



Alternative Withholding Certificate for Year \_\_\_\_\_

for Nonresident Individual Partners and Shareholders

For use by nonresident individual partners or shareholders subject to Minnesota withholding. Complete a certificate each year you wish to reduce the amount withheld by the partnership or S corporation.

First name and initial	Last name	Social Security number
Address (street, apartment number, route)		
City	State	Zip code

1

Your estimated share of Minnesota distributive income from this partnership or S corporation or your estimated total Minnesota taxable income for the tax year, whichever is less

1

2

Multiply line 1 by 7.85 percent (.0785)

2

3

Minnesota individual estimated tax you paid for the tax year

3

4

Minnesota income tax withheld from other income (from Form W-2 or W-2P)

4

5

Add lines 3 and 4

5

6

Subtract line 5 from line 2. This is the amount you are requesting to be withheld

6

Partner or shareholder: I declare that this return is correct and complete to the best of my knowledge and belief.

Signature

Daytime phone number

Date

Partner or shareholder: Complete, sign and date this certificate. Give the original form to the partnership or S corporation before the end of the entity's tax year.

Partnership or S corporation: Enter the partnership's or S corporation's name, Minnesota and federal tax ID numbers at right. Include a copy of each AWC you receive when you file your Form M3 or M8 tax return.

To be completed by the entity:

Name of partnership or S corporation	
Minnesota ID number	Federal ID number

Instructions

Partnerships and S corporations are required to withhold Minnesota income tax for any nonresident individual partner or shareholder who:

- is not included in composite income tax, and
- has Minnesota distributive income of \$1,000 or more.

The entity is required to withhold 7.85 percent of the partner's or shareholder's Minnesota source distributive income, less any credits that are passed through to the partner or shareholder.

However, the department will permit a smaller amount of tax to be withheld if it more accurately reflects the Minnesota tax the partner or shareholder owes. For example, a partner or shareholder may request that the amount withheld be reduced if he or she:

- paid Minnesota estimated tax or had Minnesota withholding tax taken out of wage income, or

- has Minnesota taxable income less than the distributive income received from this entity, due to losses from other Minnesota sources.

Who should file Form AWC

Complete this form if you are a nonresident individual partner of a partnership or shareholder of an S corporation and you:

- expect to receive Minnesota distributive income of \$1,000 or more from this partnership or S corporation, and
- you want less than 7.85 percent of your Minnesota source distributive income to be withheld by the entity.

If you intend to have 7.85 percent of your distributive income to be withheld or you choose to be included in composite income tax, there is no need to complete this form.

Do not use this form for wage withholding.

This certificate is effective for one tax year. You must complete a new Form AWC for

each year you wish to change the amount withheld by this partnership or S corporation.

Filing Form AWC

Sign and date the completed form, and give it to the partnership or S corporation before the end of its tax year. The entity needs this information before it can file its tax return.

Do not file this certificate with your Form M1 or send it directly to the department. To claim the amount withheld, you must file Form M1, *Minnesota Individual Income Tax Return*, and include the Schedule KPI or KS you receive from the partnership or S corporation.

If your Form AWC is found to be false, the department may require that in future years the partnership or S corporation withhold the maximum percentage of your Minnesota distributive income, even if you submit an alternative withholding certificate.