

PA SCHEDULE H-Corp
Corporate Partner Apportioned
Business Income (Loss)
PA-20S/PA-65 H-Corp (05-16) (F1) **2016**

OFFICIAL USE ONLY

| | | | |
|--|-------------------------------|------|------------|
| Name as shown on PA-20S/PA-65 Information Return | Date the taxable period ended | FEIN | Revenue ID |
|--|-------------------------------|------|------------|

Complete this schedule to apportion business income (loss) for partners who are business entities only. This schedule should be provided to partners who are business entities. If the partnership derives business income from sources within and outside Pennsylvania or totally within Pennsylvania, complete this schedule. Any partner who is a corporation will use its share of the information provided in the calculation of its own apportionment factor.

| SALES FACTOR Description | Inside PA | Inside and Outside PA |
|---|------------|-----------------------|
| Sales (Net of Returns and Allowances) | | |
| Interest, Rents, Royalties | | |
| Gross Sales Price of Assets (Except securities) | | |
| Other Sales (receipts only) | | |
| Partner's share of sales from partnerships | | |
| Total Sales | (A) | (B) |

| | |
|--|-----------------------------|
| PA Apportionment. For CNI Tax divide (A) by (B) | $\frac{\bullet}{- - - - -}$ |
|--|-----------------------------|

Special Apportionment to be completed only by railroad, truck, bus, and airline entities, pipeline or natural gas entities and water transportation entities.
 (Refer to PA-20S/PA-65 Schedule H-Corp instructions) (A) Numerator $\frac{(A)}{(B)}$
 (B) Denominator $\frac{\bullet}{- - - - -} = \frac{\bullet}{- - - - -}$





pennsylvania
DEPARTMENT OF REVENUE

Instructions for PA-20S/PA-65 Schedule H-Corp

Corporate Partner Apportioned Business/Income (Loss)

PA-20S/PA-65 Schedule H-Corp (05-16)


WHAT'S NEW

Effective for tax years beginning after 12/31/2015, the capital stock/foreign franchise tax has expired. The PA-20S/PA-65 Schedule H-Corp has been updated to remove the property and payroll factors.

GENERAL INFORMATION

Purpose of Schedule

The PA-20S/PA-65 Schedule H-Corp is for information purposes only. Partnerships are required to complete this schedule and provide a copy of the PA-20S/PA-65 Schedule H-Corp to all partners who are PA S corporations, partnerships, limited liability companies (LLC) and C corporations. All amounts not in agreement with information on federal Form 1065 must be reconciled.

 **IMPORTANT:** Railroad, truck, bus, airline, pipeline, natural gas or water transportation companies do not use the single sales factor approach shown on PA-20S/PA-65 Schedule H-Corp. Rather, they use a special apportionment at the bottom of the schedule.


For the corporate partner, the partnership uses PA-20S/PA-65 Schedule H-Corp to calculate the apportionment for Line 14 of the PA-20S/PA-65 Schedule CP if they are required to file a PA-65 Corp for nonfiling C corporation(s).

For the partner who is a partnership, the PA-20S/PA-65 Schedule H-Corp ensures that if the partnership, as an owner, has corporate partners, the corporate partners will have the necessary documentation for apportionment to calculate PA corporate net income tax.

A penalty of \$250 per schedule is imposed on taxpayers who fail to provide Schedule H-Corp to entity partners.

The PA-20S/PA-65 Schedule H-Corp


sales factor for this entity should be included with the other respective sales factors at the corporate level to determine the applicable corporate net income tax associated with the distributive share from the entity.

 **IMPORTANT:** Do not use PA-20S/ PA-65 Schedule H-Corp to arrive at the calculations for non-corporate owner's income.

APPORTIONED BUSINESS INCOME (LOSS) FOR CORPORATE PARTNERS ONLY

If the partnership derives business income from sources within and outside Pennsylvania or totally within Pennsylvania, complete this form.

The entity calculates a decimal figure from a formula, which consists of a single sales factor apportionment only.

 **NOTE:** A partnership with no Pennsylvania activity (no Pennsylvania-source income and/or no Pennsylvania assets) is still required to complete the PA-20S/PA-65 Schedule H-Corp showing the total sales of the partnership.

When completing this form, enter the name, (FEIN) federal employer identification number and date the taxable period ended for the partnership.

Non Filing Corporate Partner

If the partnership is required to withhold corporate net income tax for nonfiling corporate partner(s), it must complete PA-20S/PA-65 Schedule CP. The apportionment figure used to calculate the corporate net income tax withholding should be the Pennsylvania apportionment figure derived from PA-20S/PA-65 Schedule H-Corp prepared for the corporate net income tax.

COMPLETING PA SCHEDULE H-CORP

Business Name

Enter the complete name of the entity or business as shown on the PA-20S/PA-65 Information Return.

FEIN

Enter the nine-digit federal employer identification number (FEIN) of the entity or business as shown on the PA-20S/PA-65 Information Return.

Revenue ID

The Revenue ID is a unique, 10-digit number assigned by the Department of Revenue to replace the seven-digit Tax Account ID number. The seven-digit Tax Account ID number may be used if the 10-digit Revenue ID number is not known.

SALES FACTOR

LINES A AND B

CORPORATE NET INCOME TAX APPORTIONMENT

Sales Factor

The numerator is the total gross receipts of the taxpayer inside this state during the tax period, and the denominator is the total gross receipts of the taxpayer everywhere during the taxable period. Gross receipts are net of returns and allowances. The partnership's gross receipts shall be included in the denominator of the taxpayer's sales factor to the extent of the taxpayer's ownership interest in the partnership. The amount of such gross receipts attributable to Pennsylvania shall be included in the numerator of the sales factor.

Dividends and income from U.S. securities and receipts from sales of securities (unless a securities dealer) must be excluded from both the numerator and denominator of the sales factor.

For information on market sourcing and the sourcing of the sales of service to the Commonwealth of Pennsylvania, see Corporation Tax Information Notice 2014-01 dated December 12, 2014.

PENNSYLVANIA APPORTIONMENT

Divide Line A by Line B for the Sales Factor. Calculate to six decimal places.

SPECIAL APPORTIONMENT TO BE COMPLETED ONLY BY RAILROAD, TRUCK, BUS, AIRLINE, PIPELINE OR NATURAL GAS, AND WATER TRANSPORTATION ENTITIES

Enter as (A) the numerator, which is the total revenue miles in Pennsylvania. Enter as (B) the denominator, which are the total revenue miles everywhere. Divide and enter the result to six decimal places.

• **Railroad, Truck, Bus or Airline Entities**

All business income of railroad, truck, bus or airline entities is apportioned to Pennsylvania by multiplying the income by a fraction. The numerator of the fraction is the taxpayer's total revenue miles within Pennsylvania during the taxable period. The denominator of the fraction is the total revenue miles of the taxpayer everywhere during the taxable period. A revenue mile is the average receipts derived from the transportation by the taxpayer of persons or property one mile.

Where revenue miles are derived from the transportation of persons and property, the revenue mile fractions attributable to each class of transportation are calculated separately. The average of the two fractions, weighted in accordance with the ratio of total receipts from each class of transportation everywhere to total receipts from both such classes of transportation everywhere, is used to apportion business income to Pennsylvania.

Example. Company A is in the business of transporting persons and property. During the current tax period Company

Example

| | | | |
|---------------------------------------|---|--|-----------|
| <u>Transportation of Persons</u> | | <u>Receipts for Transportation</u> | |
| PA Rev Miles \$40,000 | X | of persons \$400,000 | = .040000 |
| Total Rev Miles \$400,000 | | Total Receipts \$1,000,000 | |
| <u>Transportation of Property</u> | | <u>Receipts for Transportation</u> | |
| PA Rev Miles \$120,000 | X | of property \$600,000 | = .120000 |
| Total Rev Miles \$600,000 | | Total Receipts \$1,000,000 | |

Company A's apportionment for the current tax period is
0.040000 + 0.120000 or 0.160000.

A reported receipts of \$1 million, \$400,000 from transportation of persons and \$600,000 from the transportation of property. Company A's Pennsylvania revenue miles for the transportation of persons is \$40,000. The Pennsylvania revenue miles from the transportation of property are \$120,000.

The special apportionment fraction for Company A for the current tax period is calculated as shown above.

• **Pipeline or Natural Gas Entities**

All business income of pipeline entities is apportioned to Pennsylvania by multiplying the income by a fraction. The numerator of the fraction is the revenue ton miles, revenue barrel miles, or revenue cubic feet miles of the taxpayer in Pennsylvania during the tax period. The denominator is the revenue ton miles, revenue barrel miles, or revenue cubic feet miles of the taxpayer everywhere during the tax period. A revenue ton mile, revenue barrel mile, or revenue cubic feet mile means, respectively, the receipts derived from the transportation by the taxpayer of one ton of solid property, one barrel of liquid property or one cubicfoot of gaseous property transported one mile.

All business income of natural gas entities subject to regulation by the Federal Power Commission or by the Pennsylvania Public Utility Commission is apportioned to Pennsylvania by multiplying the income by a fraction. The numerator of the fraction is the cubic foot capacity of the taxpayer's pipelines in Pennsylvania. The denominator of the fraction is the cubic foot capacity of the taxpayer's pipelines everywhere, at the end of the taxable

period. Determine the cubic foot capacity of a pipeline by multiplying the square of its radius (in feet) by its length (in feet).

• **Water Transportation Entities Operating on High Seas**

All business income of water transportation entities operating on high seas is apportioned to Pennsylvania by multiplying the business income by a fraction. The numerator of the fraction is the number of port days spent inside Pennsylvania. The denominator of the fraction is the total number of port days spent outside and inside Pennsylvania.

Port days does not include periods when ships are not in use because of strikes, withheld from service for repair or out of use because of seasonal reduction of services. Days in port are calculated by dividing the aggregate number of hours in all ports by 24.

• **Water Transportation Entities Operating on Inland Waters**

All business income of water transportation entities operating on inland waters are apportioned to Pennsylvania by multiplying the business income by a fraction.

The numerator of the fraction is the taxpayer's total revenue miles within Pennsylvania during the taxable period. The denominator of the fraction is the total revenue miles of the taxpayer everywhere during the taxable period. In the determination of revenue miles, one-half of the mileage of all navigable waterways bordering Pennsylvania and another state shall be considered Pennsylvania miles. A revenue mile means the revenue receipts derived from the transportation by the taxpayer of persons or property one mile.