

# Instructions for PA-20S/PA-65 Schedule CP Corporate Partner Withholding

## General Information

### Purpose of Form

The PA-20S/PA-65 Schedule CP is completed by a partnership to determine the corporate net income tax withholding for nonfiling corporate partners (C corporations only) that are required to file an RCT-101, PA Corporate Tax Report. A separate schedule must be completed for each nonfiling corporate partner. Before completing this schedule, complete the PA-20S/PA-65 Schedule H-Corp to apportion business income (loss) for the corporate partner(s). The partnership should use federal Form 1065 Schedule K-1 to calculate withholding for any corporate partner that did not file an RCT-101, PA Corporate Tax Report. Corporate net income tax withholding is based on federal Form 1065 Schedule K-1 income only, without regard to losses or deductions. Each corporate partner should receive a copy of PA-20S/PA-65 Schedule H-Corp.

**TIP** All PA-20S/PA-65 Schedules CP must be filed with the PA-65 Corp, Directory of

Corporate Partners and provided to the corporate partners for filing their RCT-101, PA Corporate Tax Report. The corporate partners are not required to submit the PA-20S/PA-65 Schedule CP with their RCT-101, PA Corporate Tax Report.

A nonfiling corporate partner is a corporation as defined in § 7401 of the Tax Reform Code of 1971, as amended, which has not filed an RCT-101, PA Corporate Tax Report, and paid corporate net income tax for the previous taxable year. Apportionment rules apply.

### Corporate Partners

The amount on Line 16 of PA-20S/PA-65 Schedule CP is remitted by the issuing partnership on the corporation's behalf for payment of corporate net income tax

withholding. The partnership is not permitted to adjust federal Form 1065 Schedule K-1 income for expenses or deductions. To claim expenses or deductions or to offset losses against income, the corporation files an RCT-101, PA Corporate Tax Report, and if appropriate, files for a refund.

**TIP** Do not submit nonresident individual partner withholding payments with PA-20S/PA-65 Schedule CP. This schedule is only used to report C corporation, nonfiler corporate net income tax withholding.

## Completing PA Schedule CP

### Foreign Address Standards

If the PA S corporation, partnership or entity formed as a limited liability company that is classified as a partnership or PA S corporation for federal income tax purposes is located outside the U.S., it is important to write the foreign address on the PA-20S/PA-65 Schedule CP, according to U.S. Postal Service standards.

Failure to use these standards may delay processing of correspondence necessary to complete the processing of the return.

To comply with foreign address standards, use the following rules when completing the address portion of the PA-20S/PA-65 Schedule CP.

- Eliminate apostrophes, commas, periods and hyphens.
- Write the name of the entity in the spaces provided.
- Write the address in the space provided, including street and building name and number, apartment or suite numbers, city name and city or provincial codes.
- Write only the name of the country in the space provided for the city or post office.
- **Do not** include any entries in the state or ZIP code spaces on the PA-20S/PA-65 Schedule CP.

Providing the address in this format will better ensure that the department is able to contact the entity if we need additional information.

Below are two examples of properly completed foreign addresses.

#### *Foreign Address Example*

DIETRICH ENTERPRISES  
HARTMANNSTRASSE 7  
5300 BONN 1  
FEDERAL REPUBLIC OF GERMANY  
**OR**  
DIETRICH ENTERPRISES  
117 RUSSELL DR  
LONDON W1PGHQ  
ENGLAND

#### *Canada (Only) Address Example*

The following address format may be used when the postal address delivery zone number is included in the address:

NORTH BY NORTHWEST CO  
1010 CLEAR ST  
OTTAWA ONT K1A OB1  
CANADA

If the entity's address does not fit in the available spaces on the PA-20S/PA-65 Schedule CP using this format, please include a separate statement with the form showing the complete address.

## **PART I** **General Information for the Corporate Partner**

### **Name of Corporation**

Enter the name of the nonfiling corporation partner (C corporation).

### **Corporate Partner FEIN**

Enter the nine-digit federal employer identification number (FEIN) of the corporate partner (C corporation).

## Corporate Partner Percentage

Enter the corporate partner's (C corporation) percentage of profit sharing, loss sharing, and ownership of capital and the date (MMDDYYYY) that the corporation became a partner.

## First Line of Address

Enter the street address. If the address has an apartment number, suite or RR number, enter after the street address. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.



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

The U.S. Postal Service preference is to put the actual delivery address on the line immediately above the city, state and ZIP code.

## Second Line of Address

Enter the post office box, if appropriate. If there is no post office box, leave the second line of address blank. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

For a foreign address, enter the city or municipal designation. See [Foreign Address Example](#).

For Canadian addresses, enter the city and postal delivery zone number. See [Canada Address Example](#).



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

## City or Post Office, State and ZIP Code

Enter the appropriate information in each box. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

For Canadian and international addresses, the bottom lines of the address should show only the country name, written in full (no abbreviations) and in capital letters. See [Canada Address Example](#).

## Date C Corporation Became a Partner

Enter the date the C corporation became a partner in a partnership.

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# Line Instructions

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## PART II General Information for the Partnership

### Name of Partnership Issuing This Form

Enter the complete name of the partnership.

### Partnership FEIN

Enter the nine-digit federal employer identification number (FEIN) of the partnership issuing this form.

### Address

Enter the post office box if appropriate, then the street address. If the address has an apartment number, suite or RR number, enter after the street address.

For a foreign address, enter the city or municipal designation. See [Foreign Address Example](#).

For Canadian addresses, enter the city and postal delivery zone number. See [Canada Address Example](#).

### City or Post Office, State and ZIP Code

Enter the appropriate information in each box. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

For Canadian and international addresses, the bottom lines of the address should show only the country name, written in full (no abbreviations) and in capital letters. See [Foreign Address Example](#) and [Canada Address Example](#).

### Date Partnership Began Doing Business in Pennsylvania

Enter the date (MMDDYYYY) the partnership began doing business in Pennsylvania.

## PART III Income for Corporate Partners from Federal Schedule K-1

On the following lines, enter the income for the corporate partner from federal Schedule K-1.

### Line 1 Ordinary Income from Trade or Business Activities

Enter the amount of income from the corresponding line of federal Form 1065 Schedule K-1. If the business or trade incurred a loss, enter "0."

### Line 2 Net Income from Rental Real Estate Activities

Enter the amount of rental income derived from real estate from the corresponding line of federal Form 1065 Schedule K-1. If rental activity resulted in a loss, enter "0."

### Line 3 Net Income from Other Rental Activities

Enter the amount of rental income from the corresponding line of federal Form 1065 Schedule K-1. If rental activity resulted in a loss, enter "0."

### Line 4 Guaranteed Payments

Enter the amount of guaranteed payments from the corresponding line of the federal Form 1065 Schedule K-1.

### Line 5 Interest Income

Enter the amount of interest income from the corresponding line of federal Form 1065 Schedule K-1.

### Line 6 Ordinary Dividends

Enter the amount of income from ordinary dividends from the corresponding line of federal Form 1065 Schedule K-1.

### Line 7 Royalties

Enter the amount of income from royalties from the corresponding line of federal Form 1065 Schedule K-1.

**Line 8****Net Short-Term Capital Gain**

Enter the amount of income from short-term capital gains from the corresponding line of federal Form 1065 Schedule K-1. If there is no gain, enter "0."

**Line 9****Net Long-Term Capital Gain**

Enter the amount of income from long-term capital gains from the corresponding line of federal Form 1065 Schedule K-1. If there is no gain, enter "0."

**Line 10****Net IRC § 1231 Gain**

Enter the amount of IRC § 1231 gain from the corresponding line of federal Form 1065 Schedule K-1. If there is no gain, enter "0."

**Line 11****Net Gain from Disposal of IRC § 179 Property**

Enter the amount of income from the disposition of IRC § 179 Property from the corresponding line of federal Form 1065 Schedule K-1. If there is no gain, enter "0."

**Line 12****Other Income**

Other income (submit statement). Include any amount that is reported on the corresponding line of federal Form 1065 Schedule K-1. If other income resulted in a loss, enter "0."

**Line 13****Total Income**

Total Lines 1 through 12. Enter positive income only. If total income is a loss, enter "0."

**Line 14****Apportionment from the PA-20S/PA-65 Schedule H-Corp**

Enter the percentage of apportionment from PA-20S/PA-65 Schedule H-Corp.

**Line 15****Income Apportioned to Pennsylvania**

Multiply Line 13 by Line 14.

**Line 16****Corporate Net Income Tax Withholding**

Multiply Line 15 by 0.0999 and enter the result on Line 16. The amount on Line 16 represents the amount of corporate net income tax withholding required for the C corporation.

Send a copy of this withholding statement to the corporate partner listed on PA-20S/PA-65 Schedule CP. Each corporate partner also must receive a copy of the PA-20S/PA-65 Schedule H-Corp.