

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

What's New

In Part I, changed Corporation Partner FEIN to Corporate Partner FEIN.

The word Corporate was added to Partner's Percentage of:

Part III heading has been changed to Income for Corporate Partner from Federal Schedule K-1.

On line 11, Federal was changed to IRC.

In the last note on the bottom of the schedule, the start of the first sentence was changed to read: "The partnership must complete this schedule to"

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.



Note. 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.



Caution. 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.

Line Instructions

PART I General Information for the Corporate Partner

Name of Corporation

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

Corporate Partnership FEIN

Enter the 9 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 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.



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. See [US Postal Service Name and Address Standards](#).

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. See [US Postal Service Name and Address Standards](#).

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



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. 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 [Canadian and International Addresses](#).

PART II General Information for the Partnership

Name of Partnership Issuing This Form

Enter the complete name of the partnership.

Partnership FEIN

Enter the 9 digit federal employer identification number (FEIN) of the partnership issuing this form.

First Line of Address

Enter the street address. If the address has an apartment number, suite, or RR number, enter after the street 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. See [US Postal Service Name and Address Standards](#)



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.

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. See [US Postal Service Name and Address Standards](#)

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



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. 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 [Canadian and International Addresses](#).

Date C Corporation Became a Partner

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

US Postal Service Name and Address Standards

Name Standards

- Eliminate apostrophes, commas, periods and hyphens.
- Do not use "The" as the first word in a title except for a two-word title (e.g. "The Boutique").

Address Standards

- Eliminate apostrophes, commas, periods and hyphens, except the hyphen in a ZIP + 4.
- Use only RR (Rural Route) and HC (Highway Contract) abbreviations. All

others (Star Route, Mountain Route, Rural Delivery, etc) have been converted to RR or HC.

- Corner Addresses, i.e. "Corner Smith and Duke" will be replaced by numerical street addresses. Examples of the new format would be "1700 DUKE ST" or "1 N SMITH ST".
- Combining two types of addresses is acceptable, like "24 N GREEN ST PO BOX 10", however, the USPS preference is to put the actual delivery address on the line immediately above the city, state and ZIP Code.

Preferred Address Standards

- 1. Non-Address Line.** Logos, Account numbers, subscription codes, etc.
- 2. Information/Attention Line.** Used to direct mail to the attention of a specific person or unit when a business name is placed on the "Name of Recipient Line".
- 3. Name of Recipient Line.** The name of the business or individual of the intended recipients.
- 4. Delivery Address Line.** Street address, post office box number or rural number, or a combination of post office box number and rural route or highway contract number.
Exception. Combining a street address with a post office box. The preferred delivery address must appear on this line with the other address on the line above.



Example:
ATTN CUSTOMER SERVICE
HILLS DEPT STORE
123 MAIN HWY
PO BOX 4567
ANYTOWN PA 17111-1234

- 5. Post Office, State and ZIP Code Line.** For domestic mail, the Post Office (City), State and ZIP Code should appear in the order on the bottom line of the address. If all three elements will not fit on the line, the ZIP (+4) may be placed immediately below, aligned with the left edge of the address block.



Example:
21-674980 - Non-Address Line
ATTN JOHN DOE - Attention Line
ABC CO - Recipient Line
1234 S WEST ST - Delivery Address Line
ANYTOWN PA 17000 - City, State and ZIP

Domestic Address Format Examples

The following examples illustrate various formats that include ZIP + 4 Codes. Use them as a guide.

- 1. PO BOX**
AZINGA COMPANY
PO BOX 34
DULUTH MN 55806-0034

- 2. RURAL ROUTE OR HIGHWAY CONTRACT ROUTE**
EAST COAST CORP
RR 3 BOX 194 C
CANTON OH 44730-9615
- 3. BUILDING/BUSINESS**
SOUTHERN CORP
LOUISIANA INDUSTRIAL PK
1725 E BEAUREGARD AVE
NEW ORLEANS LA 70124-1299
- 4. STANDARD STREET ADDRESS NUMERIC**
MID WEST LTD
5765 E 53RD ST SUITE 221
CHICAGO IL 60615-1234
- 5. STANDARD STREET ADDRESS ALPHABETIC**
WEST COAST INC
603 MAIN ST NE
DETROIT MI 48223-3107

Canadian and International Addresses

General Requirements

The bottom line of the address should show only the country name, written in full (no abbreviations) and preferably in capital letters. Do not place the post codes (ZIP Codes) of foreign country destinations on the last line of the address. An example of a correct foreign address follows:

Foreign Address Example

DIETRICH ENTERPRISES
HARTMANNSTRASSE 7
5300 BONN 1
FEDERAL REPUBLIC OF GERMANY
OR
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

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.

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.