



# Form AWC, 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		
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 9.85 percent (.0985) . . . . . **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 Minnesota backup withholding and certain tax credits (see instructions) . . . . . **5** \_\_\_\_\_
- 6 Add lines 3, 4, and 5 . . . . . **6** \_\_\_\_\_
- 7 Subtract line 6 from line 2 (if result is zero or less, enter 0). This is the amount you are requesting to be withheld . . . **7** \_\_\_\_\_

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

Signature	Daytime Phone	Date
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**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 and federal and Minnesota tax ID numbers in the boxes to the right. Include a copy of each AWC you receive when you file your Form M3 or M8 tax return.

<b>To be completed by the entity:</b>	
Name of Partnership or S Corporation	
Federal ID Number	Minnesota ID Number

## Form AWC Instructions

All partnerships and S corporations, not making a pass-through entity (PTE) tax election, must withhold Minnesota income tax for any non-resident individual partner or shareholder who:

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

You must withhold 9.85% of their Minnesota source distributive income, less any credits that are passed through to them.

However, we will allow you to withhold a smaller amount of tax if the partner or shareholder owes less Minnesota tax. This may happen if a partner or shareholder:

- has 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 are the following:

- expect to receive Minnesota distributive income of \$1,000 or more from this partnership or S corporation
- want less than 9.85% of your Minnesota source distributive income to be withheld by the entity

If you choose to have 9.85% of your distributive income withheld or to be included in composite income tax, you do not need to complete this form.

Do not use this form for wage withholding.

## Form AWC Instructions (Continued)

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This certificate is effective for one tax year. 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. They will need this information before filing their tax return. They must file all AWC forms with their original return by the due date.

Do not file this certificate with your Form M1, *Minnesota Individual Income Tax Return*. Do not send it directly to the Department of Revenue. To claim the amount withheld, file Form M1 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 of Revenue may require that in future years the partnership or S corporation withhold the maximum percentage of your Minnesota distributive income, even if you submit Form AWC.

### Line 5

Include on line 5 certain Minnesota credits you received from a partnership or S corporation. These amounts are reported to you on lines 25 through 29 of Schedules KS or KPI.

Also include on line 5 any Minnesota backup withholding credit you received from a partnership or S corporation. These amounts are reported to you on line 31 of Schedules KS or KPI.