

Recent Changes

- Partnerships and S corporations may make a Pass-Through Entity Tax (PTET) election on their IA 1065 or IA 1120S income tax returns to be subject to Iowa income tax at the entity level. Electing partnerships and S corporations are not required to file an IA PTE-C for any tax year that a PTET election is made.
- PTET credits received from another partnership or S corporation may be claimed on this return. For more information, see the instructions for lines 2 through 4 below, and the IA Schedule CC.
- Taxpayers now have the ability on this return to authorize an individual to receive information about this return. See the instructions below for Third Party Disclosure Designee for more information.
- The person who signs this return on behalf of the taxpayer must now attest that they have authority to act on behalf of the taxpayer in tax matters. This attestation will give the signer full authority to interact with the Department on behalf of the taxpayer without the need to file an additional Representative Certification form. See the instructions below for Authorized Signer for more information.

Who Must File

Any pass-through entity required to file an Iowa Fiduciary Return (IA 1041), Iowa Partnership Return of Income (IA 1065), or Iowa Income Tax Return for S Corporation (IA 1120S) that has one or more nonresident members at any time during tax year 2024 must file an IA PTE-C and pay Iowa composite return tax on behalf of its nonresident members.

A pass-through entity with nonresident members is exempt from the Iowa composite return filing requirement only if one of the following conditions are satisfied:

- It is a publicly-traded partnership that satisfies the reporting requirements of Iowa Code section 422.16B(5)(a).
- It is prohibited under federal or state law from making distributions to members. This exemption applies only for tax years in which distributions are prohibited under federal or state law. Contractual restrictions on distributions, such as loan covenants or organization documents, do not qualify for this filing exemption.
- It is engaged in disaster response work during a disaster response period and is not required to file a composite return as provided in Iowa Code section 29C.24.
- None of its nonresident members have a positive amount of Iowa-source income from the pass-through entity. This exception does not apply if any nonresident member has a positive amount of Iowa-source income from the pass-through entity, even if the nonresident member has completed a Nonresident Member Composite Agreement form (41-175) and no composite return tax is due.

- It is a financial institution subject to the Iowa franchise tax and it files an IA 1120F return and pays any Iowa franchise tax shown due on that return.
- It wholly owns one or more financial institutions subject to the Iowa franchise tax that are treated as disregarded entities for federal and Iowa income tax purposes, substantially all (at least 90%) of the pass-through entity's gross income for the tax year is also reportable income on those wholly-owned financial institutions' IA 1120F returns, and those wholly-owned financial institutions file their IA 1120F returns and pay any Iowa franchise tax shown due on those returns.
- It is a partnership or S corporation that made a timely PTET election under Iowa Code Section 422.16C for the same tax year.

Unless a pass-through entity with nonresident members meets one of the filing exemptions listed above, it must file an Iowa Composite Return even if no composite return tax is due for the tax year.

Do not file your Iowa Composite Return with your Iowa income tax return. The Iowa Composite Return must be filed separately from the pass-through entity's income tax return.

Who Is a Nonresident Member

For purposes of the Iowa Composite Return, nonresident members include partners in a partnership, members of a limited liability company taxed as a partnership or S corporation, shareholders of an S corporation, or beneficiaries of a trust or estate who are any of the following:

- An individual who is not a resident of Iowa
- A partnership without a commercial domicile in Iowa
- A trust or estate without a situs in Iowa
- A C corporation or S corporation without a commercial domicile in Iowa
- A financial institution without a commercial domicile in Iowa

Any partner, shareholder, or beneficiary whose state of residence, commercial domicile, or situs, as applicable, is not known by the pass-through entity shall be considered a nonresident member.

Return Due Date

The Iowa Composite Return is due on the same date that the pass-through entity's Iowa income tax return is due. If the pass-through entity qualifies for and takes an automatic six-month extension to file its Iowa income tax return, it will also qualify for an automatic six-month extension to file its Iowa Composite Return.

Note: If a due date falls on a weekend or holiday as defined in Iowa Code section 421.9A, substitute the next regular business day.

Example 1: Partnership X, a calendar year filer, has a due date of April 30, 2025, for filing its 2024 IA 1065 Iowa Partnership Return of Income. Partnership X qualifies for a 6-month automatic extension to file its 2024 IA 1065 through October 31, 2025. Partnership X takes the automatic extension by filing its IA 1065 on September 15, 2025, after the original due date. Therefore, Partnership X's 2024 IA PTE-C Iowa Composite Return is due on October 31, 2025.

Example 2: Partnership Y, a calendar year filer, has a due date of April 30, 2025, for filing its 2024 IA 1065 Iowa Partnership Return of Income. Partnership Y qualifies for a 6-month automatic extension to file its Iowa income tax return through October 31, 2025. However, Partnership Y does not elect to take the automatic extension because it files its 2024 IA 1065 on March 15, 2025, before the original due date. Therefore, Partnership Y's 2024 IA PTE-C Iowa Composite Return is due on April 30, 2025.

Late-filed returns are subject to penalty. See the instructions for Line 12 below.

Payment Due Date

The Iowa composite return tax is due on the original due date of the pass-through entity's Iowa income tax return (IA 1041, IA 1065, or IA 1120S) for the same tax year, without extensions. For calendar-year filers, the tax year 2024 Iowa composite return tax is due on April 30, 2025. For short-year filers, the Iowa composite return tax is due 45 days after the original due date of the pass-through entity's short-year federal income tax return. Pass-through entities may, but are not required to, make estimated composite return tax payments during the tax year. Report estimated payments on line 6 of the Iowa PTE-C.

Example 3: Assume the same facts as Example 1. Partnership X's 2024 Iowa composite return tax is due on April 30, 2025. The extension of Partnership X's 2024 IA 1065 and 2024 IA PTE-C filing deadline to October 31, 2025, does not extend the deadline for paying its Iowa composite return tax.

The late payment of the Iowa composite return tax is subject to penalty and interest. See the instructions for Lines 12 and 13 below.

How to File

IMPORTANT: If the pass-through entity is required to file its partnership (IA 1065), S corporation Iowa income tax return (IA 1120S), or fiduciary Iowa income tax return (IA 1041) electronically, it must also file its Iowa Composite Return electronically for the same tax year.

For partnership return (IA 1065) or S corporation return (IA 1120S) tax years ending on or after December 31, 2022, and for fiduciary return (IA 1041) tax years ending on or after December 31, 2023, the Iowa return must be filed electronically using the federal modernized e-file system (MeF) if it meets any one of the following conditions for the tax year:

- The pass-through entity has \$250,000 or more in total gross receipts.
- The pass-through entity is required to provide 10 or more IA Schedules K-1 to owners.
- The pass-through entity is reporting \$25,000 or more in Iowa tax credits on its Iowa income return.

See Iowa Administrative Code rule 701—8.7 for definitions and other important information about the electronic filing requirement.

All composite filers are encouraged to file electronically. A composite return that is subject to the electronic filing requirement but that is filed in another manner is not considered a valid return unless the Department provides an exception to the electronic filing requirement. Complete and submit an Electronic Filing Requirement Exception Request Form (78-641) to request an exception from the electronic filing requirement.

Mail paper returns to:

Income Tax Return Processing
Iowa Department of Revenue
PO Box 9187
Des Moines IA 50306-9187

Amended Composite Returns—Refunds

If the pass-through entity files an Iowa Composite Return and is later required to amend its federal or Iowa income tax return or otherwise discovers discrepancies on its Iowa Composite Return, it must file an amended Iowa Composite Return, except as described below.

If the pass-through entity is required to amend its Iowa income tax return to report additional Iowa-source income attributable to its nonresident members, the pass-through entity must also file an amended Iowa Composite Return and pay any additional Iowa composite return tax that is due.

However, if the changes being reported are from a federal centralized partnership audit or an Iowa pass-through entity audit and the entity is making an election to pay on its owners' behalf (see the IA 103 Pass-Through Audit Election to Pay Schedule for more information), an amended Iowa Composite Return is not required.

If modifications to the pass-through entity's Iowa income tax return only decrease the amount of Iowa-source income attributable to one or more nonresident members, the pass-through entity is not required to file an amended Iowa Composite Return.

A pass-through entity may not request a refund of composite return tax paid on behalf of a nonresident member after the initial Iowa Composite Return has been filed for a tax year. When composite return tax is paid by a pass-through entity on behalf of a nonresident member, it is then treated as paid by the nonresident member and any refund of an overpayment may only be requested by the nonresident member on that nonresident member's own Iowa income, franchise, or composite return.

Completing the Return

Calendar Year or Fiscal Year: Enter tax period dates as MM/DD/YYYY. The Iowa Composite Return must be filed on the same tax year basis as the pass-through entity's income return, even if the nonresident members report their income on a different tax year basis.

Short Period: If the current filing period is for fewer than 12 months, check the short period box.

Amended Returns: If this is an amended composite return, check the amended return box and include an IA 102 with the return.

Final Return: If this is a final return, check the final return box.

Entity Type: Indicate the type of entity filing the PTE-C.

Return Type: Indicate the type of Iowa income tax return the pass-through entity is filing for the same tax year.

Pass-through Entity Name and Address: If the pass-through entity has a Federal Employer Identification Number (FEIN), it must be entered here. If the pass-through entity has applied for but not yet received a number, enter "applied for" and inform the Department of the number once it is obtained. For information on obtaining an FEIN, contact the IRS at 800-829-4933.

Enter the county number of the main Iowa location. Pass-through entities without a physical location in Iowa should enter 00. A list of county numbers can be found on the Department website (revenue.iowa.gov).

Enter the pass-through entity's total number of members, Iowa resident members, Iowa nonresident members, and Iowa nonresident members included on this PTE-C. The "Iowa nonresident members included on this PTE-C" means the total number of nonresident members minus any nonresident member for whom the entity is claiming an exemption from the requirement to remit Iowa composite return tax.

For more information on tax remittance exemptions, see the instructions for Column F of the Nonresident Member Schedule below.

Line 1: Enter the total Iowa composite tax due from the IA PTE-C Nonresident Member Schedule, Column I.

Line 2: If the pass-through entity received a composite credit or a PTET credit on an IA Schedule(s) K-1 as a member of another pass-through entity, enter the total credits here. Include IA Schedule CC with this return.

Line 3: From the total available composite credits or PTET credits reported on your IA Schedule CC, enter any amount of composite credit or PTET credit claimed on an IA 1120F, IA 1041, IA 1065, or IA 1120S. Any composite credits or PTET credits claimed on an eligible income or franchise return cannot also be claimed against Iowa composite tax on the IA PTE-C. For more information on claiming a composite credit or PTET credit on multiple returns, see the IA Schedule CC.

Line 4: Enter the difference of line 2 minus line 3. This is the net composite credits eligible to be claimed on this IA PTE-C.

Line 5: Report any overpayment carryforward from the previous year's IA PTE-C.

Line 6: Composite filers may, but are not required to, make estimated tax payments. Enter the total of all estimated and other payments made for the tax year.

Lines 7a and 7b: Amended returns only. Enter any refunds or credit carryforwards already claimed on a prior return for this year on line 7a. Subtract the amount on line 7a from the payments shown on line 7, and enter the result on line 7b.

Note: Credit carryforward amounts claimed on a return can only be changed within one year of the end of the tax year for which the overpayment was made. If you are amending within one year of the end of the tax year and wish to reduce the credit carryforward amount you elected to apply to next year on a prior return, do not include the amount you previously elected to have carried forward to next year, and no longer wish to apply as a carryforward, on this line. Instead, enter the revised amount you still wish to carry forward to the next year. This option is not available if your amended return is filed more than one year after the close of the tax year.

Line 8: If line 7 (or 7b for amended returns) is more than line 1, subtract line 1 from line 7 (or 7b for amended returns) and enter the difference. You can credit all or part of this amount to your next IA PTE-C tax period on line 9. The remainder, if any, can be refunded to you on line 10.

Line 9: Enter the amount of your overpayment on line 8 that you are electing to credit to your next tax period. This election can only be changed after the due date if the change is requested by the last day of your next tax period.

Line 10: Enter the amount of your overpayment on line 8 that you wish to have refunded to you. If you would like your refund directly deposited, complete the financial information below line 10. Otherwise, a paper check will be issued. Do not input your direct deposit information if you have an amount due on line 14.

Input your financial institution's routing number. The routing number for a checking account must be nine digits. Check either checking or savings to indicate what type of account the refund will be deposited into. Input your account number. The account number for a checking account may have up to 17 digits. The entire refund amount will be deposited into this one account.

Note: The account the refund will be issued to must be located in the United States.

Line 11: If line 1 is more than line 7 (or 7b for amended returns), subtract line 7 (or 7b for amended returns) from line 1 and enter the difference. This is the amount of tax you owe, prior to any penalty or interest that may be due.

Line 12: Failure to Timely File a Return: If the return is filed after the due date (see Return Due Date above) and less than 90% of the correct amount of tax was paid by the due date, multiply the unpaid tax by 5% (.05) and enter that amount on line 12. This penalty is in addition to any penalty for failure to timely pay the tax due, as described below. If you are subject to both penalties, add this penalty amount to the amount calculated below and enter the sum on line 12.

Failure to Timely Pay the Tax Due: A penalty of 5% must be added to the tax due if less than 90% of the correct amount of tax was paid by the payment due date (See Payment Due Date above). Multiply the unpaid tax by 5% (.05) and enter that amount on line 12. This penalty is in addition to any penalty for failure to timely file, as described above. If you are subject to both penalties, add this penalty amount to the amount calculated above and enter the sum on line 12.

Audit or Examination Deficiency: A penalty of 5% will be added to the unpaid tax if the Department discovers an underpayment during an audit or examination.

Fraud: A penalty of 75% will be added to the fraudulent claim or unpaid tax for fraudulent claims or willful failure to file a return.

Waivers: Penalties can be waived under limited circumstances, as described in Iowa Code section 421.27. Complete and submit a Penalty Waiver Request form (78-629) to request a penalty be waived.

Line 13: If payment is received after the payment due date, interest accrues on the unpaid tax at a rate prescribed by law from the payment due date until payment is received. Any portion of a month is considered a full month in calculating interest due on unpaid tax.

Line 14: Payment options include payment through Modernized eFile (MeF), GovConnect.iowa.gov, or payment by check. Go to the Department's website for electronic payment options. Do not send cash. Submit a voucher if making payment by check. Vouchers are available on GovConnect.iowa.gov.

Make checks payable to "Iowa Department of Revenue".

Third Party Disclosure Designee: If the taxpayer would like to designate an individual to discuss this return with the Department, complete this section with that individual's information.

An individual listed in this section will be able to discuss and receive information from the Department about this return. This authorization is specific to the composite tax return for this tax year. If the taxpayer wishes to have this individual represent the taxpayer on other matters, or for other tax years, the taxpayer must submit an IA 8821 Tax Information Disclosure Designation or IA 2848 Power of Attorney.

This authorization is limited to the ability to discuss the return and receive return information from the

Department. It does not authorize the individual to act on behalf of the taxpayer or to appoint another person as Power of Attorney for the taxpayer.

Signature

The return must be signed and dated by a partner, member, shareholder, fiduciary, or pass-through representative. The return will not be considered valid unless this requirement is met. Also include the signer's title and daytime phone number.

Authorized Signer: By signing this form, you attest that you are authorized to act on behalf of the pass-through entity in tax matters. The Department will consider the person who signs this form to have full authority to interact with the Department on behalf of the taxpayer without the need to file an additional Representative Certification form. This includes the ability to discuss the return and other tax matters with the Department, act on behalf of the taxpayer, and to appoint a Power of Attorney to represent the taxpayer before the Department.

Preparer's Information

If the return was prepared by someone other than the taxpayer, all lines for the preparer's signature must be completed. Enter the Preparer Tax Identification Number (PTIN) issued by the Internal Revenue Service (IRS). A tax return preparer as defined by Iowa Code section 421.62 may be subjected to penalty for failure to include their PTIN.

Nonresident Member Schedule

A Nonresident Member Schedule must be included with every IA PTE-C return, even if no composite return tax is due. Every nonresident member of the pass-through entity during the tax year must be reported on the Schedule.

Column A: Enter each nonresident member's name and address as reported on their Iowa Schedule K-1. See Who Is a Nonresident Member above to determine if the member is a nonresident member. Any partner, shareholder, or beneficiary whose state of residence, commercial domicile, or situs, as applicable, is not known by the pass-through entity shall be considered a nonresident member. Use additional pages if necessary to complete this schedule.

Column B: If the nonresident member is an individual, or an estate or trust filing under a Social Security Number (SSN), enter the SSN of the nonresident member as reported on their Iowa Schedule K-1. If the individual does not have an SSN, enter their Individual Taxpayer Identification Number (ITIN). Otherwise, leave this column blank.

Column C: Unless you entered a SSN or ITIN in column B for the nonresident member, enter the Federal Employer Identification number (FEIN) of the nonresident member as reported on their Iowa Schedule K-1.

Column D: Use the codes in the table below to identify the entity type of each nonresident member:

Entity type	Code
Fiduciary (estate/trust)	F
Individual	I
C corporation	C
S corporation	S
Partnership	P
Financial institution (subject to franchise tax)	B
Tax-exempt entity	E

If the nonresident member is a financial institution organized as a pass-through entity, use code “B”.

Column E: Enter the nonresident member’s ownership percentage in the filing pass-through entity.

Column F: The following nonresident members are exempt from the requirement to have tax paid on their behalf on the Iowa composite return:

- Publicly-traded partnerships that meet the reporting requirements of Iowa Code section 422.16B(5)(a).
- Tax-exempt entities under either state or federal law, unless the Iowa-source income of the tax-exempt entity is unrelated business income.
- Insurance companies subject only to the insurance companies taxes under Iowa law, including Iowa Code sections 432.1, 432.2, 432A.1, 518.18, or 518A.35.
- Nonresident members who have completed the 2024 Nonresident Member Composite Agreement form (41-175). The form must be signed by both the nonresident member and the pass-through entity. The form is only valid for the tax year in which it was executed. See the Nonresident Member Composite Agreement form for more information.

Enter the exemption code from the table below if the nonresident member is exempt from the requirement to have tax paid on their behalf on this Iowa PTE-C. Nonresident members that are exempt from the tax remittance requirement on this Iowa PTE-C must still be listed on the Nonresident Member Schedule. If the nonresident member is exempt, leave columns G, H, and I blank.

Exemption	Code
Publicly traded partnership as described in Iowa Code section 422.16B(5)(a)	PTP
Tax-exempt entity	TEE
Insurance company	INS
Signed Nonresident Member Composite Agreement for this tax year	NMA

Column G: Enter the Iowa-source income for each nonresident member as reported on the applicable Iowa K-1. Do not include any tax credit allocated to a nonresident member on the Iowa K-1. To claim an Iowa tax credit, the nonresident member must file their own Iowa tax return. If the nonresident member’s net Iowa-source income is a loss, that loss cannot be netted against the Iowa-source income of another nonresident member. On lines 1-3 of the Nonresident Member Schedule sum the total Iowa-source income for all nonresident members. If there is more than one page, include the total for all other pages on line 2. On line 3, add the totals from lines 1 and 2.

IA Schedule K-1	Computation of Iowa-source income
2024 IA 1041 Schedule K-1	The nonresident beneficiary’s distributable net income attributable to Iowa. This is the sum of amounts reported on the nonresident beneficiary’s 2024 IA 1041 Schedule K-1, Part II, lines 1-9.
2024 IA 1065 Schedule K-1	The nonresident member’s nonseparately stated income, separately stated income including guaranteed payments, and separately stated deductions, attributable to Iowa. This is the sum of the following amounts reported on the nonresident member’s 2024 IA 1065 Schedule K-1, Part II, column (b): Balance of total income minus total deductions + line 19 Iowa modifications + line 20 Iowa allocated income.
2024 IA 1120S Schedule K-1	The nonresident member’s nonseparately stated income, separately stated income, and separately stated deductions, attributable to Iowa. This is the sum of the following amounts reported on the nonresident member’s 2024 IA 1120S Schedule K-1, Part II, column (b): Balance of total income minus total deductions + line 16 Iowa modifications + line 17 Iowa allocated income.

Column H: Enter the applicable Iowa tax rate as listed below.

Nonresident member type	Applicable tax rate
Estate, trust, S corporation, partnership, or individual	5.7%
C corporation, or tax-exempt entity subject to the unrelated business income tax (UBIT)	7.1%
Financial institution	4.4%

If the nonresident member is a financial institution organized as a pass-through entity, use the tax rate of 4.4%.

Note for short tax years beginning in 2025 – If you are using this 2024 IA PTE-C to report composite tax due for a short tax year (fewer than 12 months) that began in 2025, use the highest 2025 tax rate applicable to each nonresident member type in column H.

Column I: Multiply column G by column H and enter the total here. If the result is less than \$0, enter \$0. On lines 1-3 of the Nonresident Member Schedule sum the total composite tax due for all nonresident members. If there is more than one page, include the total for all other pages on line 2. On line 3, add the totals from lines 1 and 2.