

FORM BI-473 INSTRUCTIONS - PARTNERSHIP/LLC SCHEDULE

For Those Entities Filing Federal Form 1065/1065-B and Having Vermont Nonresident Shareholders.

Do not complete this form if all owners are VT residents.

Form BI-473 is used to determine the amount of VT-sourced income distributed to partners/members who are **not** residents of VT.

With respect to each of its nonresident 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 VT. Payments are generally due quarterly, and are made with Form WH-435. See 32 V.S.A. § 5914, and Technical Bulletin 06 for more details.

Form BI-473 and the Schedule K-1 VT are used to distribute non-resident estimated payments made with Form(s) WH-435. In order for 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 partners' or members' share of income.

Please use blue or black ink.

NOTE: References to federal forms are based on the most recent IRS DRAFTS available at the time VT forms are finalized. If there are substantive changes, they will be noted on the Department's website.

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

NOTE: VT does not conform to the special "bonus" depreciation provisions of IRC 168(k) for assets placed in service in 2008 and later. If the company took advantage of the bonus depreciation provision, all figures must be recomputed to disregard its effects.

Lines 1 - 5: Complete as directed on Side 1.

NOTE: Federal Schedule K-1 deductions and credits are allowed under VT statutes, but as such are passed through to individual partners and members on their individual income tax returns and are not specific to this schedule.

Line 6: Enter the amount of interest received by the partnership from non-VT municipal bonds which are exempt from federal tax. Interest received on bonds from states other than VT is taxable under VT income tax law.

Line 7: Total Income or Loss Add Lines 1 through 6.

Line 8: Enter the amount of U.S. Government interest included in Line 3 above.

Line 9: Total Net Income – subtract Line 8 from Line 7.

Line 10: Income Allocated Everywhere Enter the amount from Form BA-402, Part 1, Line 1a. If no Form BA-402 is attached, Line 10 will be adjusted to 100%.

Line 11: Net Apportionable Income Subtract Line 5 from Line 4.

Line 12: VT Apportionment Percentage Enter 100% or amount from Form BA-402, Line 22.

Line 13: Net Income Apportioned to VT Multiply Line 11 by Line 12.

Line 14: Total Net Income Allocated and Apportioned to VT Add Form BA-402, Part 1, Line 1b, and Line 13, above.

Line 15: Enter the percent of VT-source income or loss passed through to non-resident partners or members. "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 non-residents. You may need to "back into" this number from Line 11.

Line 16: Enter the dollar amount of VT-source income or loss passed through to non-resident partners or members. This is the basis amount for required estimated payments for non-residents. The current rate is **6.8%**. If total Form WH-435 payments (including "catch-up" payment) are less than 6.8% of the amount on Line 16 plus apportioned part of guaranteed payments to partners, the company will be subject to assessment for the underpayment, interest, and penalty.

Line 17: Enter the amount, if any, of VT-source income distributed to non-residents that is reported and taxed on a composite basis. Enter this amount on Form BI-471, Line 2.

Schedule K-1VT:

The **required form for all shareholders, Schedule K-1VT, "Shareholder's, Partner's, or Member's Information"**, includes instructions to the forms and line numbers of the VT Individual Income Tax Return.

Distribution of estimated payments will not occur if Schedule K-1VTs are not complete and correct.

Mail Forms BI-471, BI-473; and, if applicable, BA-402 and BA-404; a copy of the first five pages of Federal Form 1065 or 1065-B as filed with the IRS; and all Schedules K-1VTs to:

**VT Department of Taxes
133 State Street
Montpelier, VT 05633-1401**

Taxpayer Services: (802) 828-5723

Email Address: tax-corpincome@state.vt.us

Web Site Address: <http://tax.vermont.gov>

Fax: (802) 828-5787

Forms: (802) 828-2515