

PA SCHEDULE NRK-1

1904610050

Nonresident Schedule of Shareholder/
Partner/Beneficiary Pass Through
Income, Loss and Credits
PA-41 NRK-1 06-19 (F1)
PA Department of Revenue

2019

Form fields for personal information: SSN, Last Name, Suffix, First Name, MI, Spouse's SSN, Phone Number, Name of Owner Receiving NRK-1, FEIN, Address, City, State, ZIP Code, Entity Name, City, State, ZIP Code, FEIN, Revenue ID, Entity type options (Estate/Trust, PA S Corp, Fiscal Year, Partnership, LLC, Short Year), and Owner/Partner type options (Individual, PA S Corp, All Other Corp, Estate/Trust, Partnership, LLC, Exempt, General Partner or LLC Member - Manager, Limited Partner or Other LLC Member).

NOTE: Amounts from this schedule must be reported on the appropriate PA Tax Return.

Enter whole dollars only

Table with 18 rows of tax items and their corresponding amounts. Rows include: 1 PA-Taxable Business Income (Loss) from Operations, 2 Net Gain (Loss) from the Sale, Exchange or Disposition of Property, 3 Net Income (Loss) from Rents, Royalties, Patents and Copyrights, 4 Income of/from Estates or Trusts, 5 Gambling and Lottery Winnings (Loss), 6 PA Nonresident Tax Withheld, 7 Total Other Credits. Submit statement, 8 Distributions of Cash, Marketable Securities, and Property - not including guaranteed payments, 9 Guaranteed Payments for Capital or Other Services, 10 All Other Guaranteed Payments for Services Rendered (PA-Appportioned Amount Only), 11 Guaranteed Payments to the Retired Partner, 12 Distributions from PA Accumulated Adjustments Account, 13 Distributions of Cash, Marketable Securities, and Property, 14 Nontaxable income (loss) or nondeductible expenses required to calculate owner's economic investment. Submit statement, 15 Owner's Share of IRC Section 179 allowed according to PA rules, 16 Owner's Share of Straight-Line Depreciation, 17 Partner's Share of Nonrecourse Liabilities at year-end, 18 Partner's Share of Recourse Liabilities at year-end.



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Instructions for PA-41 Schedule NRK-1

Nonresident Schedule of Shareholder/Partner/Beneficiary Pass Through Income, Loss and Credits

PA-41 NRK-1 IN 06-19

WHAT'S NEW

Per Act 16 of 2019, Qualified Subchapter S Trusts (QSSTs) that receive Educational Improvement Tax Credits or Opportunity Scholarship Tax Credits from a pass-through entity may pass through unused Educational Improvement Tax Credits and/or Opportunity Scholarship Tax Credits to the beneficiary of the QSST. See the instructions for Line 7 for additional information.

GENERAL INFORMATION

PURPOSE OF SCHEDULE

Estates and trusts use PA-41 Schedule NRK-1 to report the Pennsylvania-source income of estates and trusts and PA nonresident tax withheld to each nonresident individual or nonresident estate and trust beneficiary. A PA-41 Schedule NRK-1 is also used to report the Pennsylvania-source income of the estate or trust for each resident or nonresident partnership, PA S corporation or entity formed as a limited liability company classified as a partnership or PA S corporation for federal income tax purposes.

Nonresident estate and trust beneficiaries are subject to Pennsylvania personal income tax on their shares of the estate or trust's distributed or distributable Pennsylvania-source income. Resident estate and trust beneficiaries are subject to tax on their shares of the estate or trust's distributed or distributable income, regardless of income source.

NONRESIDENT BENEFICIARY RESIDENCY STATUS

The fiduciary of an estate or trust must determine (through reasonable means) the residency status of each individual and/or estate or trust beneficiary. A fiduciary of an estate or trust that fails to keep an accurate list of beneficiaries may be subject to the tax, penalty and interest of any beneficiary who was provided a PA-41 Schedule NRK-1 when a PA-41 Schedule RK-1 should have been provided.

PA TAX WITHHELD FOR NONRESIDENT BENEFICIARIES

Each nonresident Individual or nonresident estate or trust must also have PA income tax withheld at a rate of 3.07 percent (0.0307) on their shares of the estate or trust's distributed or distributable Pennsylvania-source income. Complete PA-41 Schedule N to determine the amount of withholding for each nonresident beneficiary subject to withholding.

WHO SHOULD RECEIVE A PA-41 SCHEDULE NRK-1

A PA-41 Schedule NRK-1 must be prepared and provided to every nonresident beneficiary who is an individual. A copy of the PA-41 Schedule NRK-1 for each nonresident beneficiary who is an individual must accompany the estate's/trust's PA-41, Fiduciary Income Tax Return.

The estate or trust must prepare and provide both PA-41 Schedules RK-1 and NRK-1 to any beneficiary that was a/an:

- Individual who was a part-year Pennsylvania resident;
- Estate or trust;
- PA S corporation;
- Partnership; or
- Entity formed as a limited liability company classified as a partnership or PA S corporation for federal income tax purposes.

Both schedules for each such beneficiary must also be submitted with the PA-41, Fiduciary Income Tax Return.

⚠ IMPORTANT: The department does not accept federal Form 1041 Schedule K-1 because the schedule does not properly reflect the classified Pennsylvania-taxable income amounts.

PA-41 Schedules RK-1 submitted to nonresident and entity beneficiaries (including nonresident estates and trusts) should reflect the taxable income to Pennsylvania as if the nonresident beneficiary was a Pennsylvania resident even if the estate or trust preparing them is a nonresident.

PA-41 Schedules NRK-1 issued to nonresident beneficiaries should reflect just the Pennsylvania-source income taxable to those beneficiaries. Additionally, only PA-41 Schedules NRK-1 issued to nonresident individuals and nonresident estates or trusts should reflect PA tax withheld for nonresident beneficiaries.

HOW TO AMEND PA-41 SCHEDULE NRK-1

Where an amendment to the PA-41, Fiduciary Income Tax Return, results in a need to amend the PA-41 Schedule NRK-1, an amended PA-41 Schedule NRK-1 must be forwarded to the PA Department of Revenue with the amended tax return, and a copy must be provided to each beneficiary.

An amended PA-41, Fiduciary Income Tax Return and an amended PA-41 Schedule NRK-1 for each beneficiary must also be filed to correct any error on or reflect any change to the PA-41, Fiduciary Income Tax Return, whether or not an amended federal Form 1041 was filed for that year.

To amend an original PA-41 Schedule NRK-1, use a blank schedule for the tax year to be amended and fill in the “Amended Schedule” oval at the top of the schedule. Do not send a copy of the original schedule.

Complete the schedule by entering the corrected information and submit it with the amended PA-41, Fiduciary Income Tax Return. See “Where To File” in the PA-41 instructions.

COMPLETING PA-41 SCHEDULE NRK-1

FOREIGN ADDRESS INSTRUCTIONS (OTHER THAN CANADA)

If the estate or trust is located outside the U.S., it is important to write the foreign address on the PA-41 Schedule NRK-1 according to U.S. Postal Service standards.

Failure to use these standards may delay any refunds requested or 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-41 Schedule NRK-1.

- Eliminate apostrophes, commas, periods and hyphens.
- Use all capital letters to write all lines.
- Write the name of the estate or trust in the space provided.
- Write the name and title of the fiduciary in the space 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.
- Write OC in the entry space for state to indicate out-of-country.
- Leave the ZIP code spaces on the PA-41 Schedule NRK-1 blank.

Providing the address in this format will better ensure that the department is able to send a refund on a timely basis or contact the estate or trust if additional information is required.

Below is an example of a properly completed foreign address.

Foreign Address Example.

DIETRIC-FISCHER INGE TRUST
PATRIK FISCHER TTEE
WEIMARER STR 7 5300 BONN 1
GERMANY OC

CANADA ONLY FOREIGN ADDRESS INSTRUCTIONS

The same rules apply as for other foreign address instructions. However, when the Canada address contains a postal zone and two-character abbreviation for provinces and territories, there are special spacing rules for the address line for the PA-41 Schedule RK-1. On mail to Canada, there must be two spaces between the province abbreviation and the postal code. Below is an example of a properly completed Canada foreign address.

SAUNDERS HELEN ESTATE OF
JANET SAUNDERS EXECUTRIX
9 BOW ST OTTAWA ON K1A 0B1 CANADA OC

If the estate or trust’s address does not fit in the available spaces on the PA-41 Schedule NRK-1 using the above formats, please include a separate statement with the return showing the complete address.

SECTION I

GENERAL INFORMATION

SSN

Enter the nine-digit Social Security number (SSN) if the beneficiary of the estate or trust is an individual receiving the PA-41 NRK-1.

LAST NAME, SUFFIX, FIRST NAME, MIDDLE INITIAL

If the beneficiary of the estate or trust is an individual, enter the last name; suffix such as Jr., Sr., etc; first name and middle initial of the individual beneficiary who is receiving the PA-41 Schedule NRK-1.

SPOUSE’S SSN

Enter the nine-digit SSN of the spouse of the beneficiary (if jointly held) receiving the PA-41 Schedule NRK-1.

FEIN

Enter the nine-digit federal employer identification number (FEIN) of the entity beneficiary receiving the PA-41 Schedule NRK-1.

NAME OF OWNER RECEIVING NRK-1 (IF OTHER THAN AN INDIVIDUAL)

If the beneficiary of the estate or trust is an estate, trust partnership, PA S corporation, entity formed as a limited liability company classified as a partnership or PA S corporation for federal income tax purposes, enter the FEIN and name of the entity receiving the PA-41 Schedule NRK-1.

If the PA-Schedule NRK-1 is being issued to an individual beneficiary, leave this field blank.

FIRST LINE OF ADDRESS

Enter the street address of the individual or entity beneficiary receiving the PA-41 Schedule NRK-1. If the address has an apartment number, suite or RR number, enter it 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.



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, of the individual or entity beneficiary receiving the PA-41 Schedule NRK-1. If there is no post office box, leave the second line of the

address blank. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

For a foreign address, enter the city or municipal designation. See the Foreign Address Example.

For a Canadian address, enter the city and postal delivery zone number. See the Canada Address Example.

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

CITY, STATE AND ZIP CODE

Enter the appropriate information of the individual or entity beneficiary receiving the PA-41 Schedule NRK-1 in each box. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

NAME OF ENTITY ISSUING NRK-1

Enter the name of the estate or trust issuing the PA-41 Schedule NRK-1.

CITY, STATE AND ZIP CODE

Enter the appropriate information in each box of the estate or trust issuing the PA-41 Schedule NRK-1. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

FEIN

Enter the nine-digit federal employer identification number (FEIN) of the estate or trust issuing the PA-41 Schedule NRK-1.

REVENUE ID

This field is not applicable for estates and trusts.

AMENDED SCHEDULE

If the estate or trust is filing an amended PA-41, Fiduciary Tax Return, and the amount of income distributed to a nonresident beneficiary changes, fill in the amended schedule oval.

FINAL

If this is the final year of distributions to the beneficiary from the estate or trust, fill in the final oval.

BENEFICIARY'S YEAR-END DISTRIBUTION

Enter the beneficiary's percentage of year-end distributions from the estate or trust for the ratio of the beneficiary's taxable distribution as reported on PA-41 Schedule NRK-1, Line 4 to the total distribution as reported on PA-41, Fiduciary Income Tax Return, Line 8.

Valid values for input on this line include the values of "00000" to "10000". The decimal point is implied after the third character from the left. For example:

- To indicate 100%, enter the value as "10000";
- To indicate 33.33%, enter the value as "03333"; or
- To indicate 25%, enter the value as "02500".

OWNER

Fill in the oval that designates what type of beneficiary received the PA-41 NRK-1. Fill in one oval only.

ENTITY

Fill in the estate or trust oval only.

FISCAL YEAR

If the estate or trust does not file on a calendar-year basis, fill in the oval.

Enter month, day and year (MMDDYY) when the fiscal year begins and ends.

SHORT YEAR

A short year is an accounting period shorter than one year (and not a 52-53 week taxable year).

A short-year return is required for the following reasons:

- Changes in the annual accounting period. For example, the entity changes from a fiscal to a calendar filer;
- An entity is in existence during only part of the tax year. For example, the estate or trust tax year is the initial year.

See "How to File a Short-Year Return" in the PA-41, Fiduciary Income Tax Return instructions.


LINE INSTRUCTIONS


SECTION II

LINES 1 THROUGH 3

SHAREHOLDER/PARTNER/ BENEFICIARY DISTRIBUTIVE SHARE OF PENNSYLVANIA-SOURCE INCOME (LOSS)

Do not enter any amounts on Lines 1 through 3.

 Do not report the income of beneficiaries of estates and trusts on any lines of PA-41 Schedule NRK-1 except Line 4.

 Do not enter any amounts on Lines 1 through 3, Line 5 and Lines 7 through 18.

LINE 4

If the beneficiary is an individual or estate or trust, enter the beneficiary's share of income from Section 2 of PA-41 Schedule N for the beneficiary named on this PA-41 Schedule NRK-1. If the beneficiary is an entity other than an estate or trust, use the following formula to determine the amount of Pennsylvania-source income for each nonresident beneficiary:

$A \times B =$ Pennsylvania-Source Income of Nonresident Beneficiary Reported on Schedule NRK-1 Line 4.

Where:

A = Total distributed or distributable Pennsylvania-source income from Section 1, Line 8 of PA-41 Schedule N. If Schedule N is not required, the lesser of Line 3b or Line 14b of PA-41 Schedule DD.

B = Beneficiary's year-end distribution percentage. The beneficiary's year-end distribution percentage is

obtained by taking the actual cash or property distributions made to the beneficiary and any amounts credited or payable or required to be currently distributed to the beneficiary and dividing that sum by the amount on Line 13a of PA-41 Schedule DD.

TIP Calculate the beneficiary's year-end distribution percentage as if the beneficiary was a resident taxpayer.

CAUTION: When calculating beneficiary's year-end distribution percentage, do not take into account:

- Amounts properly paid out of corpus as a gift or bequest of a specific amount of money;
- Amounts required to have been distributed in any prior taxable year; or
- The market value of property distributed in kind as a gift or bequest of the specific property.

LINE 5

Do not enter an amount on Line 5.

SECTION III

LINE 6

If the beneficiary is an individual or estate or trust, enter the beneficiary's share of nonresident tax withheld from Section 4 of PA-41 Schedule N for the beneficiary named on this PA-41 Schedule NRK-1.

If the beneficiary is an entity other than an estate or trust, do not complete this line.

TIP If nonresident tax was withheld, include this amount on Line 17 of the PA-40, Individual Income Tax Return, for a beneficiary that is an individual or include the amount on Line 14 of the PA-41, Fiduciary Income Tax Return, for a beneficiary that is an estate or trust.

LINE 7

If the trust is a Qualified Subchapter S Trust (QSST) that received an Educational Improvement Tax Credit (EITC) and/or an Opportunity Scholarship Tax Credit (OSTC) and the trust did not utilize all of the credit(s), enter the unused EITC and/or OSTC to be passed through to the beneficiary of the QSST. A separate statement must also be provided to the beneficiary that identifies the type(s) and amount(s) of the credit(s) included on Line 7 of PA-41 Schedule NRK-1.

CAUTION: No other types of restricted tax credits are permitted to be passed through to (a) beneficiary(ies) and no other types of trusts are permitted to pass restricted tax credits through to their beneficiary(ies).

SECTIONS IV, V, VI AND VII

LINES 8 THROUGH 18

Do not enter any amounts on Lines 8 through 18.