

West Virginia Schedule K-1

General

The partners, members, or shareholders of any pass-through entity are liable for tax on their share of the income, whether or not distributed, and must include their share on the individual income tax return.

West Virginia Schedule K-1 provides a reporting mechanism for a pass through entity to report the distributive share of gains, losses, modifications and credits of owners (i.e. partners, shareholders, members, etc.) Additionally, it is the reporting mechanism for any withholding required to be performed on nonresident owners.

This form should be used for any owner that is not a "C" Corporation. The Schedule K-1C should be used for any owner that is a "C" Corporation.

Withholding

The upper half of the first page includes information concerning the entity reporting the information (including the name, address, identification number and type), information concerning the owner to which this information statement relates (including the name, address, and identification number) and a withholding statement.

Line 1- Line 1 of this section should include the distributive share of income for a nonresident owner.

Line 2 – Line 2 of this section should include the amount withheld for the nonresident owner.

Distributive share

The lower half and second page will include the owners distributive share of items of gain, loss, modification and credit applicable to the owner.

Line 1- Line 1 of this section should include the distributive share of income for a resident owner regardless of source. This should be similar to the income reported on the Federal Schedule K-1 that qualifies as federal adjusted gross income.

Lines 2 through 9- These lines reflect the distributive share of modifications available to the owner reported on the entities Schedule B.

Lines 10 through 19 – These lines reflect the distributive share of tax credits available to the owner reported on the entities Schedule SPF-100TC.

Report by Owners – The WV Schedule K-1 should be provided to all owners that are not "C" Corporations. All such owners must file a WV tax return that includes all WV Schedule K-1's provided to the owner. Include your share of the partnership's income or (loss), credits, deductions, etc., as shown by your Schedule K-1 on your West Virginia income tax return for the year in which the tax year of the entity ends.

Special Rule for Pass through entities:

Pass through entity owners of pass through entities should allocate income received from a pass-through entity unless such entities are engaged in a unitary business. If a unitary relationship exists, a pass-through entity owner of a pass through entity may reapportion its WV income, including the appropriate factors of the subsidiary.