)(1)(B)(ii) It does not qualify with the office of the Secretary of State to transact business in California.</p> <p>18662(e)(1)(B)(iii) It does not maintain and staff a permanent office in California.</p> <p>...</p> <p>18662(e)(3) Notwithstanding any other provision of this subdivision, all of the following shall apply:</p> <p>18662(e)(3)(A) No transferee is required to withhold any amount under this subdivision unless the sales price of the California real property conveyed exceeds one hundred thousand dollars (\$100,000).</p> <p>18662(e)(3)(B) No transferee, other than an intermediary or an accommodator in a deferred exchange, is required to withhold any amount under this subdivision unless written notification of the withholding requirements of this subdivision has been provided by</p>
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the real estate escrow person.

18662(e)(3)(C)

18662(e)(3)(C)(i)

No transferee, trustee under a deed of trust, or mortgagee under a mortgage with a power of sale is required to withhold under this subdivision when the transferee has acquired California real property at a sale pursuant to a power of sale under a mortgage or deed of trust or a sale pursuant to a decree of foreclosure or has acquired the property by a deed in lieu of foreclosure.

18662(e)(3)(C)(ii)

No transferee is required to withhold under this subdivision when the transferor is a bank acting as trustee other than a trustee of a deed of trust.

18662(e)(3)(D)

No transferee, including for this purpose any intermediary or accommodator in a deferred exchange, is required to withhold any amount under this subdivision if the transferee, in good faith and based on all the information of which he or she has knowledge, relies on a written certificate executed by the transferor, certifying, under penalty of perjury, one of the following:

18662(e)(3)(D)(i)

18662(e)(3)(D)(i)(I)

The California real property being conveyed is the seller's or decedent's principal residence, within the meaning of Section 121 of the Internal Revenue Code.

18662(e)(3)(D)(i)(II)

The last use of the property being conveyed was use by the transferor as the transferor's principal residence within the meaning of Section 121 of the Internal Revenue Code.

18662(e)(3)(D)(ii)

18662(e)(3)(D)(ii)(I)

The California real property being conveyed is being exchanged, or will be exchanged, for property of like kind, within the meaning of Section 1031 of the Internal Revenue Code, but only to the extent of the amount of the gain not required to be recognized for California income or franchise tax purposes under Section 1031 of the Internal Revenue Code.

18662(e)(3)(D)(ii)(II)

Subclause (I) may not apply if an exchange does not qualify for nonrecognition treatment for California income or franchise tax purposes under Section 1031 of the Internal Revenue Code, in whole or in part, due to the failure of the transaction to comply with the provisions of Section 1031(a)(3) of the Internal Revenue Code, relating to the requirement that property be identified and that the exchange be completed not more than 180 days after the transfer of the exchanged property.

18662(e)(3)(D)(ii)(III)

In any case where clause (ii) applies, the transferee, including for this purpose any intermediary or accommodator in a deferred exchange, is required to notify the Franchise Tax Board in writing within 10 days of the expiration of the statutory periods specified in Section 1031(a)(3) of the Internal Revenue Code and thereafter remit the applicable withholding amounts determined under this subdivision in accordance with paragraph (4).

18662(e)(3)(D)(iii)

The California real property has been compulsorily or involuntarily converted,

within the meaning of Section 1033 of the Internal Revenue Code, and the transferor intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.

18662(e)(3)(D)(iv)

The transaction will result in either a net loss or a net gain not required to be recognized for California income or franchise tax purposes.

18662(e)(3)(D)(v)

The transferor is a corporation with a permanent place of business in California.

18662(e)(3)(E)

18662(e)(3)(E)(i)

In the case of any transaction otherwise subject to this subdivision that qualifies as an "installment sale," within the meaning of Section 453(b) of the Internal Revenue Code, for California income tax purposes, the provisions of this subdivision shall be separately applied to each principal payment to be made under the terms of the installment sale agreement between the parties.

18662(e)(3)(E)(ii)

For purposes of clause (i), subparagraph (A) of paragraph (3) does not apply to each individual payment to be received under the terms of the installment sale agreement.

18662(e)(4)

18662(e)(4)(A)

Amounts withheld and payments made in accordance with this subdivision shall be reported and remitted to the Franchise Tax Board in the form and manner and at the time specified by the Franchise Tax Board. Notwithstanding the foregoing, funds withheld on individual transactions by real estate escrow persons may, at the option of the real estate escrow person, be remitted by the 20th day of the month following the close of escrow for the individual transaction, or may be remitted on a monthly basis in combination with other transactions closed during that month.

18662(e)(4)(B)

The transferor shall submit a copy of the written certificate and supporting documentation for the reduced withholding specified in subparagraph (B) of paragraph (2) or subparagraph (D) of paragraph (3), executed by the transferor, to the Franchise Tax Board upon request.

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Cal. Rev. & Tax Code §18666(a)

Section 1446 of the Internal Revenue Code shall apply to the extent that the amounts represent income from California sources, except as otherwise provided.

18666(b)

18666(b)(1)

The rate of tax referred to in Section 1446(b)(2)(A) of the Internal Revenue Code shall be the maximum tax rate specified in Section 17041, rather than the rate specified in Section 1 of the Internal Revenue Code.

18666(b)(2)

The rate of tax referred to in Section 1446(b)(2)(B) of the Internal Revenue Code shall be the rate specified in Section 23151, 23181, or 23183, as applicable, rather than the rate specified in Section 11 of the Internal Revenue Code.

Reg. 18662-1(a)

Types of Withholding—Application of Regulation sections 18662-0 through 18662-8.

			<p>18662-1(a)(1) <i>Overview.</i> California law requires withholding of tax by persons having the control, receipt, custody, disposal, or payment of items of income, commonly termed "withhold at source." Regulation sections 18662-0 through 18662-8 apply to withholding of tax at source and do not apply to wage withholding, withholding orders for delinquent taxes, withholding on foreign (non-U.S.) partners and members, backup withholding, or tax collection through the interagency intercept program.</p> <p>....</p> <p>Cal. Reg. 18662-1(a)(1)(C) <i>Foreign (Non-U.S.) Partners and Members.</i> Revenue and Taxation Code section 18666 and federal provisions incorporated by reference apply to withholding on foreign (non-U.S.) partners and members who have allocable amounts of effectively connected income to a California trade or business. Regulation sections 18662-0 through 18662-8 do not cover withholding on foreign (non-U.S.) partners and members. (See Treasury Regulation section 1.1446-0 et seq. and Internal Revenue Service (IRS) publications.)</p> <p>See also FTB Publication 1017</p>
Colorado	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • trusts; and • estates. 	<p>Exemption from withholding for nonresident individuals that elect to be included in composite return.</p>	<p>39-22-601(5)(d) The department of revenue shall permit partnerships to file composite returns and to make composite payments of tax on behalf of any or all of its nonresident partners.</p> <p>39-22-601(5)(e) With respect to each of its nonresident partners, a partnership shall, for each taxable period, either timely file with the department of revenue an agreement, as provided in paragraph (f) of this subsection (5), or make payment to this state, as provided in paragraph (h) of this subsection (5).</p> <p>...</p> <p>39-22-601(5)(h) The payment referred to in paragraph (e) of this subsection (5) shall be in an amount equal to the highest marginal tax rate in effect under section 39-22-104 (1) multiplied by the nonresident partner's share of the income attributable to the state as reflected on the partnership's return for the taxable period. A partnership shall be entitled to recover a payment pursuant to this paragraph (h) from the nonresident partner on whose behalf the payment was made. Any such payment for a taxable period must be made at or before the time the annual return for such taxable period is required to be filed pursuant to paragraph (a) of this subsection (5).</p>
Connecticut	<p>Passthrough pays tax on nonresident noncorporate partner's distributive share of Connecticut-source income at highest marginal rate</p>	<p>No composite return exemption.</p>	<p>Conn. Gen. Stat. 12-719(a) The income tax return required under this chapter shall be filed on or before the fifteenth day of the fourth month following the close of the taxpayer's taxable year. A person required to make and file a return shall, without assessment, notice or demand, pay any tax due thereon to the Commissioner of Revenue Services on or before the date fixed for filing such return, determined without regard to any extension of time for filing the return. The commissioner shall prescribe by regulation the place for filing any return, declaration, statement or other document required pursuant to this chapter and for the payment of any tax.</p> <p>12-719(b) 12-719(b)(1) With respect to each of its nonresident partners, each partnership doing business in this state or having income derived from or connected with sources within this state shall, for each</p>

taxable year, make payment to the commissioner as provided in subdivision (2) of this subsection.

12-719(b)(2)

12-719(b)(2)(A)

Any payment under this subdivision shall be in an amount equal to the highest marginal tax rate in effect under section 12-700 for the taxable year multiplied by the subject partner's distributive share of (i) such partnership's separately and nonseparately computed items, as described in Section 702(a) of the Internal Revenue Code, to the extent derived from or connected with sources within this state, as determined under this chapter, and (ii) any modification described in section 12-701, as amended, which relates to an item of such partnership's income, gain, loss or deduction, to the extent derived from or connected with sources within this state, as determined under this chapter. Any amount paid by a partnership to this state with respect to any taxable year pursuant to this subdivision shall be considered to be a payment by the partner on account of the income tax imposed on the partner for such taxable year pursuant to this chapter. A partnership shall not be liable to, and shall be entitled to recover a payment made pursuant to this subdivision from, the partner on whose behalf the payment was made. Any payment for a taxable year shall be made on or before the date the annual return for such taxable year is required to be filed pursuant to section 12-726, as amended by this act. The partnership shall furnish, on a form prescribed by the commissioner, to each partner on whose behalf payment was made under this subdivision no later than the fifteenth day of the fourth month following the close of the partnership's taxable year a record of the amount of the tax paid on behalf of such partner by the partnership with respect to the taxable year.

12-719(b)(2)(B)

12-719(b)(2)(B)(i)

If income from one or more pass-through entities, as defined in subparagraph (D) of this subdivision, is the only source of income derived from or connected with Connecticut sources of a partner, or the partner and his or her spouse if a joint federal income tax return is or shall be made, the filing by the partnership of an annual return pursuant to section 12-726, as amended by this act, and the payment by the partnership on behalf of the partner of the tax prescribed under subparagraph (A) of this subdivision shall satisfy the filing and payment requirements otherwise separately imposed on the partner by this chapter. The commissioner may make any deficiency assessment against, at the commissioner's sole discretion, either the partnership or the partner, provided any such assessment against the partner shall be limited to the partner's share thereof. Except as otherwise provided in section 12-733 of the 2006 supplement to the general statutes, any such assessment shall be made not later than three years after the partnership's annual return pursuant to section 12-726, as amended by this act, is filed. The commissioner may refund or credit any overpayment to either the partnership or the partner, in the commissioner's sole discretion. Except as otherwise provided in section 12-732, any such overpayment shall be refunded or credited not later than three years from the due date of the partnership's annual return pursuant to section 12-726, as amended by this act, or, if the time for filing such return was extended, not later than three years from the date on which such return is filed or the extended due date of such return, whichever is earlier.

12-719(b)(2)(B)(ii)

If income from one or more pass-through entities, as defined in subparagraph (D) of this subdivision, is not the only source of income derived from or connected with Connecticut sources of a partner, or the partner and his or her spouse if a joint

federal income tax return is or shall be made, nothing in this subdivision shall be construed as excusing the partner from the obligation to file his or her own separate tax return under this chapter. In such event, the partner shall receive credit for the income tax paid under this subdivision by the partnership on his or her behalf. The commissioner may make any deficiency assessment that is related to the partner's share of partnership items against either, in the commissioner's sole discretion, the partnership or the partner. If the commissioner chooses to make any deficiency assessment against the partnership, then, except as otherwise provided in section 12-733 of the 2006 supplement to the general statutes, any such assessment shall be made not later than three years after the partnership's annual return pursuant to section 12-726, as amended by this act, is filed. The commissioner may refund or credit any overpayment that is related to the partner's share of partnership items to either, in the commissioner's sole discretion, the partnership or the partner. If the commissioner chooses to refund or credit any overpayment to the partnership, then, except as otherwise provided in section 12-732, any such overpayment shall be refunded or credited not later than three years from the due date of the partnership's annual return pursuant to section 12-726, as amended by this act, or, if the time for filing such return was extended, not later than three years from the date on which such return is filed or the extended due date of such return, whichever is earlier.

12-719(b)(2)(C)

Notwithstanding any provision of subparagraph (A) of this subdivision, a partnership shall not be required to make a payment on account of the income tax imposed on a partner for a taxable year pursuant to this chapter if (i) the partner's distributive share of partnership income, to the extent derived from or connected with sources within this state, as reflected on the partnership's annual return for the taxable year under section 12-726, as amended by this act, is less than one thousand dollars; (ii) the department has determined by regulation, ruling or instruction that the partner's income is not subject to the provisions of this subdivision; or (iii) the partnership is a publicly traded partnership, as defined in Section 7704(b) of the Internal Revenue Code, that is treated as a partnership for federal income tax purposes and that has agreed to file the annual return pursuant to section 12-726, as amended by this act, and to report therewith the name, address, Social Security number or federal employer identification number, and other information required by the department concerning each unitholder whose distributive share of partnership income, to the extent derived from or connected with sources within this state, as reflected on such annual return, is more than five hundred dollars.

12-719(b)(2)(D)

If a member of a pass-through entity, referred to in this subparagraph as an "upper-tier pass-through entity", is itself a pass-through entity, the member, referred to in this subparagraph as a "lower-tier pass-through entity", shall be subject to the same requirements to make payment, on behalf of its members, of the income tax imposed on those members pursuant to this chapter that apply to the upper-tier pass-through entity under this subdivision. The department shall apply the income tax paid by the upper-tier pass-through entity, on behalf of the lower-tier pass-through entity, to the income tax required to be paid by the lower-tier pass-through entity, on behalf of its members. For purposes of this subdivision, "pass-through entity" means an S corporation, general partnership, limited partnership, limited liability partnership or limited liability company that is treated as a partnership for federal income tax purposes; and "member" means a shareholder of an S corporation, a partner in a general partnership, a limited partnership, or a limited liability partnership and a member of a limited liability company that is treated as a partnership for federal income tax purposes.

			<p>12-719(b)(2)(E) For purposes of section 12-740, a nonresident individual who is a member of a pass-through entity, as defined in subparagraph (D) of this subdivision, shall not be required to file an income tax return under this chapter for a taxable year if, for such taxable year, the only source of income derived from or connected with Connecticut sources of such member, or the member and his or her spouse if a joint federal income tax return is or shall be made, is from one or more pass-through entities, and the sum of such income derived from or connected with Connecticut sources from such one or more pass-through entities is less than one thousand dollars.</p>
Delaware	Not required	No composite return exemption.	
District of Columbia	Not required	No composite return exemption.	
Florida	Not required	No composite return exemption.	
Georgia	Withholding required for the following nonresident owners: <ul style="list-style-type: none"> • individuals; • corporations, except C corporations that meet certain conditions; • partnerships, LLPs, and LLCs; and • fiduciaries. 	Exemption from withholding for: <ul style="list-style-type: none"> • nonresidents participating in composite return that are not otherwise required to file a return; and • nonresident individuals participating in composite return that elect to compute the tax at a flat rate. 	<p>Ga. Code Ann. § 48-7-129(a)</p> <p>48-7-129(a)(1) Any partnership, Subchapter "S" corporation, or limited liability company which owns property or does business within this state shall be subject to a withholding tax. Such tax shall be withheld from a nonresident member's share of taxable income sourced to this state, whether distributed or not, except as provided in subsection (c) of Code Section 48-7-24. For purposes of this Code section, the term "taxable income sourced to this state" means the entity's income allocated or apportioned to Georgia pursuant to Code Section 48-7-31 or as otherwise provided by law.</p> <p>48-7-129(a)(2) The amount of tax to be withheld for each nonresident member shall be determined by multiplying the nonresident member's share of the taxable income sourced to this state by a rate of 4 percent. To the extent that the partnership, Subchapter 'S' corporation, or limited liability company remits withholding tax during the course of the tax year which exceeds the Georgia income tax liability of a nonresident member, that member shall be entitled to a refund of the excess withholding at the end of the taxable year.</p> <p>48-7-129(a)(3) Any partnership, Subchapter "S" corporation, or limited liability company which fails to withhold and pay over to the commissioner any amount required to be withheld under this Code section may be liable for a penalty equal to 25 percent of the amount not withheld and paid over. Any penalty imposed under this subsection shall be paid upon notice and demand by the commissioner or the commissioner's delegate and shall be assessed and collected in the same manner as the withholding taxes imposed by this article.</p> <p>48-7-129(a)(4) The partnership, Subchapter "S" corporation, or limited liability company and its members shall be jointly and severally liable for the withholding tax liability imposed under this subsection and shall be assessed accordingly.</p> <p>48-7-129(b)</p> <p>48-7-129(b)(1) As an alternative to the withholding requirement imposed by subsection (a) of this Code section, the commissioner may allow the filing of composite returns by partnerships, Subchapter "S" corporations, or limited liability companies on behalf of their nonresident members and may provide for the requirements of filing composite returns by regulation. For purposes of this subsection, the term "composite return" means a return filed by a</p>

			<p>partnership, Subchapter "S" corporation, or limited liability company on behalf of all of its nonresident members which reports and remits the Georgia income tax of the nonresident members.</p> <p>48-7-129(b)(2) Where a partnership, Subchapter "S" corporation, or limited liability company chooses to file a composite return and meets all the requirements of filing such composite return, such partnership, Subchapter "S" corporation, or limited liability company shall be exempt from the withholding requirements imposed under subsection (a) of this Code section.</p> <p>48-7-129(b)(3) The liability imposed by this subsection shall be paid upon notice and demand by the commissioner or the commissioner's delegate and shall be assessed and collected in the same manner as all other withholding taxes imposed by this article.</p>
Hawaii	Not required.	No composite return exemption.	
Idaho	Withholding required for nonresident individuals (including grantor trusts, qualified subchapter S trusts, and single member LLCs treated as a disregarded entity).	Exemption from withholding for nonresident individuals (including grantor trusts, qualified subchapter S trusts, and single member LLCs treated as a disregarded entity) included in composite return.	<p>Idaho Code § 63-3036B(1) A pass-through entity, as defined in section 63-3006C, Idaho Code, that is transacting business in Idaho during a taxable year shall withhold tax as prescribed in this section.</p> <p>63-3036B(2) For each nonresident individual who has income described in subsection (2) of section 63-3022L, Idaho Code, the pass-through entity shall withhold tax on the individual's share of income from the pass-through entity required to be included in Idaho taxable income of the individual, at the highest marginal rate applicable for the taxable year under section 63-3024, Idaho Code.</p> <p>63-3036B(3) A pass-through entity is not required to withhold taxes under this section:</p> <p>63-3036B(3)(a) In regard to an individual who is a resident of Idaho as defined in section 63-3013, Idaho Code; or</p> <p>63-3036B(3)(b) If the pass-through entity is a publicly traded partnership, as defined in section 7704 (b) of the Internal Revenue Code, that is treated as a partnership for purposes of the Internal Revenue Code and that has agreed to file an annual information return reporting the name, address, taxpayer identification number and other information requested by the state tax commission concerning each unit holder whose distributive share of partnership income from Idaho sources is more than five hundred dollars (\$500); or</p> <p>63-3036B(3)(c) If withholding is not required pursuant to a rule adopted under this section; or</p> <p>63-3036B(3)(d) In regard to an individual who is not a resident of Idaho as defined in section 63-3013, Idaho Code, but for whom the pass-through entity has reported and paid the tax relating to said individual on a composite return pursuant to section 63-3022L, Idaho Code. An entity may rely upon information provided by the individual indicating state of residency as prescribed in the rules of the state tax commission.</p> <p>63-3036B(4) A pass-through entity that is required to withhold tax under this section shall file a withholding return with the state tax commission setting forth the amount of income described in subsection (2) of section 63-3022L, Idaho Code, the amount of tax withheld under this section and any other information required by the state tax commission. The return shall be filed with the state tax commission on the form and taxes withheld under this section shall be paid to the state tax commission in the time and manner prescribed by rules of the state tax commission. To the extent</p>

			<p>the state tax commission finds practicable, the rules shall generally conform to the requirements of section 63-3035, Idaho Code.</p> <p>63-3036B(5) A pass-through entity that is required to withhold tax under the provisions of this section shall furnish a statement to each individual on whose behalf tax is withheld. The statement shall state the amount of tax withheld on behalf of the individual for the taxable year of the pass-through entity. The statement shall be made on a form prescribed by the state tax commission and shall contain any other information required by it.</p> <p>63-3036B(6) A pass-through entity is liable to this state for amounts of tax required to be withheld and paid under the provisions of this section. A pass-through entity is not liable to an officer, director, or individual owner of an interest in the pass-through entity for amounts required to be withheld under the provisions of this section that were paid to the state tax commission as prescribed in this section. Amounts required to be withheld and paid over to the state tax commission under this section that are not withheld or paid over at the time and in the manner required by the provisions of this section shall be a deficiency in tax as defined in section 63-3044, Idaho Code.</p> <p>63-3036B(7) For purposes of this section, "individual" shall have the same meaning as in subsection (6) of section 63-3022L, Idaho Code.</p>
Illinois	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts; and • estates. 	<p>Exemption from withholding, if nonresident elects to have tax due paid as part of composite return. For tax years ending on or after Dec. 31, 2014, composite returns will no longer be permitted.</p>	<p>35ILCS5/709.5(a) In general. For each taxable year ending on or after December 31, 2008, every partnership (other than a publicly traded partnership under Section 7704 of the Internal Revenue Code or investment partnership), Subchapter S corporation, and trust must withhold from each nonresident partner, shareholder, or beneficiary (other than a partner, shareholder, or beneficiary who is exempt from tax under Section 501(a) of the Internal Revenue Code or under Section 205 of this Act, who is included on a composite return filed by the partnership or Subchapter S corporation for the taxable year under subsection (f) of Section 502 of this Act), or who is a retired partner, to the extent that partner's distributions are exempt from tax under Section 203(a)(2)(F) of this Act) an amount equal to the sum of (i) the share of business income of the partnership, Subchapter S corporation, or trust apportionable to Illinois plus (ii) for taxable years ending on or after December 31, 2014, the share of nonbusiness income of the partnership, Subchapter S corporation, or trust allocated to Illinois under Section 303 of this Act (other than an amount allocated to the commercial domicile of the taxpayer under Section 303 of this Act) that is distributable to that partner, shareholder, or beneficiary under Sections 702 and 704 and Subchapter S of the Internal Revenue Code, whether or not distributed, (iii) multiplied by the applicable rates of tax for that partner, shareholder, or beneficiary under subsections (a) through (d) of Section 201 of this Act, and (iv) net of the share of any credit under Article 2 of this Act that is distributable by the partnership, Subchapter S corporation, or trust and allowable against the tax liability of that partner, shareholder, or beneficiary for a taxable year ending on or after December 31, 2014.</p> <p>35ILCS5/709.5(b) Credit for taxes withheld. Any amount withheld under subsection (a) of this Section and paid to the Department shall be treated as a payment of the estimated tax liability or of the liability for withholding under this Section of the partner, shareholder, or beneficiary to whom the income is distributable for the taxable year in which that person incurred a liability under this Act with respect to that income. The Department shall adopt rules pursuant to which a partner, shareholder, or beneficiary may claim a credit against its obligation for withholding under this Section for amounts withheld under this Section with respect to income distributable to it by a partnership, Subchapter S corporation, or trust and allowing its partners, shareholders, or beneficiaries to claim a credit under this subsection (b) for those withheld amounts.</p>

35ILCS5/709.5(c)

Exemption from withholding.

35ILCS5/709.5(c)(1)

A partnership, Subchapter S corporation, or trust shall not be required to withhold tax under subsection (a) of this Section with respect to any nonresident partner, shareholder, or beneficiary (other than an individual) from whom the partnership, S corporation, or trust has received a certificate, completed in the form and manner prescribed by the Department, stating that such nonresident partner, shareholder, or beneficiary shall:

35ILCS5/709.5(c)(1)(A)

file all returns that the partner, shareholder, or beneficiary is required to file under Section 502 of this Act and make timely payment of all taxes imposed under Section 201 of this Act or under this Section on the partner, shareholder, or beneficiary with respect to income of the partnership, S corporation, or trust; and

35ILCS5/709.5(c)(1)(B)

be subject to personal jurisdiction in this State for purposes of the collection of income taxes, together with related interest and penalties, imposed on the partner, shareholder, or beneficiary with respect to the income of the partnership, S corporation, or trust.

35ILCS5/709.5(c)(2)

The Department may revoke the exemption provided by this subsection (c) at any time that it determines that the nonresident partner, shareholder, or beneficiary is not abiding by the terms of the certificate. The Department shall notify the partnership, S corporation, or trust that it has revoked a certificate by notice left at the usual place of business of the partnership, S corporation, or trust or by mail to the last known address of the partnership, S corporation, or trust.

35ILCS5/709.5(c)(3)

A partnership, S corporation, or trust that receives a certificate under this subsection (c) properly completed by a nonresident partner, shareholder, or beneficiary shall not be required to withhold any amount from that partner, shareholder, or beneficiary, the payment of which would be due under Section 711(a-5) of this Act after the receipt of the certificate and no earlier than 60 days after the Department has notified the partnership, S corporation, or trust that the certificate has been revoked.

35ILCS5/709.5(c)(4)

Certificates received by a the partnership, S corporation, or trust under this subsection (c) must be retained by the partnership, S corporation, or trust and a record of such certificates must be provided to the Department, in a format in which the record is available for review by the Department, upon request by the Department. The Department may, by rule, require the record of certificates to be maintained and provided to the Department electronically.

86 III. Adm.Code100.7035(a)

In General. For each taxable year ending on or after December 31, 2008, every pass-through entity must withhold from each nonresident owner an amount equal to the distributive share of that owner under sections 702 and 704 and subchapter S of the Internal Revenue Code, whether or not distributed, of the business income of the pass-through entity that is apportionable to Illinois, multiplied by the applicable tax rate for that owner under IITA Section 201(a) through (d). (See IITA Section 709.5.)

...

86IIIAdm.Code100.7035(g)

Exemption from withholding.

86IIIAdm.Code100.7035(g)(1)

Pass-through entities are not required to withhold tax under this Section from any owner:

86IIIAdm.Code100.7035(g)(1)(A)

			<p>who is exempt from taxation under 26 USC 501(a) or under IITA Section 201; 86IIIAdm.Code100.7035(g)(1)(B) who is included on a composite return filed by the entity for the taxable year under IITA Section 502(f); or 86IIIAdm.Code100.7035(g)(1)(C) who is not an individual and, on the date withholding is required to be reported and paid for a taxable year, the pass-through entity has in its possession a valid certificate of exemption for that owner.</p>
<p>Indiana</p>	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals, except residents of reverse credit states who pay income tax at equivalent or higher rate; • C corporations not registered with the state; • partnerships, LLPs, and LLCs; • trusts; and • estates. 	<p>All non-Indiana resident individuals are required to be on the composite worksheet reporting their Indiana distributive income; publicly traded partnerships are not required to file a composite return for the publicly traded partnership's nonresident partners.</p>	<p>Ind. Code §6-3-4-12(a) Every partnership shall, at the time that the partnership pays or credits amounts to any of its nonresident partners on account of their distributive shares of partnership income, for a taxable year of the partnership, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. Such partnership so paying or crediting any nonresident partner:</p> <p>6-3-4-12(a)(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and retained under this section and shall not be liable to such partner for the amount deducted from such payment or credit and paid over in compliance or intended compliance with this section; and</p> <p>6-3-4-12(a)(2) shall make return of and payment to the department monthly whenever the amount of tax due under IC 6-3 and IC 6-3.5 exceeds an aggregate amount of fifty dollars (\$50) per month with such payment due on the thirtieth day of the following month, unless an earlier date is specified by section 8.1 of this chapter. Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not exceed fifty dollars (\$50) per month, then such partnership shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.</p> <p>6-3-4-12(b) Every partnership shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident partners, the amount deducted therefrom in accordance with the provisions of this section, and such other information as the department may require. Every partnership making the deduction and retention provided in this section shall furnish to its nonresident partners annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax deducted and retained from such partners on forms to be prescribed by the department.</p> <p>6-3-4-12(c) All money deducted and retained by the partnership, as provided in this section, shall immediately upon such deduction be the money of the state of Indiana and every partnership which deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any partnership may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money deducted and retained pursuant to this section.</p> <p>6-3-4-12(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to partnerships subject to the provisions of this section, and for these purposes any amount deducted, or required to be deducted and remitted to the department under this section, shall be</p>

			<p>considered to be the tax of the partnership, and with respect to such amount it shall be considered the taxpayer.</p> <p>6-3-4-12(e) Amounts deducted from payments or credits to a nonresident partner during any taxable year of the partnership in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such nonresident partner for the nonresident partner's taxable year within or with which the partnership's taxable year ends. A return made by the partnership under subsection (b) shall be accepted by the department as evidence in favor of the nonresident partner of the amount so deducted for the nonresident partner's distributive share.</p> <p>6-3-4-12(f) This section shall in no way relieve any nonresident partner from the nonresident partner's obligations of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.</p> <p>6-3-4-12(g) Instead of the reporting periods required under subsection (a), the department may permit a partnership to file one (1) return and payment each year if the partnership pays or credits amounts to its nonresident partners only one (1) time each year. The return and payment are due on or before the fifteenth day of the fourth month after the end of the year. However, if a partnership is permitted an extension to file its income tax return under IC 6-8.1-6-1, the return and payment due under this subsection shall be allowed the same treatment as an extended income tax return with respect to due dates, interest, and penalties under IC 6-8.1-6-1.</p> <p>6-3-4-12(h) If a partnership fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the partners, the amounts of tax as paid by the partners shall not be collected from the partnership but it may not be relieved from liability for interest or penalty otherwise due in respect to the failure to withhold under IC 6-8.1-10.</p> <p>6-3-4-12(i) A partnership shall file a composite adjusted gross income tax return on behalf of all nonresident partners. The composite return must include each nonresident partner regardless of whether or not the nonresident partner has other Indiana source income.</p>
Iowa	Withholding required for nonresident individuals.	No composite return exemption.	<p>Iowa Code § 422.16.12.a. In the case of nonresidents having income subject to taxation by Iowa, but not subject to withholding of such tax under subsection 1 hereof, withholding agents shall withhold from such income at the same rate as provided in subsection 1 hereof, and such withholding agents and such nonresidents shall be subject to the provisions of this section, according to the context, except that such withholding agents may be absolved of such requirement to withhold taxes from such nonresident's income upon receipt of a certificate from the department issued in accordance with the provisions of section 422.17, as hereby amended. In the case of nonresidents having income from a trade or business carried on by them in whole or in part within the state of Iowa, such nonresident shall be considered to be subject to the provisions of this subsection unless such trade or business is of such nature that the business entity itself, as a withholding agent, is required to and does withhold Iowa income tax from the distributions made to such nonresident from such trade or business.</p> <p>422.16.12.b. Notwithstanding this subsection, withholding agents are not required to withhold state income tax from payments subject to taxation made to nonresidents for commodity credit certificates, grain, livestock, domestic fowl, or other agricultural commodities or products sold to the withholding agents by the nonresidents or their representatives, if the withholding agents provide on forms prescribed by the department information relating to the sales required by the department to</p>

			<p>determine the state income tax liabilities of the nonresidents. However, the withholding agents may elect to make estimated tax payments on behalf of the nonresidents on the basis of the net incomes of the nonresidents from the agricultural commodities or products, if the estimated tax payments are made on or before the last day of the first month after the end of the tax years of the nonresidents.</p> <p>422.16.12.c. Notwithstanding this subsection, withholding agents are not required to withhold state income tax from a partner's pro rata share of income from a publicly traded partnership, as defined in section 7704(b) of the Internal Revenue Code, provided that the publicly traded partnership files with the department an information return that reports the name, address, taxpayer identification number, and any other information requested by the department for each unit holder with an income in this state from the publicly traded partnership in excess of five hundred dollars.</p> <p>Iowa Code § 422.17 Any nonresident whose Iowa income is not subject to section 422.16, subsection 1, in whole or in part, and who elects to be governed by subsection 12 of that section to the extent that the nonresident pays the entire amount of tax properly estimated on or before the last day of the fourth month of the nonresident's tax year, for the year, may for the year of the election and payment, be granted a certificate from the department authorizing each withholding agent, the income from whom the nonresident has considered in the payment of estimated tax and to the extent the income is included in the estimate, to make payments of income to the nonresident without withholding tax from those payments. Withholding agents, if payments exceed the tax liability estimated by the nonresident as indicated upon the certificate, shall withhold tax in accordance with subsection 12 of section 422.16.</p> <p><i>See also Iowa Admin. Code r. 701 46.4(422)</i></p>
Kansas	N/A, because withholding not required after July 1, 2014.	N/A, because withholding not required after July 1, 2014.	
Kentucky	<p>LLCs/LLPs must withhold at the highest marginal rate applicable unless nonresident partner filed return and timely paid Kentucky income tax in immediately prior year (but if partner does not pay tax in current year, LLC/LLP still liable) or if composite return filed. Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; 	Exemption from withholding for nonresident individuals	<p>KRS § 141.206(5)(a) Every pass-through entity required to file a return under subsection (2) of this section, except publicly traded partnerships as defined in KRS 141.0401(6)(r), shall withhold Kentucky income tax on the distributive share, whether distributed or undistributed, of each:</p> <p>141.206(5)(a)1. Nonresident individual partner, member, or shareholder; and</p> <p>141.206(5)(a)2. Corporate partner or member that is doing business in Kentucky only through its ownership interest in a pass-through entity.</p> <p>141.206(5)(b) Withholding shall be at the maximum rate provided in KRS 141.020 or 141.040.</p> <p>...</p> <p>141.206(16)(a) 141.206(16)(a)1. A pass-through entity may file a composite income tax return on behalf of electing nonresident individual partners, members, or shareholders.</p> <p>141.206(16)(a)2. The pass-through entity shall report and pay on the composite income tax return income tax at the highest marginal rate provided in this chapter on any portion of the partners',</p>

	<ul style="list-style-type: none"> • C corporations doing business in the state only through ownership interests in the entity; • trusts; and • estates. 		<p>members', or shareholders' pro rata or distributive shares of income of the pass-through entity from doing business in this state or deriving income from sources within this state. Payments made pursuant to subsection (6) of this section shall be credited against any tax due.</p> <p>141.206(16)(a)3. The pass-through entity filing a composite return shall still make estimated tax payments if required to do so by subsection (6) of this section, and shall remain subject to any penalty provided by KRS 131.180 or 141.990 for any declaration underpayment or any installment not paid on time.</p> <p>141.206(16)(a)4. The partners', members', or shareholders' pro rata or distributive share of income shall include all items of income or deduction used to compute adjusted gross income on the Kentucky return that is passed through to the partner, member, or shareholder by the pass-through entity, including but not limited to interest, dividend, capital gains and losses, guaranteed payments, and rents.</p> <p>141.206(16)(b) A nonresident individual partner, member, or shareholder whose only source of income within this state is distributive share income from one (1) or more pass-through entities may elect to be included in a composite return filed pursuant to this section.</p> <p>141.206(16)(c) A nonresident individual partner, member, or shareholder that has been included in a composite return may file an individual income tax return and shall receive credit for tax paid on the partner's behalf by the pass-through entity.</p>
Louisiana		<p>LLC/LLP required to make composite tax payments on nonresident partner's distributive share of Louisiana income at highest individual state rate unless nonresident consents filed.</p> <p>Partners that are corporations or partnerships themselves generally cannot be included on composite return.</p>	<p>La. Rev. Stat. Ann. §47:201.1.A.(1) Beginning January 1, 2001, each entity treated as a partnership for state income tax purposes which engages in activities in this state shall file composite returns and make composite payment of tax on behalf of any or all of its nonresident partners or members who do not agree to file an individual return as provided for in Subsection C of this Section.</p> <p>See also La. Admin. Code tit. 61, §1401</p>
Maine	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts; and • estates. 	<p>Exemption from withholding, for nonresident individuals and trusts that elect to participate in composite return.</p>	<p>Me. Rev. Stat. Ann. tit. 36, §5250-B.2. <i>Withholding required.</i> Except as provided by subsection 3, every pass-through entity that does business in this State must withhold income tax at the highest tax rate provided in this Part on the proportionate quarterly share of Maine source income of each nonresident member. The method for determining the amount of the share of income and for determining the amount of withholding for each nonresident member under this section must be prescribed by rules adopted by the assessor. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.</p> <p>5250-B.3. <i>Withholding exemptions.</i> For purposes of this section, a pass-through entity is not required to withhold tax for a nonresident member if:</p> <p>5250-B.3.A. The member's share of annual entity income sourced to the State is less than \$1,000; or</p>

			<p>5250-B.3.B. The bureau has determined by rule, ruling or instruction that the member's income is not subject to withholding.</p> <p>...</p> <p>03.06.C.3. Composite filing exemption. A composite filing is a simplified group individual income tax return for two or more individual nonresident members of a pass-through entity. To be allowed a composite filing exemption, the entity must collect a Nonresident Member Affidavit and Agreement to Participate in a Composite Filing of Maine Income Tax (Form 941 CF-ME) from each nonresident member that is participating in the composite filing. The entity must submit a Pass-through Entity Withholding Form (Form 941P-ME) by April 30th following the calendar year for which the exemption applies, including a list of composite filers, to MRS and must make estimated payments on behalf of the composite filing group. The entity must file the composite return, including Schedule 1040C-ME, even if there is no tax liability for the group. Composite return requirements are outlined in 18-125 C.M.R., ch. 805.</p>
Maryland	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; and • trusts. 	No composite return exemption.	<p>Md. Code Ann. §10-102.1(c) 10-102.1(c)(1) The tax imposed under subsection (b) of this section shall be treated as a tax imposed on the nonresident or nonresident entity members that is paid on behalf of the nonresidents or nonresident entities by the pass-through entity.</p> <p>10-102.1(c)(2) The comptroller shall provide by regulation for the treatment of the tax imposed under subsection (b) of this section that is paid on behalf of a nonresident entity member that is itself a pass-through entity.</p> <p>...</p> <p>10-102.1(f) The Comptroller may provide by regulation for:</p> <p>10-102.1(f)(1) the filing of composite returns by a pass-through entity on behalf of its nonresident and nonresident entity members; and</p> <p>10-102.1(f)(2) application of or exemption from the tax imposed under subsection (b) of this section for a pass-through entity:</p> <p>10-102.1(f)(2)(i) that files a composite return on behalf of nonresident and nonresident entity members; or</p> <p>10-102.1(f)(2)(ii) the nonresident or nonresident entity members of which are tax exempt .</p>
Massachusetts	<p>Withholding required for the following owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts; and • estates. 	Exemption from withholding, for nonresident individuals that elect to participate in composite return.	<p>Mass. Gen. Laws ch. 62B, §2 The commissioner may, if he deems such action necessary for the protection of the revenue of the commonwealth, require persons other than employers: (1) to deduct and withhold taxes from payments made by such persons to residents, nonresidents and part-year residents of the commonwealth or, in the case of S corporations or entities treated as partnerships, from the distributive shares of income of such persons attributable to their shareholders or members; (2) to file withholding returns as prescribed by the commissioner; and (3) to pay over to the commissioner, or to a depository designated by the commissioner, the taxes so required to be deducted and withheld; provided, however, that nothing in this paragraph shall authorize the commissioner to require any corporation, foundation, organization or institution that is</p>

	<p>Tax is calculated by multiplying withholding rate by lesser of 80% of shareholder's distributive share for the taxable year, or 100% of shareholder's prior year distributive share.</p>		<p>exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code, as amended and in effect for the taxable year, to withhold taxes from persons who are not employees, except where the payments made by the exempt person for a particular performance or other event exceed \$10,000. Any person other than an employer required to withhold and deduct taxes under this paragraph shall be treated as an employer for purposes of sections 5 through 1</p> <p>Mass. Regs. Code tit. 830, §62B.2.2(3) <i>Pass-Through Entities Required to Withhold; Members Subject to Withholding.</i></p> <p>62B:2.2(3)(a) <i>General rule.</i> A pass-through entity that maintains an office or engages in business in Massachusetts must deduct and withhold Massachusetts tax from the member's pro-rata share of the pass-through entity's Massachusetts-source income, unless: (1) the pass-through entity is exempt from this requirement under 62B:2.2(3)(b); or (2) the member is exempt from this requirement under 62B:2.2(3)(c).</p> <p>62B:2.2(3)(b) <i>Exempt pass-through entities.</i> The following pass-through entities are not required to participate in pass-through entity withholding::</p> <p>62B:2.2(3)(b)1 An Investment Partnership or a partnership that only invests in Investment Partnerships and has no Massachusetts-source income from other sources;</p> <p>62B:2.2(3)(b)2 A trust or estate that is already required to withhold on nonresident members, if it has any, under M.G.L. c. 62, §10(g);</p> <p>62B:2.2(3)(b)3 An upper-tier pass-through entity in a tiered structure that can demonstrate that a lower-tier pass-through entity has previously withheld and made estimated payments of all of the Massachusetts tax on Massachusetts-source income derived by the upper-tier pass-through entity that would otherwise be subject to withholding by the upper-tier entity. (See tiered structures at 830 CMR 62B.2.2(5).)</p> <p>62B:2.2(3)(b)4 A Publicly Traded Partnership; and</p> <p>62B:2.2(3)(b)5 An entity that is prohibited under federal or state law from withholding tax from distributions to members as otherwise required under 830 CMR 62B.2.2, such as certain for-profit entities that provide low-income housing which are funded by or through MassHousing or the United States Department of Housing and Urban Development; the exemption applies only for years in which distributions are prohibited under federal or state law. Contractual restrictions on distributions, such as loan covenants or organizational documents, do not qualify an entity for this exemption.</p> <p>...</p> <p>62B:2.2(3)(c)4 <i>Participating M.G.L. c. 62 Nonresidents.</i> Generally, withholding is not required as to nonresident members taxable under M.G.L. c. 62 who establish that they are compliant with Massachusetts tax laws by:</p> <p>62B:2.2(3)(c)4.a participating in a composite return prepared by the pass-through entity under the rules explained in 830 CMR 62.5A.1(11); or</p> <p>62B:2.2(3)(c)4.b filing a certification with the pass-through entity, stating that they agree to file tax returns, make quarterly estimated tax payments, and accept personal jurisdiction in Massachusetts state courts for the determination and collection of taxes, including estimated tax payments,</p>
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			<p>and related interest, penalties, and fees imposed with respect to the income of the pass-through entity. Members that file this certification may nonetheless agree to have the entity withhold on their behalf at any time during the taxable year.</p>
<p>Michigan</p>	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • C corporations; • S corporations; • partnerships, LLPs, and LLCs; • trusts; and • estates. <p>Effective for tax years after 2011, withholding required for each member that is a corporation or flow through entity, if business income of withholding entity that is attributable to state sources exceeds \$200,000.</p>	<p>No composite return exemption.</p>	<p>Mich. Comp. Laws § 206.703(3) Except as otherwise provided under this section, every flow-through entity in this state shall withhold a tax in an amount computed by applying the rate prescribed in section 51 to the distributive share of taxable income reasonably expected to accrue after allocation and apportionment under chapter 3 of each nonresident member who is an individual after deducting from that distributive income the same proportion of the total amount of personal and dependency exemptions of the individual allowed under this act. All of the taxes withheld under this section shall accrue to the state on April 15, July 15, and October 15 of the flow-through entity's tax year and January 15 of the following year, except a flow-through entity that is not on a calendar year basis shall substitute the appropriate due dates in the flow-through entity's fiscal year that correspond to those in a calendar year. Withholding for each period shall be equal to 1/4 of the total withholding calculated on the distributive share that is reasonably expected to accrue during the tax year of the flow-through entity.</p> <p>206.703(4) Except as otherwise provided under this section, every flow-through entity with business activity in this state that has more than \$200,000.00 of business income reasonably expected to accrue in the tax year after allocation or apportionment shall withhold a tax in an amount computed by applying the rate prescribed in section 623 to the distributive share of the business income of each member that is a corporation or that is a flow-through entity. For purposes of calculating the \$200,000.00 withholding threshold, the business income of a flow-through entity shall be apportioned to this state by multiplying the business income by the sales factor of the flow-through entity. The sales factor of the flow-through entity is a fraction, the numerator of which is the total sales of the flow-through entity in this state during the tax year and the denominator of which is the total sales of the flow-through entity everywhere during the tax year. As used in this subsection, "business income" means that term as defined in section 603(2). For a partnership or S corporation, business income includes payments and items of income and expense that are attributable to business activity of the partnership or S corporation and separately reported to the members. As used in this subsection, "sales" means that term as defined in section 609 and sales in this state is determined as provided in sections 665 and 669. All of the taxes withheld under this section shall accrue to the state on April 15, July 15, and October 15 of the flow-through entity's tax year and January 15 of the following year, except a flow-through entity that is not on a calendar year basis shall substitute the appropriate due dates in the flow-through entity's fiscal year that correspond to those in a calendar year. Withholding for each period shall be equal to 1/4 of the total withholding calculated on the distributive share of business income that is reasonably expected to accrue during the tax year of the flow-through entity.</p> <p>206.703(5) If a flow-through entity is subject to the withholding requirements of subsection (4), then a member of that flow-through entity that is itself a flow-through entity shall withhold a tax on the distributive share of business income as described in subsection (4) of each of its members. The department shall apply tax withheld by a flow-through entity on the distributive share of business income of a member flow-through entity to the withholding required of that member flow-through entity. All of the taxes withheld under this section shall accrue to the state on April 15, July 15, and October 15 of the flow-through entity's tax year and January 15 of the following year, except a flow-through entity that is not on a calendar year basis shall substitute the appropriate due dates in the flow-through entity's fiscal year that correspond to those in a calendar year. Withholding for each period shall be equal to 1/4 of the total withholding calculated on the distributive share of business income</p>

			that is reasonably expected to accrue during the tax year of the flow-through entity.
Minnesota	Withholding required for nonresident individuals.	Exemption from withholding, for nonresident individuals that elect to participate in composite return.	<p>Minn. Stat. § 289A.20.Subd.2. Withholding from wages, entertainer withholding, withholding from payments to out-of-state contractors, and withholding by partnerships and small business corporations.</p> <p>289A.20.Subd.2.(a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.</p> <p>...</p> <p>290.92.Subd.4b. <i>Withholding by partnerships.</i></p> <p>290.92.Subd.4b.(a) A partnership shall deduct and withhold a tax as provided in paragraph (b) for nonresident individual partners based on their distributive shares of partnership income for a taxable year of the partnership.</p> <p>290.92.Subd.4b.(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17, paid or credited during the taxable year by the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the commissioner if the partner submits a withholding exemption certificate under subdivision 5.</p> <p>290.92.Subd.4b.(c) The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.</p> <p>290.92.Subd.4b.(d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:</p> <p>290.92.Subd.4b.(d)(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 289A.08 , subdivision 7;</p> <p>290.92.Subd.4b.(d)(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than \$1,000; or</p> <p>290.92.Subd.4b.(d)(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year; or</p> <p>290.92.Subd.4b.(d)(4) the distributive shares of partnership income are attributable to:</p> <p>290.92.Subd.4b.(d)(4)(i) income required to be recognized because of discharge of indebtedness;</p> <p>290.92.Subd.4b.(d)(4)(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue</p>

			<p>Code; or 290.92.Subd.4b.(d)(4)(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of the Internal Revenue Code, to the extent that the income does not include cash received or receivable or, if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property.</p>
Mississippi	<p>Withholding optional for resident or nonresident individuals, except for individuals who fail to pay or report taxes, in which case entity is jointly and severally liable for the individual's tax liability.</p>	<p>Exemption from withholding, for nonresident shareholders that elect to participate in composite return.</p>	<p>Miss. Code. Ann. §27-7-25 In the event the individual partners fail to report and pay the taxes imposed according to this section, then the partnership and the general partners shall be jointly and severally liable for said tax liability and shall be assessed accordingly. However, the partnership and/or general partner shall not be liable if the partnership withholds five percent (5%) of the net gain or profit of the partnership for the tax year and remits the same to the commissioner. Such amounts paid to the commissioner shall be deemed to be payments of estimated tax of the partners and shall be allocated pro rata to the partners' taxpayer accounts. The commissioner may allow, or require, block or composite filing by a partnership, or withholding on a nonresident partner.</p> <p>Miss. Reg. 35.III.9.01.102Nonresident Partner</p> <p>A nonresident individual, who is a member of a partnership owning property or doing business in the State of Mississippi, is subject to tax on his share of the partnership net income, whether distributed or not. If the partnership does business both within and without the state, it will be necessary to compute the income (or loss) of the partnership from sources within the state separately from the other income in order to determine the amount of income taxable to (or the amount of the loss deductible by) the nonresident partners. The nonresident partner is subject to tax only on such share of his income, whether or not distributed, as is assignable to Mississippi.</p> <p>Miss. Reg. 35.III.9.01.103Liability of Partnership</p> <p>35.III.9.01.103.1. The partnership and general partners shall be jointly and severally liable for any tax not paid by the partners. Each partner in a partnership, whether general or limited, resident or nonresident, is responsible for paying tax on his share of the net gain or profit from the partnership. If the collection of such tax might not be otherwise reported by the partners, the Commissioner shall require the partnership or the general partners to remit the tax.</p> <p>35.III.9.01.103.2. However, the partnership may withhold five percent (5%) of the net gain or profit of the partnership and remit to the Commissioner. The remittance shall be deemed estimated payments of the partners and shall be allocated pro rata to the partners estimated tax account and would be available for refund to the partner if his individual return indicates his tax liability to be less than the five percent (5%) withheld.</p> <p>35.III.9.01.103.3. A partnership that elects to withhold the five percent (5%) should file the prescribed form with the Commissioner and remit the tax. This form shall be filed by the due date of the partnership return and a copy shall be provided to the partners after the form is submitted to the Commissioner.</p> <p>35.III.9.01.103.4. A partnership that has income from sources within and without Mississippi should withhold</p>

			<p>from Mississippi source income only.</p> <p>Miss. Reg. 35.III.9.01.104 Composite Returns</p> <p>35.III.9.01.104.1. A partnership is allowed to file a composite return on behalf of its partners in very limited circumstances. A composite return is a return in which a partnership pays the income tax due for some, or all, of its partners. The only partners who are eligible to be included in the composite return are nonresident partners without any activity in Mississippi other than that from the partnership.</p> <p>35.III.9.01.104.2. Resident partners and nonresident partners with other activity in Mississippi cannot be included in a composite return. Each of these partners must file his own return.</p> <p>35.III.9.01.104.3. If a composite return is filed, the partnership return is completed like any other partnership return, but an additional schedule is attached listing the partners, the partner's identification or social security number, and the partner's distribution that is to be included in the composite return. The partnership then files a nonresident individual return under the partnership name and identification number in which it includes the composite income.</p> <p>35.III.9.01.104.4. The partnership is allowed to deduct 10% of adjusted gross income not to exceed \$5,000 per composite return on the income that relates to individuals as the amount for personal exemptions or standard deductions.</p> <p>35.III.9.01.104.5. Once a partnership begins filing a composite return, it must continue unless permission to change is granted in writing by the Commissioner.</p>
Missouri	Withholding required for nonresident individuals.	Exemption from withholding, for nonresidents that elect to participate in composite return.	<p>Mo. Rev. Stat. §143.411.5 If a partnership pays or credits amounts to any of its nonresident individual partners on account of their distributive share of the partnership income for a taxable year of the partnership, the partnership shall either timely file with the department of revenue an agreement as provided in subsection 6 of this section or withhold Missouri income tax as provided in subsection 7 of this section. A partnership that timely files an agreement as provided in subsection 6 of this section with respect to a nonresident partner for a taxable year shall be considered to have timely filed such an agreement for each subsequent taxable year. A partnership that does not timely file such an agreement for a taxable year shall not be precluded from timely filing such an agreement for subsequent taxable years. A partnership is not required to deduct and withhold Missouri income tax for a nonresident partner if:</p> <p>143.411.5.(1) The nonresident partner not otherwise required to file a return agrees to have the Missouri income tax due paid as part of the partnership's composite return;</p> <p>143.411.5.(2) The nonresident partner not otherwise required to file a return had Missouri assignable federal adjusted gross income from the partnership of less than twelve hundred dollars;</p> <p>143.411.5.(3) The partnership is liquidated or terminated;</p> <p>143.411.5.(4) Income was generated by a transaction related to termination or liquidation; or</p> <p>143.411.5.(5) No cash or other property was distributed in the current and prior taxable year.</p>

143.411.6.

The agreement referred to in subdivision (1) of subsection 5 of this section is an agreement by a nonresident partner of the partnership to:

143.411.6.(1)

File a return in accordance with the provisions of section 143.481 and to make timely payment of all taxes imposed on the partner by this state with respect to income of the partnership; and

143.411.6.(2)

Be subject to personal jurisdiction in this state for purposes of the collection of income taxes, together with related interest and penalties, imposed on the partner by this state with respect to the income of the partnership.

The agreement will be considered timely filed for a taxable year, and for all subsequent taxable years, if it is filed at or before the time the annual return for such taxable year is required to be filed pursuant to section 143.511.

143.411.7.

The amount of Missouri income tax to be withheld is determined by multiplying the partner's distributive share allocable to Missouri that is paid or credited to a nonresident partner during the taxable year by the highest rate used to determine a Missouri income tax liability for an individual, except that the amount of the tax withheld may be determined based on withholding tables provided by the director of revenue if the partner submits a Missouri withholding allowance certificate.

143.411.8.

A partnership shall be entitled to recover for a partner on whose behalf a tax payment was made pursuant to this section, if such partner has no tax liability.

Mo. Code Regs. Ann. tit.12, §10-2.190

Who May File a Composite Return.

12CSR10-2.190(1)(A)

Any partnership, S corporation, limited liability partnership or limited liability company (treated as a partnership for tax purposes), with nonresident partners or S corporation shareholders not otherwise required to file a Missouri individual income tax return may file a composite return on behalf of its nonresident partners or shareholders. If the nonresident partner's or S corporation shareholder's filing requirements result solely from one (1) or more interests in any other partnerships or S corporations, that nonresident partner or S corporation shareholder may be included in the composite return.

12CSR10-2.190(1)(B)

A composite return may be filed by all nonresident partners or S corporation shareholders except—

12CSR10-2.190(1)(B)1.

Nonresidents of Missouri who have income in Missouri from sources other than the partnership(s) or S corporation(s); or

12CSR10-2.190(1)(B)2.

Nonresidents of Missouri filing an individual income tax return.

12CSR10-2.190(1)(C)

Nonresident partners or S corporation shareholders who do not qualify to file a composite return must file an individual income tax return in Missouri reflecting income from all sources including his/her distributive share of the partnership or S corporation income, as required under Chapter 143, RSMo. Nonresident partners or S corporation shareholders who do not file a composite return may be subject to withholding by the partnership or S corporation on their distributive share of the partnership's or S corporation's income for the taxable year of the partnership or S corporation as outlined in section (4).

<p>Montana</p>	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts; and • estates. 	<p>Exemption from withholding, for nonresidents that elect to participate in composite return.</p>	<p>Mont. Code Ann. § 15-30-3313(1) A pass-through entity that is required to file an information return as provided in 15-30-3302 and that reports a distributive share of income of \$1,000 or more of Montana source income during the tax year to a partner, shareholder, member, or other owner who is a nonresident individual, a foreign C. corporation, any other entity, organization, or account whose principal place of business or administration is outside the state of Montana, or that is itself a pass-through entity shall, on or before the due date, including extensions, for the information return:</p> <p>15-30-3313(1)(a) with respect to any partner, shareholder, member, or other owner who is a nonresident individual:</p> <p>15-30-3313(1)(a)(i) file a composite return;</p> <p>15-30-3313(1)(a)(ii) file an agreement of the individual nonresident to:</p> <p>15-30-3313(1)(a)(ii)(A) file a return in accordance with the provisions of 15-30-2602;</p> <p>15-30-3313(1)(a)(ii)(B) timely pay all taxes imposed with respect to income of the pass-through entity; and</p> <p>15-30-3313(1)(a)(ii)(C) be subject to the personal jurisdiction of the state for the collection of income taxes and related interest, penalties, and fees imposed with respect to the income of the pass-through entity; or</p> <p>15-30-3313(1)(a)(iii) remit an amount equal to the highest marginal tax rate in effect under 15-30-2103 multiplied by the nonresident individual's share of Montana source income reflected on the pass-through entity's information return;</p> <p>15-30-3313(1)(b) with respect to any partner, shareholder, member, or other owner that is a foreign C. corporation:</p> <p>15-30-3313(1)(b)(i) file a composite return;</p> <p>15-30-3313(1)(b)(ii) file the foreign C. corporation's agreement to:</p> <p>15-30-3313(1)(b)(ii)(A) file a return in accordance with the provisions of 15-31-111;</p> <p>15-30-3313(1)(b)(ii)(B) timely pay all taxes imposed with respect to income of the pass-through entity; and</p> <p>15-30-3313(1)(b)(ii)(C) be subject to the personal jurisdiction of the state for the collection of income taxes, corporate income taxes, and alternative corporate income taxes and related interest, penalties, and fees imposed with respect to the income of the pass-through entity; or</p> <p>15-30-3313(1)(b)(iii) remit an amount equal to the tax rate in effect under 15-31-121 multiplied by the foreign C. corporation's share of Montana source income reflected on the pass-through entity's information return; and</p> <p>15-30-3313(1)(c) with respect to any partner, shareholder, member, or other owner that is a pass-through entity, also referred to in this section as a "second-tier pass-through entity":</p> <p>15-30-3313(1)(c)(i)</p>
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			<p>file a composite return; or 15-30-3313(1)(c)(ii) remit an amount equal to the highest marginal tax rate in effect under 15-30-2103 multiplied by its share of Montana source income reflected on the pass-through entity's information return.</p> <p>Mont. Admin. R. 42.9.104(1) A partnership and S corporation with one or more nonresident individual, estate, or trust owners, during any part of a tax year for which an information return is required by this chapter, must for each nonresident individual, estate, or trust:</p> <p>42.9.104(1)(a) file a composite return as provided in ARM 42.9.202 and include the nonresident individual, estate, or trust in the filing;</p> <p>42.9.104(1)(b) obtain from the nonresident individual, estate, or trust and file Form PT-AGR (Montana Pass-Through Entity Owner Agreement). On Form PT-AGR, the owner agrees to timely file a Montana individual or fiduciary income tax return, to timely pay tax due, and to be subject to the state's tax collection jurisdiction; or</p> <p>42.9.104(1)(c) remit an amount on the partner's or shareholder's behalf, determined as provided in (5), with the Pass-Through Entity Information Return, Forms CLT-4S or PR-1 and provide Montana Schedule K-1 to the nonresident individual, estate, or trust. The Montana Schedule K-1 must set forth the amount of withholding remitted to the department which can be used as a refundable credit against the tax liability of the nonresident individual, estate, or trust upon filing a Montana individual or fiduciary income tax return.</p>
Nebraska	Withholding required for nonresident individuals.	No composite return exemption.	<p>Neb. Rev. Stat. § 77-2727(1) A partnership as such shall not be subject to the income tax imposed by the Nebraska Revenue Act of 1967. Persons or their authorized representatives carrying on business as partners shall be liable for the income tax imposed by the Nebraska Revenue Act of 1967 only in their separate or individual capacities.</p> <p>77-2727(2) The partners of such partnership who are residents of this state or corporations shall include in their incomes their proportionate share of such partnership's income.</p> <p>77-2727(3) If any partner of such partnership is a nonresident individual during any part of the partnership's reporting year, he or she shall file a Nebraska income tax return which shall include in Nebraska adjusted gross income that portion of the partnership's Nebraska income, as determined under the provisions of sections 77-2728 and 77-2729, allocable to his or her interest in the partnership and shall execute and forward to the partnership, on or before the original due date of the Nebraska partnership return, an agreement which states that he or she will file a Nebraska income tax return and pay income tax on all income derived from or attributable to sources in this state, and such agreement shall be attached to the partnership's Nebraska return for such reporting year.</p> <p>77-2727(4) 77-2727(4)(a) Except as provided in subdivision (c) of this subsection, in the absence of the nonresident individual partner's executed agreement being attached to the Nebraska partnership return, the partnership shall remit a portion of such partner's income which was derived from or attributable to Nebraska sources with its Nebraska return for the reporting year. For tax years beginning or deemed to begin before January 1, 2013, the amount of remittance, in such</p>

			<p>instance, shall be the highest individual income tax rate determined under section 77-2715.02 multiplied by the nonresident individual partner's share of the partnership income which was derived from or attributable to sources within this state. For tax years beginning or deemed to begin on or after January 1, 2013, the amount of remittance, in such instance, shall be the highest individual income tax rate determined under section 77-2715.03 multiplied by the nonresident individual partner's share of the partnership income which was derived from or attributable to sources within this state.</p> <p>77-2727(4)(b) Any amount remitted on behalf of any partner shall be allowed as a credit against the Nebraska income tax liability of the partner.</p> <p>77-2727(4)(c) Subdivision (a) of this subsection does not apply to a publicly traded partnership as defined by section 7704(b) of the Internal Revenue Code of 1986, as amended, that is treated as a partnership for the purposes of the code and that has agreed to file an annual information return with the Department of Revenue reporting the name, address, taxpayer identification number, and other information requested by the department of each unit holder with an income in the state in excess of five hundred dollars.</p> <p>77-2727(5) The Tax Commissioner may allow a nonresident individual partner to not file a Nebraska income tax return if the nonresident individual partner's only source of Nebraska income was his or her share of the partnership's income which was derived from or attributable to sources within this state, the nonresident did not file an agreement to file a Nebraska income tax return, and the partnership has remitted the amount required by subsection (4) of this section on behalf of such nonresident individual partner. The amount remitted shall be retained in satisfaction of the Nebraska income tax liability of the nonresident individual partner.</p> <p>77-2727(6) For purposes of this section, any partner that is a grantor trust of a nonresident shall be disregarded and this section shall apply as though the nonresident grantor was the partner.</p>
Nevada	State does not tax pass-through income. Effective July 1, 2015, there is an annual commerce tax on each business entity (including LLCs and LLPs) based on the business's gross revenue. The rates vary from 0.051 percent to 0.331 percent depending on the industry.	N/A	
New Hampshire	N/A, because partnerships, LLPs, and LLCs taxed at	N/A	N.H. Rev. Stat. Ann §77-A:1(I) "Business organization" means any enterprise, whether corporation, partnership, limited liability company, proprietorship, association, business trust, real estate trust or other form of organization;

	entity level.		<p>organized for gain or profit, carrying on any business activity within the state, except such enterprises as are expressly made exempt from income taxation under the United States Internal Revenue Code as defined in RSA 77-A:1, XX. Each enterprise under this definition shall be subject to taxation under RSA 77-A:2 as a separate entity, unless specifically authorized by this chapter to be treated otherwise, such as, but not limited to, combined reporting. Trusts treated as grantor trusts under section 671 of the United States Internal Revenue Code shall be included in the return of their owners, and such owners shall be subject to the tax thereon to the extent such owners would be considered a business organization hereunder notwithstanding the existence of the trust. The use of consolidated returns as defined in the United States Internal Revenue Code as defined in RSA 77-A:1, XX is not permitted. Notwithstanding any other provision of this paragraph, an enterprise shall not be characterized as a business organization and shall be excluded from taxation at the entity level if it elects to be treated as a qualified investment company as defined in RSA 77-A:1, XXI. A partnership, limited liability company, estate, trust except grantor trusts pursuant to section 671 of the United States Internal Revenue Code, "S" corporation, real estate investment trust, or any other such entity, other than an organization electing to be treated as a qualified investment company as defined in RSA 77-A:1, XXI whose net income is reportable by the true owners either directly or indirectly shall be subject to tax at the entity level, and no part of such earnings or loss shall be included in the calculation of the gross business profits of the owners of such entity.</p>
New Jersey	N/A, but entity-level tax on nonresident partners' distributive shares of New Jersey net income; entity-level tax not required if composite return filed and quarterly estimated payments made.	No composite return exemption to S corporation withholding requirements. – this is according to CCH	<p>N.J. Rev. Stat. §54:10A-15.11.a.(1) A partnership that is not a qualified investment partnership or an investment club and that is not listed on a United States national stock exchange shall, on or before the 15th day of the fourth month succeeding the close of each privilege period, remit a payment of tax. The amount of tax shall be equal to the sum of: all of the share of the entire net income of the partnership for that privilege period of all nonresident noncorporate partners, multiplied by an allocation factor determined, pursuant to section 6 of P.L.1945, c. 162 (C.54:10A-6), based on the allocation fractions of the partnership for that privilege period, and multiplied by .0637 plus all of the share of the entire net income of the partnership for that privilege period of all nonresident corporate partners, multiplied by an allocation factor determined, pursuant to section 6 of P.L.1945, c. 162 (C.54:10A-6), based on the allocation fractions of the partnership for that privilege period, and multiplied by .09.</p> <p>N.J. Admin. Code § 18:35-5.2(a) A general partnership, a limited partnership, a limited liability partnership (LLP), a limited liability company (LLC), a New Jersey electing S corporation, an estate, a trust, or a professional athletic team (as defined in N.J.A.C. 18:35-5.1) doing business or conducting activities in New Jersey, or having income derived from or connected with sources within New Jersey may file a composite New Jersey Nonresident Gross Income Tax Return (Form NJ-1080-C) on behalf of its qualified nonresident individual partners, members, shareholders, or beneficiaries, as the case may be, who elect to file such return.</p>
New Mexico	Withholding required for the following nonresident owners: <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, 	No composite return exemption.	<p>N.M. Stat. Ann. § 7-3A-3.B. Except as otherwise provided in this section, a pass-through entity shall deduct and withhold from each owner's allocable share of net income for that calendar year an amount equal to the rate specified in Subsection D of this section multiplied by the owner's allocable share of that net income, reduced, but not below zero, by the amount required to be withheld from the owner's allocable share of net income under Subsection A of this section.</p>

	<p>LLPs, and LLCs;</p> <ul style="list-style-type: none"> • trusts; and • estates. 		<p>7-3A-3.C. The obligation to deduct and withhold from payments or allocable net income as provided in Subsections A and B of this section does not apply to payments that are made to:</p> <p>7-3A-3.C.(1) a corporation whose principal place of business is in New Mexico or an individual who is a resident of New Mexico;</p> <p>7-3A-3.C.(2) remittees with a New Mexico address as shown on internal revenue service form 1099-Misc or a successor form or on a pro forma 1099-Misc or a successor form for those entities that do not receive an internal revenue service form 1099-Misc;</p> <p>7-3A-3.C.(3) the United States, this state or any agency, instrumentality or political subdivision of either;</p> <p>7-3A-3.C.(4) any federally recognized Indian nation, tribe or pueblo or any agency, instrumentality or political subdivision thereof; or</p> <p>7-3A-3.C.(5) organizations that have been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the Internal Revenue Code. However, the obligation to deduct and withhold from payments of allocable net income to organizations identified in this paragraph applies if that income constitutes unrelated business income.</p>
New York	<p>LLCs/LLPs make quarterly estimated tax payments on behalf of C corp./nonresident individual owners that owe more than \$300 in tax, unless commissioner authorizes group returns. No estimated tax payments required on behalf of C corp./nonresident individual owners that file an exemption certificate with the LLC/LLP certifying their compliance with all New York income tax, estimated tax, and income tax return filing requirements.</p>	N/A	<p>N.Y. Tax Law §658(c)(4)(A) General. Every entity which is a partnership, other than a publicly traded partnership as defined in section 7704 of the federal Internal Revenue Code, subchapter K limited liability company or an S corporation for which the election provided for in subsection (a) of section six hundred sixty of this part is in effect, which has partners, members or shareholders who are nonresident individuals, as defined under subsection (b) of section six hundred five of this article, or C corporations, and which has any income derived from New York sources, determined in accordance with the applicable rules of section six hundred thirty-one of this article as in the case of a nonresident individual, shall pay estimated tax on such income on behalf of such partners, members or shareholders in the manner and at the times prescribed by subsection (c) of section six hundred eighty-five of this article. For purposes of this paragraph, the term "estimated tax" shall mean a partner's, member's or shareholder's distributive share or pro rata share of the entity income derived from New York sources, multiplied by the highest rate of tax prescribed by section six hundred one of this article for the taxable year of any partner, member or shareholder who is an individual taxpayer, or paragraph (a) of subdivision one of section two hundred ten of this chapter for the taxable year of any partner, member or shareholder which is a C corporation, whether or not such C corporation is subject to tax under article nine, nine-A or thirty-three of this chapter, and reduced by the distributive share or pro rata share of any credits determined under section one hundred eighty-seven, one hundred eighty-seven-a, six hundred six or fifteen hundred eleven of this chapter, whichever is applicable, derived from the entity.</p>

<p>North Carolina</p>	<p>Withholding by managing partners authorized for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts other than grantor trusts; and • estates. 	<p>No composite return exemption.</p>	<p>N.C. Gen. Stat. § 105-154(d) Payment of Tax on Behalf of Nonresident Owner or Partner.—If a business conducted in this State is owned by a nonresident individual or by a partnership having one or more nonresident members, the manager of the business shall report the earnings of the business in this State, the distributive share of the income of each nonresident owner or partner, and any other information required by the Secretary. The manager of the business shall pay with the return the tax on each nonresident owner or partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7. The business may deduct the payment for each nonresident owner or partner from the owner or partner's distributive share of the profits of the business in this State. If the nonresident partner is not an individual and the partner has executed an affirmation that the partner will pay the tax with its corporate, partnership, trust, or estate income tax return, the manager of the business is not required to pay the tax on the partner's share. In this case, the manager shall include a copy of the affirmation with the report required by this subsection.</p> <p>105-154(e) <i>Publicly Traded Partnership.</i> The information return and payment requirements under this section are modified as follows for a publicly traded partnership that is described in section 7704(c) of the Code:</p> <p>105-154(e)(1) The information return required under subsection (c) of this section is limited to partners whose distributive share of the partnership's net income during the tax year was more than five hundred dollars (\$500.00).</p> <p>105-154(e)(2) The payment requirements under subsection (d) of this section do not apply.</p>
<p>North Dakota</p>	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • S corporations (taxable years beginning after 2013); • partnerships, LLPs, and LLCs (taxable years beginning after 2013); and • trusts. 	<p>Exemption from withholding, for members that elect to have the tax due paid as part of composite return.</p>	<p>N.D. Cent. Code §57-38-31.1.2.a. A passthrough entity may file a composite income tax return on behalf of electing nonresident members reporting and paying income tax, at the highest marginal rate provided in section 57-38-30.3, on the members' pro rata or distributive shares of income of the passthrough entity from doing business in, or deriving income from sources within, this state.</p> <p>57-38-31.1.2.b. A nonresident member whose only source of income within the state is from one or more passthrough entities may elect to be included in a composite return filed under this section.</p> <p>57-38-31.1.2.c. A nonresident member that has been included in a composite return may file an individual income tax return and shall receive credit for tax paid on the member's behalf by the passthrough entity.</p> <p>57-38-31.1.3. 57-38-31.1.3.a. A passthrough entity shall withhold income tax, at the highest tax rate provided in section 57-38-30.3, on the share of income of the entity distributed to each nonresident member and pay the withheld amount in the manner prescribed by the tax commissioner. The passthrough entity is liable to the state for the payment of the tax required to be withheld under this section and is not liable to any member for the amount withheld and paid in compliance with this section. A member of a passthrough entity that is itself a passthrough entity (a lower-tier passthrough entity) is subject to this same requirement to withhold and pay income tax on the share of income distributed by the lower-tier passthrough entity to each of its nonresident members. The tax commissioner shall apply tax withheld and paid by a passthrough entity on distributions to a lower-tier passthrough entity to the withholding required of that lower-tier passthrough entity.</p> <p>57-38-31.1.3.b. At the time of a payment made under this section, a passthrough entity shall deliver to the tax commissioner a return on a form prescribed by the tax commissioner showing the total amounts</p>

			<p>paid or credited to its nonresident members, the amount withheld in accordance with this section, and any other information the tax commissioner may require. A passthrough entity shall furnish to its nonresident member annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax withheld on behalf of the member on a form prescribed by the tax commissioner.</p> <p>57-38-31.1.3.c. Notwithstanding subdivision a, a passthrough entity is not required to withhold tax for a nonresident member if:</p> <p>57-38-31.1.3.c.(1) The member has a pro rata or distributive share of income of the passthrough entity from doing business in, or deriving income from sources within, this state of less than one thousand dollars per annual accounting period;</p> <p>57-38-31.1.3.c.(2) The tax commissioner has determined by rule, ruling, or instruction that the member's income is not subject to withholding;</p> <p>57-38-31.1.3.c.(3) The member elects to have the tax due paid as part of a composite return filed by the passthrough entity under subsection 2;</p> <p>57-38-31.1.3.c.(4) The entity is a publicly traded partnership as defined by section 7704(b) of the Internal Revenue Code which is treated as a partnership for the purposes of the Internal Revenue Code and which has agreed to file an annual information return reporting the name, address, taxpayer identification number, and other information requested by the tax commissioner of each unitholder with an income in the state in excess of five hundred dollars; or</p> <p>57-38-31.1.3.c.(5) The member is a lower-tier passthrough entity that elects to be exempted from the withholding requirement under this subsection. The election must be made on a form and in a manner prescribed by the tax commissioner. The form must include a statement that the member certifies that the member will file any return and pay any tax required by this chapter on its distributive share of income from the source passthrough entity and that the member is subject to this state's jurisdiction for the collection of that tax and any applicable penalty and interest. The tax commissioner may revoke the exemption under this paragraph if the source passthrough entity or member fails to comply with the requirements of this paragraph. If the exemption is revoked, the source passthrough entity shall begin withholding from the member within sixty days of receiving notification of the revocation from the tax commissioner. The tax commissioner may prescribe any procedures and guidelines necessary to administer this paragraph.</p>
Ohio	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • nonexempt S corporations, partnerships, LLPs, and LLCs (investing entities); • trusts; and • estates. 	<p>Exemption from withholding, for nonresidents, other than C corporations, on whose behalf the entity elects to file a composite return.</p>	<p>Ohio Rev. Code Ann. §5733.402(A) Notwithstanding section 5733.40, 5733.41, 5747.41, or 5747.43 of the Revised Code, but subject to divisions (B), (C), and (D) of this section, for taxable years beginning after 1997, a qualifying pass-through entity, hereinafter the "exempt entity," is not subject to the taxes imposed by and required to be paid under those sections with respect to distributive shares of income and gain that pass through from the qualifying pass-through entity to another qualifying pass-through entity, hereinafter the "investing entity," if the investing entity irrevocably acknowledges that it has nexus with this state under the constitution of the United States during the exempt entity's entire taxable year.</p> <p>5733.402(B) 5733.402(B)(1) Division (A) of this section does not apply to the extent that the investing entity fails to make a</p>

good faith and reasonable effort to comply on a reasonably timely basis with section 5733.41 and sections 5747.41 to 5747.453 of the Revised Code.

5733.402(B)(2)

The investing entity and the exempt entity bears the burden of establishing by a preponderance of the evidence that the investing entity made a good faith and reasonable effort to comply on a reasonably timely basis with section 5733.41 and sections 5747.41 to 5747.453 of the Revised Code.

5733.402(B)(3)

This section does not modify, reduce, abate, defer, postpone, or bar the imposition of and the required payment of any fee, interest, or penalty otherwise due under Title LVII of the Revised Code.

5733.402(C)

Except as otherwise provided in division (D) of this section, nothing in this section shall be construed to deny the application of division (A) of this section to the distributive share of income and gain of an investing entity that, with respect to that distributive share, is itself an exempt entity with respect to another qualifying pass-through entity, hereinafter the "upper level investing entity," if the upper level investing entity irrevocably acknowledges that it has nexus with this state under the constitution of the united states during the investing entity's entire taxable year. Division (B) of this section also applies to the upper level investing entity. This division applies regardless of the number of levels of investing entities.

5733.402(D)

An investing entity or upper level investing entity does not include an investment pass-through entity as defined in section 5733.401 of the Revised Code, and division (A) of this section does not apply with respect to any distributive shares of income or gain that pass through to an investment pass-through entity.

Ohio Rev. Code Ann. § 5747.41

For the same purposes for which the tax is levied under section 5747.02 of the Revised Code, there is hereby levied a withholding tax on every qualifying pass-through entity having at least one qualifying investor who is an individual and on every qualifying trust having at least one qualifying beneficiary who is an individual. The withholding tax imposed by this section is imposed on the sum of the adjusted qualifying amounts of a qualifying pass-through entity's qualifying investors who are individuals and on the sum of the adjusted qualifying amounts of a qualifying trust's qualifying beneficiaries, at the rate of five per cent of that sum.

The tax imposed by this section applies only if the qualifying entity has nexus with this state under the constitution of the United States for any portion of the qualifying entity's qualifying taxable year, and the sum of the qualifying entity's adjusted qualifying amounts exceeds one thousand dollars for the qualifying entity's qualifying taxable year.

The levy of the tax under this section does not prevent a municipal corporation or a joint economic development district created under section 715.70 or 715.71 or sections 715.72 to 715.81 of the Revised Code from levying a tax on income.

...

Ohio Rev. Code Ann. §5747.41(D)(1)(a)

Except as otherwise provided in division (D)(1)(b) of this section, any pass-through entity may file a single return on behalf of one or more of the entity's investors other than an investor that is a person subject to the tax imposed under section 5733.06 of the Revised Code. The single return shall set forth the name, address, and social security number or other identifying number of each of those pass-through entity investors and shall indicate the distributive share of each of those pass-through entity investor's income taxable in this state in accordance with sections 5747.20 to 5747.231 of the Revised Code. Such pass-through entity investors for whom the pass-through entity elects to file a single return are not entitled to the exemption or credit provided for by sections

5747.02 and 5747.022 of the Revised Code; shall calculate the tax before business credits at the highest rate of tax set forth in section 5747.02 of the Revised Code for the taxable year for which the return is filed; and are entitled to only their distributive share of the business credits as defined in division (D)(2) of this section. A single check drawn by the pass-through entity shall accompany the return in full payment of the tax due, as shown on the single return, for such investors, other than investors who are persons subject to the tax imposed under section 5733.06 of the Revised Code.

5747.08(D)(1)(b)

5747.08(D)(1)(b)(i)

A pass-through entity shall not include in such a single return any investor that is a trust to the extent that any direct or indirect current, future, or contingent beneficiary of the trust is a person subject to the tax imposed under section 5733.06 of the Revised Code.

5747.08(D)(1)(b)(ii)

A pass-through entity shall not include in such a single return any investor that is itself a pass-through entity to the extent that any direct or indirect investor in the second pass-through entity is a person subject to the tax imposed under section 5733.06 of the Revised Code.

5747.08(D)(1)(c)

Nothing in division (D) of this section precludes the tax commissioner from requiring such investors to file the return and make the payment of taxes and related interest, penalty, and interest penalty required by this section or section 5747.02, 5747.09, or 5747.15 of the Revised Code. Nothing in division (D) of this section precludes such an investor from filing the annual return under this section, utilizing the refundable credit equal to the investor's proportionate share of the tax paid by the pass-through entity on behalf of the investor under division (I) of this section, and making the payment of taxes imposed under section 5747.02 of the Revised Code. Nothing in division (D) of this section shall be construed to provide to such an investor or pass-through entity any additional deduction or credit, other than the credit provided by division (I) of this section, solely on account of the entity's filing a return in accordance with this section. Such a pass-through entity also shall make the filing and payment of estimated taxes on behalf of the pass-through entity investors other than an investor that is a person subject to the tax imposed under section 5733.06 of the Revised Code.

Ohio Rev. Code Ann. §5747.08(D)(2)

For the purposes of this section, "business credits" means the credits listed in section 5747.98 of the Revised Code excluding the following credits:

5747.08(D)(2)(a)

The retirement income credit under division (B) of section 5747.055 of the Revised Code;

5747.08(D)(2)(b)

The senior citizen credit under division (F) of section 5747.055 of the Revised Code;

5747.08(D)(2)(c)

The lump sum distribution credit under division (G) of section 5747.055 of the Revised Code;

5747.08(D)(2)(d)

The dependent care credit under section 5747.054 of the Revised Code;

5747.08(D)(2)(e)

The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;

5747.08(D)(2)(f)

The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;

5747.08(D)(2)(g)

The lump sum retirement income credit under division (E) of section 5747.055 of the Revised

Code;

5747.08(D)(2)(h)

The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;

5747.08(D)(2)(i)

The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;

5747.08(D)(2)(j)

The joint filing credit under division (E) of section 5747.05 of the Revised Code;

5747.08(D)(2)(k)

The nonresident credit under division (A) of section 5747.05 of the Revised Code;

5747.08(D)(2)(l)

The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;

5747.08(D)(2)(m)

The low-income credit under section 5747.056 of the Revised Code;

5747.08(D)(2)(n)

The earned income tax credit under section 5747.71 of the Revised Code.

5747.08(D)(3)

The election provided for under division (D) of this section applies only to the taxable year for which the election is made by the pass-through entity. Unless the tax commissioner provides otherwise, this election, once made, is binding and irrevocable for the taxable year for which the election is made. Nothing in this division shall be construed to provide for any deduction or credit that would not be allowable if a nonresident pass-through entity investor were to file an annual return.

5747.08(D)(4)

If a pass-through entity makes the election provided for under division (D) of this section, the pass-through entity shall be liable for any additional taxes, interest, interest penalty, or penalties imposed by this chapter if the tax commissioner finds that the single return does not reflect the correct tax due by the pass-through entity investors covered by that return. Nothing in this division shall be construed to limit or alter the liability, if any, imposed on pass-through entity investors for unpaid or underpaid taxes, interest, interest penalty, or penalties as a result of the pass-through entity's making the election provided for under division (D) of this section. For the purposes of division (D) of this section, "correct tax due" means the tax that would have been paid by the pass-through entity had the single return been filed in a manner reflecting the commissioner's findings. Nothing in division (D) of this section shall be construed to make or hold a pass-through entity liable for tax attributable to a pass-through entity investor's income from a source other than the pass-through entity electing to file the single return.

Ohio Rev. Code Ann. §5733.40(I)

Except as otherwise provided in section 5733.402 or 5747.401 of the Revised Code, "qualifying investor" means any investor except those described in divisions (I)(1) to (9) of this section.

...

5733.40(I)(3)

An investor who is an individual for whom the qualifying pass-through entity makes a good faith and reasonable effort to comply fully and timely with the filing and payment requirements set forth in division (D) of section 5747.08 of the Revised Code and section 5747.09 of the Revised Code with respect to the individual's adjusted qualifying amount for the entire qualifying taxable year of the qualifying pass-through entity.

...

5733.40(I)(5)

An investor that is another pass-through entity having no investors other than individuals and estates during the qualifying taxable year of the qualifying pass-through entity in which it is an

			<p>investor, and that makes a good faith and reasonable effort to comply fully and timely with the filing and payment requirements set forth in division (D) of section 5747.08 of the Revised Code and section 5747.09 of the Revised Code with respect to investors that are not resident taxpayers of this state for the purposes of Chapter 5747. of the Revised Code for the entire qualifying taxable year of the qualifying pass-through entity in which it is an investor.</p>
<p>Oklahoma</p>	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • C corporations; <p>and</p> <ul style="list-style-type: none"> • trusts. 	<p>For tax years beginning on or after Jan. 1, 2013, composite returns now allowed for LLC/LLP members that are certain passthrough entities.</p> <p>[per CCH: Tax withheld for nonresident individual and corporate partners that participate in a composite return, or nonresident shareholders who do not execute a nonresident agreement, may be claimed as taxes paid.]</p>	<p>Okla. Stat. tit. 68, § 2385.30.A. A pass-through entity shall withhold income tax at the rate of five percent (5%) from a nonresident member's share of the Oklahoma share of income of the entity distributed to each nonresident member and pay the withheld amount on or before the due date of the pass-through entity's income tax return, including extensions. The pass-through entity shall file a return with each payment to the Oklahoma Tax Commission. The return, in a form prescribed by the Tax Commission, shall show the amount of the Oklahoma taxable income upon which withholding was based and the amount withheld.</p> <p>...</p> <p>2385.30.H. Notwithstanding the provisions of subsection A of this section, a pass-through entity is not required to withhold tax for a nonresident member if:</p> <p>2385.30.H.1. The Tax Commission has determined, by rule, that the income of the nonresident member is not subject to withholding;</p> <p>2385.30.H.2. The nonresident member files an affidavit with the Tax Commission, in the form and manner prescribed by the Tax Commission, whereby such nonresident member agrees to be subject to the personal jurisdiction of the Tax Commission in the courts of this state for the purpose of determining and collecting any Oklahoma taxes, including estimated tax payments, together with any related interest and penalties. The Tax Commission may revoke an exemption granted by this subsection at any time it determines that the nonresident member is not abiding by the terms of the affidavit; or</p> <p>2385.30.H.3. The entity is a publicly traded partnership, as defined by Section 7704(b) of the Internal Revenue Code, which is treated as a partnership for the purposes of the Internal Revenue Code, and which has agreed to file an annual information return reporting the name, address, taxpayer identification number and other information requested by the Tax Commission of each unitholder with an income in the state in excess of Five Hundred Dollars (\$500.00).</p> <p>710:50-3-54(e) <i>Non-resident members not subject to withholding.</i> The following persons and organizations are not subject to required withholding by a pass-through entity:</p> <p>710:50-3-54(e)(1) Persons, other than individuals, who are exempt from federal income tax;</p> <p>710:50-3-54(e)(2) Organizations granted an exemption under Section 501(c)(3) of the Internal Revenue Code;</p> <p>710:50-3-54(e)(3) Insurance companies subject to the Oklahoma Gross Premiums Tax and therefor exempt from Oklahoma income tax pursuant to 68 O.S. §2359(c); and</p> <p>710:50-3-54(e)(4) Non-resident members who have submitted an affidavit (OTC Form OW-15) to the pass-through entity and which pass-through entity has submitted the affidavit information on behalf</p>

of the member to the Tax Commission. In the affidavit, the non-resident member agrees to be subject to the personal jurisdiction of the Tax Commission in the courts of this state for the purpose of determining and collecting any Oklahoma taxes, including estimated tax payments, together with any related interest and penalties. See (k) of this Section for the procedure to be followed in filing the affidavit.

710:50-3-54(e)(4)(A)

For non-resident partners included in a composite partnership return under OAC 710:50-19-1 and filing OTC Form OW-15, the inclusion of the partners' income within the composite partnership return will satisfy the requirements contained in the affidavit.

710:50-3-54(e)(4)(B)

For non-resident shareholders filing OTC Form OW-15, and electing not to file Oklahoma income tax returns under 68 O.S. §2365, inclusion of the non-resident shareholder's income in the Subchapter S corporate income tax return will satisfy the requirements contained in the affidavit.

710:50-3-54(e)(4)(C)

For non-resident beneficiaries included in a trust return and filing OTC Form OW-15, the inclusion of the beneficiary's income within the trust return will satisfy the requirements contained in the affidavit.

710:50-3-54(f)

When pass-through entities are not required to withhold. Withholding is not required in the following instances:

710:50-3-54(f)(1)

When an entity is not required to file a federal income tax return, or properly elects out of such duty;

710:50-3-54(f)(2)

When a pass-through entity is making distributions of income not subject to Oklahoma income tax;

710:50-3-54(f)(3)

When a pass-through entity has withheld tax on royalty interest income pursuant to 68 O.S. §2385.25 et seq.;

710:50-3-54(f)(4)

When a pass-through entity is making distributions subject to the withholding requirements for non-resident attorneys set out in 5 O.S.Supp.2004, §1.6 and Commission rule 710:95-13-1, and the pass-through entity is withholding accordingly;

710:50-3-54(f)(5)

When a pass-through entity is making distributions to another pass-through entity. Provided however, the exception set out in this paragraph does not relieve the lower-tiered pass-through entity from the duty to withhold on distributions it makes which are not otherwise exempt;

710:50-3-54(f)(6)

When a pass-through entity is a publicly traded partnership, as defined by Section 7704(b) of the Internal Revenue Code, and is treated as a partnership for purposes of the Internal Revenue Code. Provided the publicly traded partnership has agreed to file an annual information return reporting the name, address, taxpayer identification number, and other information requested by the Tax Commission of each unit-holder with an income in the state in excess of Five Hundred Dollars (\$500.00); or,

710:50-3-54(f)(7)

When a distribution made by a pass-through entity has been determined to be not subject to the provisions of this Section by the Commission.

710:90-3-11(e)

Non-resident members not subject to withholding. The following persons and organizations are not subject to required withholding by a pass-through entity:

710:90-3-11(e)(1)

Persons, other than individuals, who are exempt from federal income tax;

710:90-3-11(e)(2)

Organizations granted an exemption under Section 501(c)(3) of the Internal Revenue Code;

710:90-3-11(e)(3)

Insurance companies subject to the Oklahoma Gross Premiums Tax and therefor exempt from Oklahoma income tax pursuant to 68 O.S. §2359(c); and

710:90-3-11(e)(4)

Non-resident members who have submitted an affidavit (OTC Form OW-15) to the pass-through entity and which pass-through entity has submitted the affidavit information on behalf of the member to the Tax Commission. In the affidavit, the non-resident member agrees to be subject to the personal jurisdiction of the Tax Commission in the courts of this state for the purpose of determining and collecting any Oklahoma taxes, including estimated tax payments, together with any related interest and penalties. See (k) of this Section for the procedure to be followed in filing the affidavit.

710:90-3-11(e)(4)(A)

For non-resident partners included in a composite partnership return under OAC 710:50-19-1 and filing OTC Form OW-15, the inclusion of the partners' income within the composite partnership return will satisfy the requirements contained in the affidavit.

710:90-3-11(e)(4)(B)

For non-resident shareholders filing OTC Form OW-15, and electing not to file Oklahoma income tax returns under 68 O.S. §2365, inclusion of the non-resident shareholder's income in the Subchapter S corporate income tax return will satisfy the requirements contained in the affidavit.

710:90-3-11(e)(4)(C)

For non-resident beneficiaries included in a trust return and filing OTC Form OW-15, the inclusion of the beneficiary's income within the trust return will satisfy the requirements contained in the affidavit.

710:90-3-11(f)

When pass-through entities are not required to withhold. Withholding is not required in the following instances:

710:90-3-11(f)(1)

When an entity is not required to file a federal income tax return, or properly elects out of such duty;

710:90-3-11(f)(2)

When a pass-through entity is making distributions of income not subject to Oklahoma income tax;

710:90-3-11(f)(3)

When a pass-through entity has withheld tax on royalty interest income pursuant to 68 O.S. §2385.25 et seq.;

710:90-3-11(f)(4)

When a pass-through entity is making distributions to another pass-through entity. Provided however, the exception set out in this paragraph does not relieve the lower-tiered pass-through entity from the duty to withhold on distributions it makes which are not otherwise exempt;

710:90-3-11(f)(5)

When a pass-through entity is a publicly traded partnership, as defined by Section 7704(b) of the Internal Revenue Code, and is treated as a partnership for purposes of the Internal Revenue Code. Provided the publicly traded partnership has agreed to file an annual

			<p>information return reporting the name, address, taxpayer identification number, and other information requested by the Tax Commission of each unit-holder with an income in the state in excess of Five Hundred Dollars (\$500.00); or, 710:90-3-11(f)(6) When a distribution made by a pass-through entity has been determined to be not subject to the provisions of this Section by the Commission.</p>
Oregon	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; and • C corporations. 	<p>Exemption from withholding, for nonresident individuals, C corporations, estates, and trusts that elect to participate in composite return.</p>	<p>Or. Rev. Stat §314.781(1) A pass-through entity shall withhold tax as prescribed in this section if:</p> <p>314.781(1)(a) The pass-through entity has distributive income from Oregon sources; and</p> <p>314.781(1)(b) One or more owners of the entity are nonresidents and do not have other Oregon source income.</p> <p>314.781(2) For each taxpayer described in subsection (1)(b) of this section who is subject to tax under ORS chapter 316, the entity shall withhold tax at the highest marginal rate applicable for the tax year under ORS 316.037. The withheld tax shall be computed based on the taxpayer's share of the entity's distributive income from Oregon sources for the entity's tax year.</p> <p>314.781(3) For each corporation described in subsection (1)(b) of this section, the entity shall withhold tax at the rate applicable for the tax year under ORS 317.061 and 318.020. The tax shall be computed based on the corporation's share of the entity's distributive income from Oregon sources for the entity's tax year.</p> <p>314.781(4) A pass-through entity that is required to withhold tax under this section shall file a withholding return or report with the Department of Revenue setting forth the share of Oregon source distributive income of each nonresident owner, the amount of tax withheld under this section and any other information required by the department. The return shall be filed with the department on the form and in the time and manner prescribed by the department. Taxes withheld under this section shall be paid to the department in the time and manner prescribed by the department.</p> <p>314.781(5) A pass-through entity that is required to withhold tax under this section shall furnish a statement to each owner on whose behalf tax is withheld. The statement shall state the amount of tax withheld on behalf of the owner for the tax year of the entity. The statement shall be made on a form prescribed by the department and shall contain any other information required by the department.</p> <p>314.781(6) The department shall apply taxes withheld under this section by a lower-tier pass-through entity on distributions to an upper-tier pass-through entity to the withholding required by the upper-tier pass-through entity under this section.</p> <p>314.781(7) A pass-through entity is liable to the State of Oregon for amounts of tax required to be withheld and paid under this section. A pass-through entity is not liable to an owner of the pass-through entity for amounts required to be withheld under this section that were paid to the department as prescribed in this section.</p> <p>Or. Admin. R. 150-314.781(1) Withholding requirement. A pass-through entity with Oregon-source distributive income and one or more nonresident owners that have no other Oregon-source income, is required to withhold tax on behalf of the owner unless that owner makes an election as described in OAR 150-314.778 or</p>

meets an exception described in 150-314.784. "Tax payment" or "owner payment" means pass-through entity withholding, which is an estimated tax payment sent on behalf of the owner. The entity must withhold tax as follows:

150-314.781(1)(a)

For nonelecting owners subject to tax under ORS Chapter 316, each owner's share of estimated Oregon-source distributive income for the taxable year multiplied by the highest percent in 316.037; and

150-314.781(1)(b)

For nonelecting owners subject to tax under ORS Chapter 317 or 318, each owner's share of estimated Oregon-source distributive income for the taxable year multiplied by the rates in 317.061.

Or. Admin. R. 150-314.784(2)

A pass-through entity is not required to withhold income taxes for an owner if:

150-314.784(2)(a)

The owner is an electing owner as defined in OAR 150- 314.775;

150-314.784(2)(b)

The owner's share of Oregon-source distributive income from the entity is less than \$1,000;

150-314.784(2)(c)

The owner made estimated tax payments the prior tax year based on the owner's share of Oregon-source distributive income from the entity and continues to make estimated tax payments for the current tax year;

150-314.784(2)(d)

The entity is a publicly traded partnership, as defined in Internal Revenue Code section 7704(b), that:

150-314.784(2)(d)(A)

Is treated as a partnership for federal tax purposes; and

150-314.784(2)(d)(B)

Files an annual information report including the nonresident's name, address, social security number or taxpayer identification number, ownership percentage, and share of the federal income; or

150-314.784(2)(e)

The owner files with the Department of Revenue a signed affidavit that contains:

150-314.784(2)(e)(A)

The owner's name, address, and social security number or tax identification number (i.e. federal employer identification number or Oregon business identification number);

150-314.784(2)(e)(B)

The entity's name and tax identification number;

150-314.784(2)(e)(C)

The entity's tax year and end date

150-314.784(2)(e)(D)

A statement that the owner agrees to file the owner's Oregon income or excise tax return and make timely payments of all taxes imposed with respect to the owner's share of the Oregon income of the entity; and

150-314.784(2)(e)(E)

Acknowledgement that the owner is subject to the jurisdiction of the State of Oregon for purposes of collection of unpaid income tax, penalties, and interest.

Or. Admin. R. 314.778(1)

A pass-through entity having distributive income attributable to Oregon sources shall file a composite return of personal income and corporate income and excise tax on behalf of owners that

			<p>elect to be included in the composite return filed by the entity.</p> <p>314.778(2) A pass-through entity shall file a composite return under this section only if one or more owners that are nonresidents make an election under this section.</p> <p>314.778(3) The election shall be made by owners in the time, form and manner prescribed by the Department of Revenue.</p> <p>314.778(4) The composite return shall report the share of distributive income of each electing owner, the share of distributive income from Oregon sources of each electing owner, the amount of tax withheld under ORS 314.781 on behalf of each electing owner and any other information required by the department. The composite return shall be filed with the department in the time, form and manner prescribed by the department.</p> <p>314.778(5) 314.778(5)(a) An electing owner may file a nonresident personal income tax return or a corporate excise or income tax return for the tax year of the electing owner in which the electing owner's share of distributive income reported on the composite return is properly reportable.</p> <p>314.778(5)(b) An electing owner that files a return under this subsection shall receive credit for any tax paid on behalf of the owner by the pass-through entity.</p>
Pennsylvania	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • inter vivos or testamentary trusts; and • decedents' estates. 	No composite return exemption.	<p>72 P.S. §7324(a) When a partnership, estate, trust or Pennsylvania S corporation receives income from sources within this Commonwealth for any taxable year and any portion of the income is allocable to a nonresident partner, beneficiary, member or shareholder thereof, the partnership, estate, trust or Pennsylvania S corporation shall pay a withholding tax under this section at the time and in the manner prescribed by the department; however, notwithstanding any other provision of this article, all such withholding tax shall be paid over on or before the fifteenth day of the fourth month following the end of the taxable year.</p> <p>7324(b) This section shall not apply to any publicly traded partnership as defined under section 7704 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. Section 7704) with equity securities registered with the Securities and Exchange Commission under section 12 of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. Section 78a).</p>
Rhode Island	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; and • trusts. 	Exemption from withholding, for nonresidents that elect to have the tax due paid as part of composite return.	<p>R.I. Gen. Laws Ann. 44-11-2.2(b) <i>Withholding:</i> 44-11-2.2(b)(1) A pass-through entity shall withhold income tax at the highest Rhode Island withholding tax rate provided for individuals or nine percent (9%) for corporations on the member's share of income of the entity which is derived from or attributable to sources within this state distributed to each nonresident member and pay the withheld amount in the manner prescribed by the tax administrator. The pass-through entity shall be liable for the payment of the tax required to be withheld under this section and shall not be liable to such member for the amount withheld and paid over in compliance with this section. A member of a pass-through entity that is itself a pass-through entity (a "lower-tier pass-through entity") shall be subject to this same requirement to withhold and pay over income tax on the share of income distributed by the lower-tier pass-through entity to each of its nonresident members. The tax</p>

			<p>administrator shall apply tax withheld and paid over by a pass-through entity on distributions to a lower-tier pass-through entity to the withholding required of that lower-tier pass-through entity.</p> <p>44-11-2.2(b)(2) A pass-through entity shall, at the time of payment made pursuant to this section, deliver to the tax administrator a return upon a form prescribed by the tax administrator showing the total amounts paid or credited to its nonresident members, the amount withheld in accordance with this section, and any other information the tax administrator may require. A pass-through entity shall furnish to its nonresident member annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax withheld on behalf of such member on a form prescribed by the tax administrator.</p> <p>44-11-2.2(c) Notwithstanding subsection (b), a pass-through entity is not required to withhold tax for a nonresident member if:</p> <p>44-11-2.2(c)(1) the member has a pro rata or distributive share of income of the pass-through entity from doing business in, or deriving income from sources within, this State of less than \$1,000 per annual accounting period;</p> <p>44-11-2.2(c)(2) the tax administrator has determined by regulation, ruling or instruction that the member's income is not subject to withholding; or</p> <p>44-11-2.2(c)(3) the member elects to have the tax due paid as part of a composite return filed by the pass-through entity under subsection (d); or</p> <p>44-11-2.2(c)(4) the entity is a publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code that is treated as a partnership for the purposes of the Internal Revenue Code and that has agreed to file an annual information return reporting the name, address, taxpayer identification number and other information requested by the tax administrator of each unitholder with an income in the state in excess of \$500.</p> <p>44-11-2.2(d) <i>Composite return:</i></p> <p>44-11-2.2(d)(1) A pass-through entity may file a composite income tax return on behalf of electing nonresident members reporting and paying income tax at the state's highest marginal rate on the members' pro rata or distributive shares of income of the pass-through entity from doing business in, or deriving income from sources within, this State.</p> <p>44-11-2.2(d)(2) A nonresident member whose only source of income within a state is from one or more pass-through entities may elect to be included in a composite return filed pursuant to this section.</p> <p>44-11-2.2(d)(3) A nonresident member that has been included in a composite return may file an individual income tax return and shall receive credit for tax paid on the member's behalf by the pass-through entity.</p>
South Carolina	Withholding required for nonresident individuals and C corporations.	Exemption from withholding, for nonresident individuals and fiduciaries that elect to participate in composite return.	<p>S.C. Code Ann. §12-8-590(C) Partnerships are required to withhold income taxes at a rate of five percent on a nonresident partner's share of South Carolina taxable income of the partnership, whether distributed or undistributed, and pay the withheld amount to the department in the manner prescribed by the department. The partnership shall make a return and pay over the withheld funds on or before the</p>

			<p>fifteenth day of the third month following the close of its tax year. Taxes withheld in the name of the nonresident partner must be used as credit against taxes due at the time the nonresident files income taxes for the taxable year.</p> <p>12-8-590(D) A partnership required to withhold taxes on distributed or undistributed income shall make a return with each payment of tax to the department disclosing on the return the name, taxpayer identification number, the total amount of South Carolina taxable income paid or credited to each nonresident partner, the tax withheld for each nonresident partner, and other information the department requires. The partnership shall furnish to each nonresident partner a written statement as required by Section 12-8-1540(A) as proof of the amount of his share of distributed or undistributed income that has been withheld.</p> <p>12-8-590(E) If a nonresident shareholder or partner provides the partnership or "S" corporation with a statement that the shareholder or partner is an organization exempt from income taxes under Internal Revenue Code Section 501(a), then the partnership or "S" corporation is not required to withhold with regard to that partner or shareholder. The statement must contain the shareholder's or partner's name, federal identification number, Internal Revenue Code section exemption number, and a copy of the Internal Revenue Service exemption letter.</p> <p>South Carolina Corporate Income Tax Guide, Revenue Procedure #92-5 (Jun. 1, 1992): 2. WHAT ARE THE EXCEPTIONS TO THE WITHHOLDING REQUIREMENTS? There are three exceptions to the withholding requirements pursuant to Code Section 12-9-40. (1) An S-corporation or partnership is not required to withhold income taxes with respect to any shareholder or partner who submits an affidavit stating the nonresident shareholder or partner is subject to the personal jurisdiction of South Carolina, (see questions #10-16 of this document regarding the affidavit); (2) An S-corporation or partnership is not required to withhold income taxes with respect to any shareholder or partner for which the S-corporation or partnership reports the nonresident shareholder's or partner's income on a composite tax return, (see questions #17-21 of this document regarding composite returns); and (3) An S-corporation or partnership is not required to withhold income taxes under Code Section 12-9-40 on income attributable to the sale of real property which is subject to withholding under 12-9-510, et seq., "Withholding on Sales of Real Property and Associated Tangible Personal Property by Nonresidents".</p>
South Dakota	N/A	N/A	
Tennessee	N/A, because partnerships LLPs, and LLCs taxed at entity level.	N/A	
Texas	Revised Franchise (Margin) Tax: N/A, because partnerships (except certain general partnerships), LLPs, and LLCs taxed at entity level.	N/A, because withholding not required.	

	<p>Franchise Tax prior to 2008 tax year: N/A for partnerships and LLPs, because withholding not required.</p> <p>N/A for LLCs, because taxed at entity level.</p>		
Utah	<p>Withholding required for the following:</p> <ul style="list-style-type: none"> • nonresident individuals; • resident or nonresident corporations; • resident or nonresident partnerships, LLPs and LLCs; • resident or nonresident trusts; and • resident or nonresident estates. 	No composite return exemption.	<p>Utah Code Ann. 59-10-1403.2(1)(a) Except as provided in Subsection (1)(b), for a taxable year, a pass-through entity shall pay or withhold a tax:</p> <p>59-10-1403.2(1)(a)(i) on:</p> <p>59-10-1403.2(1)(a)(i)(A) the business income of the pass-through entity; and</p> <p>59-10-1403.2(1)(a)(i)(B) the nonbusiness income of the pass-through entity derived from or connected with Utah sources; and</p> <p>59-10-1403.2(1)(a)(ii) on behalf of a pass-through entity taxpayer.</p> <p>59-10-1403.2(1)(b) A pass-through entity is not required to pay or withhold a tax under Subsection (1)(a):</p> <p>59-10-1403.2(1)(b)(i) on behalf of a pass-through entity taxpayer who is a resident individual;</p> <p>59-10-1403.2(1)(b)(ii) if the pass-through entity is an organization exempt from taxation under Subsection 59-7-102(1)(a);</p> <p>59-10-1403.2(1)(b)(iii) if the pass-through entity:</p> <p>59-10-1403.2(1)(b)(iii)(A) is a plan under Section 401, 408, or 457, Internal Revenue Code; and</p> <p>59-10-1403.2(1)(b)(iii)(B) is not required to file a return under Chapter 7, Corporate Franchise and Income Taxes, or this chapter; or</p> <p>59-10-1403.2(1)(b)(iv) if the pass-through entity is a publicly traded partnership:</p> <p>59-10-1403.2(1)(b)(iv)(A) as defined in Section 7704(b), Internal Revenue Code;</p> <p>59-10-1403.2(1)(b)(iv)(B) that is classified as a partnership for federal income tax purposes; and</p> <p>59-10-1403.2(1)(b)(iv)(C) that files an annual information return reporting the following with respect to each partner of the publicly traded partnership with income derived from or connected with Utah sources that exceeds \$500 in a taxable year:</p> <p>59-10-1403.2(1)(b)(iv)(C)(I) the partner's name;</p>

			<p>59-10-1403.2(1)(b)(iv)(C)(II) the partner's address;</p> <p>59-10-1403.2(1)(b)(iv)(C)(III) the partner's taxpayer identification number; and</p> <p>59-10-1403.2(1)(b)(iv)(C)(IV) other information required by the commission.</p> <p>...</p> <p>59-10-1403.2(5) Notwithstanding Section 59-1-401 or 59-1-402, the commission may not collect an amount under this section for a taxable year from a pass-through entity and shall waive any penalty and interest on that amount if:</p> <p>59-10-1403.2(5)(a) the pass-through entity fails to pay or withhold the tax on the amount as required by this section on behalf of the pass-through entity taxpayer;</p> <p>59-10-1403.2(5)(b) the pass-through entity taxpayer:</p> <p>59-10-1403.2(5)(b)(i) files a return on or before the due date for filing the pass-through entity's return, including extensions; and</p> <p>59-10-1403.2(5)(b)(ii) on or before the due date including extensions described in Subsection (5)(b)(i), pays the tax on the amount for the taxable year:</p> <p>59-10-1403.2(5)(b)(ii)(A) if the pass-through entity taxpayer is classified as a C corporation for federal income tax purposes, under Chapter 7, Corporate Franchise and Income Taxes; or</p> <p>59-10-1403.2(5)(b)(ii)(B) if the pass-through entity taxpayer is classified as an estate, individual, partnership, S corporation, or a trust for federal income tax purposes, under this chapter; and</p> <p>59-10-1403.2(5)(c) the pass-through entity applies to the commission.</p> <p>Utah Admin. Code R865-91-13(6) For purposes of Subsections 59-10-1403.2(5) and (6), a pass-through entity shall apply to the commission for a waiver of penalty or interest, on an amount the pass-through entity fails to pay or withhold and for which the pass-through entity taxpayer files and pays in a timely manner, by checking the box on the tax return requesting the waiver for required withholding.</p>
Vermont	LLC/LLP must make quarterly estimated tax payments at second lowest marginal rate on nonresident partner's distributive share of Vermont income.	N/A	<p>Vt. Stat. Ann. tit 32, § 5920(a) A partnership or limited liability company, which engages in activities in Vermont that would subject a C corporation to the requirement to file a return under section 5862 of this title, shall file with the commissioner an annual return, in the form prescribed by the commissioner, on or before the due date prescribed for the filing of the entity's federal return. The return shall set forth the name, address and Social Security or federal identification number of each partner or member; the partnership or limited liability company income attributable to Vermont and the income not attributable to Vermont with respect to each partner or member as determined under this chapter; and such other information as the commissioner may by rule prescribe. The partnership or limited liability company shall, on or before the day on which such return is filed, furnish to each person who was a partner or member during the year a copy of such information shown on the return as the commissioner may by rule prescribe.</p>

			<p>5920(b) The commissioner may permit a partnership or limited liability company to file composite returns and to make composite payments of tax on behalf of some or all of its nonresident partners or members. In addition, the commissioner may require a partnership or limited liability company that has in excess of 50 nonresident partners or members to file composite returns and to make composite payments at the middle marginal rate on behalf of all of its nonresident partners or members.</p> <p>5920(c) With respect to each of its nonresident partners or nonresident members, a partnership or limited liability company shall for each taxable period be liable for all income taxes, together with related interest and penalties, imposed on the partner or member by Vermont with respect to the income of the partnership or limited liability company. A partnership or limited liability company shall declare estimated tax, and shall pay estimated tax, including applicable interest and penalties, on such liability in the manner and at the times specified in subchapter 5 of this chapter; provided, however, that a partnership or limited liability company with a single partner or member and a tax liability under this section of \$250.00 or less in the prior year, and a partnership or limited liability company with two or more partners or members and a tax liability under this section of \$500.00 or less in the prior year, may file the entire estimated amount on or before the fourth payment date, January 15. For purposes of this subsection, "estimated tax" as used in subchapter 5 of this chapter shall mean an amount equal to the next-to-lowest marginal tax rate prescribed under section 5822 of this title, multiplied by the partner's or member's pro rata share of the income attributable to Vermont.</p>
Virginia	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; and • corporations. 	<p>Exemption from withholding, for nonresident individuals included on unified return.</p>	<p>Va. Code. Ann. § 58.1-486.2.A. For the privilege of doing business in the Commonwealth, a pass-through entity that has taxable income for the taxable year derived from or connected with Virginia sources, any portion of which is allocable to a nonresident owner, shall pay a withholding tax under this section, except as provided in subsection C.</p> <p>58.1-486.2.B.</p> <p>58.1-486.2.B.1. The amount of withholding tax payable by any pass-through entity under this article shall be equal to five percent of the nonresident owner's share of income from Virginia sources of all nonresident owners as determined under this chapter, which may lawfully be taxed by the Commonwealth and which is allocable to a nonresident owner.</p> <p>58.1-486.2.B.2. When determining the amount of withholding tax due under this section, the pass-through entity may apply any tax credits allowable under the Code of Virginia to the pass-through entity that pass through to nonresident owners; provided that in no event may the application of any credit or credits reduce the tax liability of any nonresident owner under this article to less than zero.</p> <p>58.1-486.2.C. Withholding shall not be required:</p> <p>58.1-486.2.C.1. For any nonresident owner, other than a nonresident corporation, who is exempt from the tax imposed by this article. An owner shall be exempt from the tax imposed by this article only if the owner is, by reason of the owner's purpose or activities, exempt from paying federal income taxes on the owner's Virginia source income. The pass-through entity may rely on the written statement of the owner claiming to be exempt from the tax imposed by this article provided the pass-through entity discloses the name and federal taxpayer identification number for all such owners in its return for the taxable year filed under Section 58.1-392;</p> <p>58.1-486.2.C.2.</p>

For any nonresident owner that is a corporation that is exempt from the tax imposed by Article 10 (Section 58.1-400 et seq.). For purposes of this subdivision, a corporation is exempt from the tax imposed by Article 10 only if the corporation, by reason of its purpose or activities, is exempt from paying federal income taxes on the corporation's Virginia source income. The pass-through entity may rely on the written statement of the person claiming to be exempt from the tax imposed by Article 10 provided the pass-through entity discloses the name and federal taxpayer identification number for all such corporations in its return for the taxable year filed under Section 58.1-392;

58.1-486.2.C.3.

When compliance will cause undue hardship on the pass-through entity. However, no pass-through entity shall be exempt under this subdivision from complying with the withholding requirements of this section unless the Tax Commissioner, in his discretion, approves in writing the pass-through entity's written petition for exemption from the withholding requirements of this section based on undue hardship. The Tax Commissioner may prescribe the form and contents of such a petition and specify standards for when a pass-through entity will not be required to comply with the withholding requirements of this section due to undue hardship. The standards for undue hardship, determined by the Tax Commissioner in his discretion, shall take into account (among other relevant factors) the ability of a pass-through entity to comply at reasonable cost with the withholding requirements of this section and the cost to the Commonwealth of collecting the tax directly from a nonresident owner who does not voluntarily file a return and pay the amount of tax due under this chapter with respect to his allocable Virginia taxable income; or

58.1-486.2.C.4.

For any nonresident person of the Commonwealth when the pass-through entity owns and leases four or fewer dwelling units in the Commonwealth, provided the pass-through entity discloses the name and federal taxpayer identification number for all such owners in its return for the taxable year filed under Section 58.1-392. For the purposes of this subdivision, the term "person" shall mean the same as that term is defined in Section 55-248.4.

Ruling of Commissioner, P.D. 07-150 (Sep. 21, 2007): Unified Returns

The pass-through entity will not be required to pay the withholding tax if it files a Form 765. In order to do so, the pass-through entity must obtain the consent of each nonresident owner to be included in the return. Such consent must be on a form to be prescribed by the Tax Commissioner and must indicate that the nonresident owner agrees to be taxed under the following conditions:

1. The pass-through entity must provide a schedule containing the total income of the partnership and the amount attributable to Virginia under either the applicable state apportionment formula, as provided in Virginia Code §§ 58.1-408 through 58.1-421, or by using an approved alternative method. This schedule will be on a form to be prescribed by the Tax Commissioner.
2. The return will include each nonresident partner's name, address, social security number and Virginia taxable income attributable to each nonresident partner.
3. The Virginia income tax will be computed at the highest rate specified under Virginia Code § 58.1-320 on the partnership's income attributable to the nonresident partners without benefit of itemized deductions, standard deductions, personal exemptions or credit for income taxes paid to states of residence.
4. An owner, officer or employee of the pass-through entity who is authorized to act on behalf of the

			<p>pass-through entity in tax matters (authorized representative) must sign the unified return. By signing the return, the signer is declaring that he or she is the authorized representative of the pass-through entity and that each participant has signed a consent form authorizing the pass-through entity to act on the participant's behalf in the matter of unified returns and acknowledging the participant's understanding and acceptance of all of the terms and conditions of participation in a unified return. The consent form must continue in force indefinitely until revoked in writing by the participant and permit the pass-through entity to file amendments or take other actions concerning the unified return without additional authorization from the participant. The consent forms must be maintained by the pass-through entity and provided to the Department for inspection upon demand.</p> <p>5. Estimated payments on behalf of those included on a unified return must be made on a unified basis.</p> <p>Participation in the unified return will indicate the consent of the nonresident owner to be taxed by the Commonwealth of Virginia.</p> <p>Multiple pass-through entities under common ownership that wish to file a consolidated Form 765 must request permission from the Department of Taxation to do so. Permission will generally be granted.</p>
Washington	N/A, because state does not tax pass-through income.	N/A	
West Virginia	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts; and • estates. 	Exemption from withholding, for nonresident individuals that elect to participate in composite return and pay a processing fee of \$50.	<p>W. Va. Code § 11-21-71a Withholding tax on West Virginia source income of nonresident partners, nonresident S corporation shareholders, and nonresident beneficiaries of estates and trusts.—</p> <p>11-21-71a(a) General rule.—For the privilege of doing business in this state or deriving rents or royalties from real or tangible personal property located in this state, including, but not limited to, natural resources in place and standing timber, a partnership, S corporation, estate or trust, which is treated as a pass-through entity for federal income tax purposes and which has taxable income for the taxable year derived from or connected with West Virginia sources any portion of which is allocable to a nonresident partner, nonresident shareholder, or nonresident beneficiary, as the case may be, shall pay a withholding tax under this section, except as provided in subsections (c) and (k) of this section.</p> <p>11-21-71a(b) Amount of withholding tax.</p> <p>11-21-71a(b)(1) In general.—The amount of withholding tax payable by any partnership, S corporation, estate or trust, under subsection (a) of this section, shall be equal to four percent of the effectively connected taxable income of the partnership, S corporation, estate or trust, as the case may be, which may lawfully be taxed by this state and which is allocable to a nonresident partner, nonresident shareholder, or nonresident beneficiary of a trust or estate: Provided, That for taxable years commencing on or after January 1, 2008, the amount of withholding tax payable by any partnership, S corporation, estate or trust, under subsection (a) of this section, shall be equal to six and one-half percent of the effectively connected taxable income of the partnership, S corporation, estate or trust, as the case may be, which may lawfully be taxed by this state and which is allocable to a nonresident partner, nonresident shareholder, or nonresident beneficiary of a trust or</p>

estate.

11-21-71a(b)(2)

Credits against tax.—When determining the amount of withholding tax due under this section, the pass-through entity may apply any tax credits allowable under this chapter to the pass-through entity which pass through to the nonresident distributees: Provided, That in no event may the application of any credit or credits reduce the tax liability of the distributee under this article to less than zero.

11-21-71a(c)

When withholding is not required.—Withholding shall not be required:

11-21-71a(c)(1)

On distribution to a person, other than a corporation, who is exempt from the tax imposed by this article. For purposes of this subdivision, a person is exempt from the tax imposed by this article only if such person is, by reason of such person's purpose or activities, exempt from paying federal income taxes on such person's West Virginia source income. The pass-through entity may rely on the written statement of the person claiming to be exempt from the tax imposed by this article provided the pass-through entity discloses the name and federal taxpayer identification number for all such persons in its return for the taxable year filed under this article or article twenty-four of this chapter; or

11-21-71a(c)(2)

On distributions to a corporation which is exempt from the tax imposed by article twenty-four of this chapter. For purposes of this subdivision, a corporation is exempt from the tax imposed by article twenty-four of this chapter only if the corporation, by reason of its purpose or activities is exempt from paying federal income taxes on the corporation's West Virginia source income. The pass-through entity may rely on the written statement of the person claiming to be exempt from the tax imposed by article twenty-four of this chapter provided the pass-through entity discloses the name and federal taxpayer identification number for all such corporations in its return for the taxable year filed under this article or article twenty-four of this chapter; or

11-21-71a(c)(3)

On distributions when compliance will cause undue hardship on the pass-through entity: Provided, That no pass-through entity shall be exempt under this subdivision from complying with the withholding requirements of this section unless the Tax Commissioner, in his or her discretion, approves in writing the pass-through entity's written petition for exemption from the withholding requirements of this section based on undue hardship. The Tax Commissioner may prescribe the form and contents of such a petition and specify standards for when a pass-through entity will not be required to comply with the withholding requirements of this section due to undue hardship. Such standards shall take into account (among other relevant factors) the ability of a pass-through entity to comply at reasonable cost with the withholding requirements of this section and the cost to this state of collecting the tax directly from a nonresident distributee who does not voluntarily file a return and pay the amount of tax due under this article with respect to such distributions; or

11-21-71a(c)(4)

On distributions by nonpartnership ventures. An unincorporated organization that has elected, under Section 761 of the Internal Revenue Code, to not be treated as a partnership for federal income tax is not treated as a partnership under this article and is not required to withhold under this section. However, such unincorporated organizations shall make and file with the Tax Commissioner a true and accurate return of information under subsection (c), section fifty-eight of this article, under such regulations and in such form and manner as the Tax Commissioner may prescribe, setting forth: (A) The amount

			of fixed or determinable gains, profits and income; and (B) the name, address and taxpayer identification number of persons receiving fixed or determinable gains, profits or income from the nonpartnership venture.
Wisconsin	<p>Withholding required for the following nonresident owners:</p> <ul style="list-style-type: none"> • individuals; • corporations; • partnerships, LLPs, and LLCs; • trusts; and • estates. 	No composite return exemption.	<p>Wis. Stat. § 71.775(2) <i>Withholding tax imposed.</i></p> <p>71.775(2)(a) For the privilege of doing business in this state or deriving income from property located in this state, a pass-through entity that has Wisconsin income for the taxable year that is allocable to a nonresident partner, member, shareholder, or beneficiary shall pay a withholding tax. The amount of the tax imposed under this subsection to be withheld from the income distributable to each nonresident partner, member, shareholder, or beneficiary is equal to the nonresident partner's, member's, shareholder's, or beneficiary's share of income attributable to this state, multiplied by the following:</p> <p>71.775(2)(a)1. For an individual, an estate, or a trust, the highest tax rate for a single individual for the taxable year under s. 71.06.</p> <p>71.775(2)(a)2. For a partnership, a limited liability company, or a corporation, the highest tax rate for the taxable year under s. 71.27.</p> <p>71.775(2)(b) A pass-through entity that is also a member of another pass-through entity is subject to withholding under this subsection and shall pay the tax based on the share of income that is distributable to each of the entity's nonresident partners, members, shareholders, or beneficiaries.</p> <p>71.775(3) <i>Exemptions.</i></p> <p>71.775(3)(a) A nonresident partner's, member's, shareholder's, or beneficiary's share of income from the pass-through entity that is attributable to this state shall not be included in determining the withholding under sub (2) if any of the following applies:</p> <p>71.775(3)(a)1. The partner, member, shareholder, or beneficiary is exempt from taxation under this chapter. For purposes of this subdivision, the pass-through entity may rely on a written statement from the partner, member, shareholder, or beneficiary claiming to be exempt from taxation under this chapter, if the pass-through entity attaches a copy of the statement to its return for the taxable year and if the statement specifies the name, address, federal employer identification number, and reason for claiming an exemption for each partner, member, shareholder, or beneficiary claiming to be exempt from taxation under this chapter.</p> <p>71.775(3)(a)2. The partner's, member's, shareholder's, or beneficiary's share of income from the pass-through entity that is attributable to this state is less than \$1,000.</p> <p>71.775(3)(a)3. The nonresident partner, member, shareholder, or beneficiary files an affidavit with the department, in the form and manner prescribed by the department, whereby the nonresident partner, member, shareholder, or beneficiary agrees to file a Wisconsin income or franchise tax return and be subject to the personal jurisdiction of the department, the tax appeals commission, and the courts of this state for the purpose of determining and collecting Wisconsin income and franchise taxes, including estimated</p>

			<p>tax payments, together with any related interest and penalties.</p> <p>71.775(3)(b) A pass-through entity that is a joint venture is not subject to the withholding under sub (2), if the pass-through entity has elected not to be treated as a partnership under section 761 of the Internal Revenue Code.</p> <p>71.775(3)(c) A pass-through entity that is a publicly traded partnership, as defined under section 7704 (b) of the Internal Revenue Code, that is treated as a partnership under the Internal Revenue Code is not subject to the withholding under sub (2), if the entity files with the department an information return that reports the name, address, taxpayer identification number, and any other information requested by the department for each unit holder with an income in this state from the entity in excess of \$500.</p>
Wyoming	N/A, because state does not tax pass-through income.	N/A	

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