

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 determine the entity's tax liability related to that 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).

For each of the following (as applicable), enter an "X" in the box left of the line number to indicate a negative (or loss) amount.

NOTES: For Lines 1 through 8, include all items of income or loss that are part of the **apportionable** income base. For Lines 12 through 15, include all items of income or loss that are directly allocated to Vermont. More information on adjustments for allocable and apportionable income beyond what is provided for on our forms is available in the instructions for Lines 1a through 8 for apportionable income, and Line 12 for allocable income. (For information regarding apportioned vs. allocated income, see Reg. § 1.5833.)

Vermont does not allow the special "bonus" depreciation provision of I.R.C § 168(k). If the company has utilized bonus depreciation, all items should be recomputed to disregard the effects of the bonus depreciation.

The sum of all items of income reported on federal Form 1120S, Schedule K, or federal Form 1065, Schedule K, should reconcile with the sum of all items of income included in the apportionable base on Lines 1a through 8 of this form, plus allocable income everywhere reported on Vermont Schedule BA-402, Apportionment & Allocation Schedule, Line 1a.

Line 1a	<p>Ordinary Business Income: Enter the amount from federal Form 1120S, U.S. Income Tax Return for an S Corporation, Line 21, or federal Form 1065, U.S. Return of Partnership, Line 22, as applicable.</p> <p>Please note certain items included on federal Form 1120S, Schedule K, or federal Form 1065, Schedule K, may be subject to apportionment. Please see Vermont Reg. §1.5833, Section A (as updated) for more discussion on items includable in apportionable income. Common examples are apportionable interest income and dividends that have been, nevertheless, included on federal Form 1120S, Schedule K, or federal Form 1065, Schedule K.</p> <p>To report adjustments to apportionable business income beyond what is provided by our form, include the adjustments to Line 1a, “Ordinary Business Income.” You must attach 1) an explanation for adjusting the entry, 2) a reconciliation with federal Schedule K distributions to owners, and 3) a reconciliation with Schedule BA-402 apportionment denominator.</p>
Line 1b	<p>Net adjustment to income resulting from Vermont’s disallowance of “bonus depreciation (IRC 168(k)). Vermont does not allow the special “bonus” depreciation provision of I.R.C. § 168(d). If the company has utilized bonus depreciation, all items should be recomputed to disregard the effects of the bonus depreciation.</p> <p>Insert the recomputed difference here. This amount should balance with Question C as entered on Form BI-471.</p>
Line 1c	Ordinary Business Income with disallowance of “bonus depreciation.” Add Line 1a and Line 1b.
Line 2	Net Rental Real Estate Income: Enter the amount from federal Form 1120S, Schedule K, (Form 990), Supplemental Information on Tax-Exempt Bonds, Line 2, or federal Form 1065, Schedule K, Line 2, as applicable.
Line 3	Other Net Rental Income: Enter the amount from federal Form 1120S, Schedule K, Line 3c, or federal Form 1065, Schedule K, Line 3c, as applicable.
Line 4	Guaranteed Payments (Partnerships only): If this entity is a partnership, enter the amount from federal Form 1065, Line 10/Schedule K, Line 4.
Line 5	Net short term and long term capital gains or losses: Enter the sum of apportionable amounts from federal Form 1120S, Schedule K, Lines 7, 8a, 8b, and 8c, or federal Form 1065, Schedule K, Lines 8, 9a, 9b, and 9c.
Line 6	Net section 1231 gain or loss: Enter the amount from federal Form 1120S, Schedule K, Line 9, or federal Form 1065, Schedule K, Line 10.
Line 7	Other income or loss: Enter the sum of apportionable amounts from federal Form 1120S, Schedule K, Lines 4, 5a, 5b, 5c, 6, and 10, or federal Form 1065, Schedule K, Lines 5, 6a, 6b, 6c, 7, and 11.
Line 8	Section 179 Deduction: Enter the amount from federal Form 1120S, Schedule K, Line 11, or federal Form 1065, Schedule K, Line 12, as applicable.
Line 9	Apportionable income: Add Lines 1c through 7, then subtract Line 8.
Line 10	Apportionment percentage: Enter the amount from Schedule BA-402, Line 22, or 100%. Express as a percentage with six digits to the right of the decimal.
Line 11	Business Income apportioned to Vermont: Multiply Line 9 by Line 10.
Line 12	Income directly allocable to Vermont generated by this entity: Enter the amount of income directly allocable to Vermont generated by this entity - for example, capital gain on real estate and physical assets located in Vermont, royalties on property located in Vermont, etc.

If you want to report adjustments to nonbusiness income and income allocated to Vermont beyond what is provided by our form, then include the adjustment to Schedule BI-472, Line 12, “Income directly allocable to Vermont generated by this entity.” You must attach **1)** an explanation for adjusting the entry, **2)** a reconciliation with federal Schedule K distributions to owners, and **3)** a reconciliation with Schedule BA-402 apportionment denominator.

Composite income deduction: Also, if **(1)** this entity is a shareholder, partner, or member of a different pass-through business, and **(2)** that business filed a composite return and paid tax on income that flows through to this business, but **(3)** this business is required to file an income tax return due to other Vermont income or activity, then: in order to avoid double taxation of the composite-taxed income, use this line to deduct the income upon which composite tax was paid. Enter as a negative number. Include a statement with the name(s), FEIN(s), and amount(s) of income and tax paid on this company’s behalf.

Line 13 **Vermont business income distributed to this entity by a different entity via Schedule K-1VT:** Enter the amount of Vermont business income distributed to this entity by a different entity via Schedule K-1VT. Include a statement with the name(s), FEIN(s), and amount(s).

Line 14 **Vermont-sourced capital gain distributed to this entity by a different entity via Schedule K-1VT:** Enter the amount of Vermont-sourced capital gain distributed to this entity by a different entity via Schedule K-1VT. Include a statement with the name(s), FEIN(s), and amount(s).

Line 15 **Other Vermont-sourced income distributed to this entity by a different entity via Schedule K-1VT:** Enter the amount of other Vermont-sourced income distributed to this entity by a different entity via Schedule K-1VT. Include a statement with the name(s), FEIN(s), and amount(s).

Line 16 **Total Vermont Net Income:** Add Lines 11 through 15.

Line 17 **Percentage of income from Line 16 passed through to nonresidents:** Enter the percent of Vermont-sourced income or loss passed through to shareholders, partners, or members who are nonresidents of Vermont. “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. You may need to “back into” this number from Line 18. Express as a percentage with six digits right of the decimal.

See also Line 18 note.

Line 18 **Total income passed through to nonresidents:** Multiply Line 16 by Line 17. This is the basis amount for required estimated payments for nonresidents. The current rate is 6.6%.

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 a 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 Line 18. 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.

Line 19 **Nonresident estimated payment requirement:** Multiply Line 18 by 6.6%. This is the amount of nonresident estimated payments that should have been made quarterly with Form WH-435. Enter here and on Form BI-471, Business Income Tax Return, Line 2a. If negative, enter -0-.

If total Form WH-435 payments (including “catch-up” payments) are less than 6.6% of the amount on Line 18, the company will be subject to assessment for the underpayment, interest, and penalty.

For assistance, call (802) 828-5723.