

SCHEDULE BI-472 Instructions

Non-Composite Schedule

For those Entities Filing Federal Form 1120S or 1065, Not Filing a Composite Return,
and Having Vermont Nonresident Shareholder(s).

Please print in **BLUE** or **BLACK** ink only.

Do not complete this form if all shareholders are Vermont residents, all income is apportioned to Vermont, or if business has elected or is required to file a composite return.

General Information

Schedule BI-472 is used to determine the amount of Vermont-sourced income distributed to shareholders of Subchapter S corporations, partners in partnerships, or members of LLCs who are not residents of Vermont, where the entity does not file a composite return. Schedule BI-472 is further used to estimate the tax liability of the entity's nonresident partners on the entity's income. Per 32 V.S.A. § 5914 and § 5920, with respect to each of its nonresident shareholders, partners, or members, the entity shall, for each taxable period, be liable for all income taxes together with related interest and penalties imposed on the nonresident by Vermont.

Payments are generally due quarterly, and are made with Form WH-435, Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members. For more details, see Technical Bulletin TB-06, Estimated Payments by Corporations, Partnerships and Limited Liability Companies on Behalf of Shareholder, on the Department's website. Schedule BI-472 and Schedule K-1VT, Shareholder, Partner, or Member Information, are used to distribute nonresident estimated payments made with Form WH-435. In order for shareholders, partners, or members to receive proper credit on their tax returns, these forms must be prepared completely and accurately. In accordance with statute, payments will be distributed in proportion to the share of income for shareholders, partners, or members.

Line-by-Line Instructions

Vermont has to design forms and schedules prior to IRS publication of forms. Please review the line description as well as references to federal form line numbers, as line numbers may differ from those referenced. In the event of conflict, use the line descriptions.

Header Information

Enter the business name and Federal Employer Identification Number (FEIN).

Line 1 **Income Attributable to Vermont:** Enter the amount from Schedule BI-477, Line 28.

Line 2 **Other adjustments to income attributable to Vermont:** Include any other adjustments to Vermont income not included on Schedule BI-477. Please provide supporting documentation calculating the additional adjustments. Supply a statement on the nature of the adjustment and cite the rule or regulation under which the adjustment is made.

NOTE: Entities with accrued tax assets from a composite filing may not make adjustments to Vermont income here based on any outstanding, accrued assets at the composite level. Tax assets do not transfer over from composite filings to non-composite filings.

NOTE: If any owners are exempt entities not subject to income taxation, or if some or all of the income is exempt from taxation (such as government entity, Employee Stock Ownership plan, or nonprofit to which this income is not characterized as unrelated business income), exclude the amount of exempt income from this line. Provide a statement of the name(s), FEIN(s), percentage(s) and amount(s) of income, and description of why or authority by which they are exempt from income taxation.

See also Example in Line 4 for a walk-through on calculating nonresident withholding on the revised Schedule BI-472.

Line 3 **Total Income Attributed to Vermont:** Add Line 1 and Line 2.

Line 4 **Percentage of income from Line 3 passed through to taxable nonresidents:** Enter the percent of Vermont sourced income or loss passed through to shareholders, partners, or members who are nonresidents of Vermont. Express as a percentage with six digits to the right of the decimal.

“Various” is not a valid entry. While the proportion of ownership may have changed over the year, an exact amount of income would have been reported to nonresidents.

NOTE: Remove the percentage of income passed through to exempt entities when determining this figure, as the income has already been excluded from Line 3 via Line 2.

Example: Entity A generates \$1 million of income attributable to Vermont this year. The income is distributed equally, at 25% each, to the following: **1)** An exempt government entity, **2)** A Vermont resident individual, and **3)** two nonresident individuals.

\$250,000 is exempt income passed through to the government entity. Subtract \$250,000 from the tax base on Line 2. Line 3 reflects \$750,000 in income.

Exclude the 25% ownership stake of the government entity when calculating Line 4 to reflect the correct distribution of income to taxable nonresident owners which is subject to nonresident withholding. The percentage of income from Line 3 passed to taxable nonresidents is 66.666667%.

Line 5 **Total income passed through to nonresidents:** Multiply Line 3 by Line 4. This is the basis amount for required estimated payments for nonresidents. The current rate is 6.6%.

Line 6 **Nonresident estimated payment requirement:** Multiply Line 5 by 6.6%. This is the amount of nonresident withholding tax payments due for the year. Enter here and on Form BI-471, Line 2a. This will also be the safe harbor basis used to remit quarterly estimated payments for the next tax year.

If negative, enter -0-.

For assistance, call (802) 828-5723.
