

Shareholder's Instructions for Schedule K-1 Form 1120-PC

Shareholder's Share of Income, Deductions,
Credits, etc.

(For Shareholder's Use Only)

Volume 2 of 2



Department of the Treasury
Internal Revenue Service



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If you didn't materially participate in the activity, use Form 8582 to figure the amount to report on Schedule E (Form 1040), line 28, column (g). If you materially participated in the reforestation activity, report the deduction on Schedule E (Form 1040), line 28, column (i).

Codes P through V. Reserved for future use.

Code W. Soil and water conservation. Soil and water conservation expenditures and endangered species recovery expenditures. See section 175 for limitations on the amount you are allowed to deduct.

Code X. Film, television, and theatrical production expenditures. The corporation will provide a statement that describes the film, television, or live theatrical production generating these expenses. If you didn't materially participate in the activity, use Form 8582 to determine the amount that can be reported on Schedule E (Form 1040), line 28, column (g). If you materially participated in

the production activity, report the deduction on Schedule E (Form 1040), line 28, column (i).

Code Y. Expenditures for removal of barriers. Expenditures for the removal of architectural and transportation barriers to the elderly and disabled that the corporation elected to treat as a current expense. The deductions are limited by section 190(c) to \$15,000 per year from all sources.

Code Z. Itemized deductions. Itemized deductions that Form 1040 or 1040-SR filers report on Schedule A (Form 1040).

Code AA. Contributions to a capital construction fund (CCF). The deduction for a CCF investment isn't taken on Schedule E (Form 1040). Instead, you subtract the deduction from the amount that would normally be entered as taxable income on Form 1040 or 1040-SR, line 15. In the margin to the left of line 15, enter "CCF" and the amount of the deduction.

Code AB. Penalty on early withdrawal of savings. Report this amount on Schedule 1 (Form 1040), line 18.

Code AC. Interest expense allocated to debt financed distributions. The manner in which you report such interest expense depends on your use of the distributed debt proceeds. If the proceeds were used in a trade or business activity, report the interest on Schedule E (Form 1040), line 28. In column (a), enter the name of the corporation and "interest expense." If you materially participated in the trade or business activity, enter the interest expense in column (i). If you didn't materially participate in the activity, follow the Instructions for Form 8582 to figure the interest expense you can report in column (g). Material participation is defined earlier under *Passive Activity Limitations*. If the proceeds were used in an investment activity, report the interest on Form 4952. If

the proceeds are used for personal purposes, the interest is generally not deductible.

Codes AD through AJ. Reserved for future use.

Code ZZ. Other deductions. Amounts with code ZZ are other deductions not included in box 12 using codes A through AC. The corporation will give you a description and the amount of your share for each of these items.

Box 13. Credits

See *List of Codes*, later.

If you have credits that are passive activity credits to you, you must complete Form 8582-CR in addition to the credit forms identified below. See *Passive Activity Limitations*, earlier, and the Instructions for Form 8582-CR for details.



In general, shareholders whose only sources for a credit listed on Form 3800, General Business Credit, Part

III, are partnerships, S corporations, estates, trusts, and cooperatives, aren't required to complete the applicable credit form or attach it to their return. Instead, they can report the credit amounts reported to them by these pass-through entities directly on Form 3800, Part III, and enter the EIN of the entity in column (d) of Part III. However, when applicable, all shareholders must complete and attach the following credit forms to their return.

- *Form 3468, Investment Credit (Form 3800, Part III, line 1a).*
- *Form 8864, Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit (Form 3800, Part III, line 1l).*

See the Instructions for Form 3800 for more details.

Code A. Zero-emission nuclear power production credit. Report this amount in Part II of Form 7213, Nuclear Power

Production Credit, or Form 3800, Part III, line 1u (see TIP, earlier).

Code B. Production from advanced nuclear power facilities credit. Report this amount in Part I of Form 7213, or Form 3800, Part III, line 1cc (see TIP, earlier).

Codes C and D. Low-income housing credit. If section 42(j)(5) applies, the corporation will report your share of the low-income housing credit using code C. If section 42(j)(5) doesn't apply, your share of the credit will be reported using code D. Any allowable low-income housing credit reported using code C or code D is reported on Form 8586, Low-Income Housing Credit, line 4, or Form 3800, Part III, line 4d (see TIP, earlier).

Keep a separate record of the low-income housing credit from each separate source so that you can correctly figure any recapture of low-income housing credit that may result from the disposition of all or part of your stock in the corporation. For more information

on recapture, see the Instructions for Form 8611, Recapture of Low-Income Housing Credit.

Code E. Qualified rehabilitation expenditures (rental real estate). The corporation will report your share of the qualified rehabilitation expenditures and other information you need to complete Form 3468 related to rental real estate activities using code E. Your share of qualified rehabilitation expenditures from property not related to rental real estate activities will be reported in box 17 using code C. See the Instructions for Form 3468 for details. If the corporation is reporting expenditures from more than one activity, an attached statement will separately identify the expenditures from each activity.

Combine the expenditures (for Form 3468 reporting) from box 13, code E, and from box 17, code C. The expenditures related to rental real estate activities (box 13, code E) are reported on Schedule K-1 separately from

other qualified rehabilitation expenditures (box 17, code C) because they are subject to different passive activity limitation rules. See the Instructions for Form 8582-CR for details.

Code F. Other rental real estate credits.

The corporation will identify the type of credit and any other information you need to figure these credits from rental real estate activities (other than the low-income housing credit and qualified rehabilitation expenditures).

These credits may be limited by the passive activity limitations. If the credits are from more than one activity, the corporation will identify the credits from each activity on an attached statement. See *Passive Activity Limitations*, earlier, and the Instructions for Form 8582-CR for details.

Code G. Other rental credits. The corporation will identify the type of credit and any other information you need to figure these rental credits. These credits may be limited by the passive activity limitations. If

the credits are from more than one activity, the corporation will identify the credits from each activity on an attached statement. See Passive Activity Limitations, earlier, and the Instructions for Form 8582-CR for details.

Code H. Undistributed capital gains credit. Code H represents taxes paid on undistributed capital gains by a regulated investment company or real estate investment trust. Report these taxes on Schedule 3 (Form 1040), Additional Credits and Payments, line 13a. Reduce the basis of your stock by this tax.

Code I. Biofuel producer credit. Report this amount on line 3 of Form 6478, Biofuel Producer Credit, or Form 3800, Part III, line 4c (see TIP, earlier).

Code J. Work opportunity credit. Report this amount on line 3 of Form 5884, Work Opportunity Credit, or Form 3800, Part III, line 4b (see TIP, earlier).

Code K. Disabled access credit. Report this amount on line 7 of Form 8826, Disabled Access Credit, or Form 3800, Part III, line 1e (see TIP, earlier).

Code L. Empowerment zone employment credit.

Report this amount on line 3 of Form 8844, Empowerment Zone Employment Credit, or Form 3800, Part III, line 3 (see TIP, earlier).

Code M. Credit for increasing research activities.

Report this amount on line 37 of Form 6765, Credit for Increasing Research Activities, or Form 3800, Part III, line 1c (see TIP, earlier) as follows.

- The S corporation will provide information necessary to determine if it is an eligible small business under section 38(c)(5)(A). If you and the S corporation are eligible small businesses, report the credit on line

4i. For more information, see the Instructions for Form 3800.

- All others, report the credit on line 1c.

Code N. Credit for employer social security and Medicare taxes. Report this amount on line 5 of Form 8846, Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips, or Form 3800, Part III, line 4f (see *TIP*, earlier).

Code O. Backup withholding. This is your share of the credit for backup withholding on dividends, interest income, and other types of income. Include this amount in the total you enter on Form 1040 or 1040-SR, line 25c, and attach a copy of your Schedule K-1 to your tax return. Instead of attaching a copy of your Schedule K-1 to your tax return, you can include a statement with your return that provides the corporation's name, address, EIN, and backup withholding amount.

Code P. Unused investment credit from the qualifying advanced coal project credit or qualifying gasification project credit allocated from cooperatives. Report this amount on Form 3468, Part II, line 6.

Code Q. Unused investment credit from the qualifying advanced energy project credit allocated from cooperatives. Report this amount on Form 3468, Part III, line 2.

Code R. Unused investment credit from the advanced manufacturing investment credit allocated from cooperatives. Report this amount on Form 3468, Part IV, line 2.

Code S. Reserved for future use.

Code T. Unused investment credit from the energy credit allocated from cooperatives. Report this amount on Form 3468, Part VI, line 31.

Code U. Unused investment credit from the rehabilitation credit allocated from cooperatives. Report this amount on Form 3468, Part VII, line 2.

Code V. Advanced manufacturing production credit. Report on Form 7207, Advanced Manufacturing Production Credit, or Form 3800, Part III, line 1b (see TIP, earlier).

Codes W and X. Reserved for future use.

Code Y. Clean hydrogen production credit. Report this amount on Form 7210, Clean Hydrogen Production Credit, or Form 3800, Part III, line 1g (see TIP, earlier).

Code Z. Orphan drug credit. Report this amount on Form 8820, Orphan Drug Credit, or Form 3800, Part III, line 1h (see TIP, earlier).

Code AA. Enhanced oil recovery credit. Report this amount on Form 8830, Enhanced Oil Recovery Credit, or Form 3800, Part III, line 1t (see TIP, earlier).

Code AB. Renewable electricity production credit. The corporation will provide a statement showing the allocation of the credit for production during the 4-year period beginning on the date the facility was placed in service and for production after that period. Report this amount on Form 8835, Renewable Electricity Production Credit, or Form 3800, Part III, line 1f (see *TIP*, earlier).

Code AC. Biodiesel, renewable diesel, or sustainable aviation fuels credit. If this credit includes the small agri-biodiesel producer credit or the sustainable aviation fuels credit, the corporation will provide additional information on an attached statement. If no statement is attached, report this amount on Form 8864, line 10. If a statement is attached, see the instructions for Form 8864, line 10.

Code AD. New markets credit. Report this amount on Form 8874, New Markets Credit, or Form 3800, Part III, line 1i (see TIP, earlier).

Code AE. Credit for small employer pension plan startup costs. Report this amount on Form 8881, Credit for Small Employer Pension Plan Startup Costs, Auto-Enrollment, and Military Spouse Retirement Plan, Part I, or Form 3800, Part III, line 1j (see TIP, earlier).

Code AF. Credit for small employer auto-enrollment. Report this amount on Form 8881, Part II, or Form 3800, Part III, line 1dd (see TIP, earlier).

Code AG. Credit for military spouse participation. Report this amount on Form 8881, Part III, or Form 3800, Part III, line 1ee (see TIP, earlier).

Code AH. Credit for employer-provided childcare facilities and services. Report this amount on Form 8882 or Form 3800, Part III, line 1k (see TIP, earlier).

Code AI. Low sulfur diesel fuel production credit.

Report this amount on Form 8896, Low Sulfur Diesel Fuel Production Credit, or Form 3800, Part III, line 1m (see TIP, earlier).

Code AJ. Qualified railroad track maintenance credit. Report this amount on Form 8900, Qualified Railroad Track Maintenance Credit, or Form 3800, Part III, line 4g (see TIP, earlier).

Code AK. Credit for oil and gas production from marginal wells. Report this amount on Form 8904, Credit for Oil and Gas Production From Marginal Wells, or Form 3800, Part III, line 1bb (see TIP, earlier).

Code AL. Distilled spirits credit. Report this amount on Form 8906, Distilled Spirits Credit, or Form 3800, Part III, line 1n (see TIP, earlier).

Code AM. Energy efficient home credit. Report this amount on Form 8908, Energy Efficient Home Credit, or Form 3800, Part III, line 1p (see TIP, earlier).

Code AN. Alternative motor vehicle credit. Report this amount on Form 8910, Alternative Motor Vehicle Credit, or Form 3800, Part III, line 1r (see TIP, earlier).

Code AO. Alternative fuel vehicle refueling property credit. Report this amount on Form 8911, Alternative Fuel Vehicle Refueling Property Credit, Part II, or Form 3800, Part III, line 1s (see TIP, earlier).

Code AP. Clean renewable energy bond credit. Report this amount on Form 8912, Credit to Holders of Tax Credit Bonds.

Code AQ. New clean renewable energy bond credit. Report this amount on Form 8912.

Code AR. Qualified energy conservation bond credit. Report this amount on Form 8912.

Code AS. Qualified zone academy bond credit. Report this amount on Form 8912.

Code AT. Qualified school construction bond credit. Report this amount on Form 8912.

Code AU. Build America bond credit. Report this amount on Form 8912.

Code AV. Credit for employer differential wage payments. Report this amount on Form 8932, Credit for Employer Differential Wage Payments, or Form 3800, Part III, line 1w (see *TIP*, earlier).

Code AW. Carbon oxide sequestration credit. Report this amount on Form 8933, Carbon Oxide Sequestration Credit, or Form 3800, Part III, line 1x (see TIP, earlier).

Code AX. Carbon oxide sequestration credit recapture. The corporation will provide any information you need to figure your recapture tax. Report the carbon oxide sequestration credit recapture amount on Form 8933, Part III, Section D, line 22.

Code AY. New clean vehicle credit. Report this amount on Form 8936, Clean Vehicle Credits, Part II, or Form 3800, Part III, line 1y (see TIP, earlier).

Code AZ. Qualified commercial clean vehicle credit. Report this amount on Form 8936, Part V, or Form 3800, Part III, line 1aa (see TIP, earlier).

Code BA. Credit for small employer health insurance premiums. Report this amount on Form 8941, Credit for Small

Employer Health Insurance Premiums, or Form 3800, Part III, line 4h (see TIP, earlier).

Code BB. Employer credit for paid family and medical leave. Report in Form 8994, Employer Credit for Paid Family and Medical Leave, or Form 3800, Part III, line 4j (see TIP, earlier).

Code BC. Eligible credits from transferor(s) under section 6418. On a statement attached to Schedule K-1, the corporation will identify the type of transferred credits and any other information you need to file your tax returns. Report this amount on Form 3800. See the Instructions for Form 3800, Parts III and V, for additional information.

Codes BD through BG. Reserved for future use.

Code ZZ. Other credits. On a statement attached to Schedule K-1, the corporation will identify the type of credit and any other

information you need to figure credits other than those reported with codes A through BC. Most credits identified by code ZZ will be reported on Form 3800, Part III (see *TIP*, earlier).

Box 14. International Transactions

If the S corporation checked the box, see the attached Schedule K-3 with respect to items of international tax relevance. If the S corporation did not check the box, the S corporation attached a statement to the Schedule K-1 (or issued a statement prior to furnishing the Schedule K-1) notifying the shareholder that the shareholder will not receive Schedule K-3 from the S corporation unless the shareholder requests the schedule.

For additional information, see the Shareholder's Instructions for Schedule K-3 (Form 1120-S).

Box 15. Alternative Minimum Tax (AMT) Items

See *List of Codes*, later.

Use the information reported in box 15 (as well as your adjustments and tax preference items from other sources) to prepare your Form 6251, Alternative Minimum Tax—Individuals, or Schedule I (Form 1041), Alternative Minimum Tax—Estates and Trusts.

Code A. Post-1986 depreciation

adjustment. This amount is your share of the corporation's post-1986 depreciation adjustment. If you are an individual shareholder, report this amount on Form 6251, line 2l.

Code B. Adjusted gain or loss. This amount is your share of the corporation's adjusted gain or loss. If you are an individual shareholder, report this amount on Form 6251, line 2k.

Code C. Depletion (other than oil & gas).

This amount is your share of the corporation's depletion adjustment. If you are an individual shareholder, report this amount on Form 6251, line 2d.

Codes D and E. Oil, gas, & geothermal properties—Gross income and deductions.

The amounts reported on these lines include only the gross income (code D) from, and deductions (code E) allocable to, oil, gas, and geothermal properties included in box 1 of Schedule K-1. The corporation should have attached a statement that shows any income from, or deductions allocable to, such properties that are included in boxes 2 through 12, 16, and 17 of Schedule K-1. Use the amounts reported here and any other reported amounts to help you figure the net amount to enter on Form 6251, line 2t.

Code F. Other AMT items. Report the information on the statement attached by the corporation on the applicable lines of Form 6251 or Schedule I (Form 1041).

Box 16. Items Affecting Shareholder Basis

See *List of Codes*, later.

Code A. Tax-exempt interest income.

Report on your return, as an item of information, your share of the tax-exempt interest received or accrued by the corporation during the year. Individual shareholders include this amount on Form 1040 or 1040-SR, line 2a. Generally, you must increase the basis of your stock by this amount.

Code B. Other tax-exempt income.

Generally, you must increase the basis of your stock by the amount shown, but don't include it in income on your tax return.

Code C. Nondeductible expenses. The nondeductible expenses paid or incurred by the corporation aren't deductible on your tax return. Generally, you must decrease the basis of your stock by this amount.

Code D. Distributions. Reduce the basis of your stock (as explained earlier) by distributions, not reported on Form 1099-DIV, of property or money. This amount will include any amounts included in income with respect to new clean renewable energy, qualified energy conservation, qualified school construction, build America, or (for bonds issued after October 3, 2008) qualified zone academy bonds. If these distributions exceed the basis of your stock, the excess is treated as capital gain from the sale or exchange of property and is reported on Form 8949 and Schedule D (Form 1040).

Code E. Repayment of loans from shareholders. If these payments are made on a loan with a reduced basis, the

repayments must be allocated in part to a return of your basis in the loan and in part to the receipt of income. See Regulations section 1.1367-2 for information on reduction in basis of a loan and restoration in basis of a loan with a reduced basis. See Rev. Rul. 64-162, 1964-1 (Part 1) C.B. 304, and Rev. Rul. 68-537, 1968-2 C.B. 372, for details.

Code F. Foreign taxes paid or accrued.

Report this amount on Form 7203, line 46(a). Do not use this amount to complete your Form 1116. See Schedule K-3 to complete your Form 1116.

Box 17. Other Information

See *List of Codes*, later.

Code A. Investment income. Report this amount on Form 4952, line 4a.

Code B. Investment expenses. Report this amount on Form 4952, line 5.

Code C. Qualified rehabilitation expenditures (other than rental real estate). The corporation will report your share of qualified rehabilitation expenditures and other information you need to complete Form 3468 for property not related to rental real estate activities in box 17 using code C. Your share of qualified rehabilitation expenditures related to rental real estate activities is reported in box 13 using code E. See the Instructions for Form 3468 for details. If the corporation is reporting expenditures from more than one activity, the attached statement will separately identify the expenditures from each activity.

Combine the expenditures (for Form 3468 reporting) from box 13, code E, and from box 17, code C. The expenditures related to rental real estate activities (box 13, code E) are reported on Schedule K-1 separately from other qualified rehabilitation expenditures (box 17, code C) because they are subject to

different passive activity limitation rules. See the Instructions for Form 8582-CR for details.

Code D. Basis of energy property. If the corporation provides an attached statement for code D, use the information on the statement to complete the applicable energy credit in Part VI of Form 3468. See the Instructions for Form 3468 for details.

Codes E and F. Recapture of low-income housing credit. The corporation will identify by code E your share of any recapture of a low-income housing credit from its investment in partnerships to which the provisions of section 42(j)(5) apply. All other recapture of low-income housing credits will be identified by code F.

Keep a separate record of each type of recapture so that you will be able to correctly figure any credit recapture that may result from the disposition of all or part of your corporate stock. For details, see Form 8611.

Code G. Recapture of investment credit.

The corporation will provide any information you need to figure your recapture tax on Form 4255, Recapture of Investment Credit. See the Form 3468 on which you took the original credit for other information you need to complete Form 4255.

You may also need Form 4255 if your proportionate stock interest in the corporation is reduced by more than one-third after you were allocated part of an investment credit.

Code H. Recapture of other credits. On a statement attached to Schedule K-1, the corporation will report any information you need to figure the recapture of other credits including the new markets credit, Indian employment credit, credit for employer-provided childcare facilities and services, alternative motor vehicle credit, alternative fuel vehicle refueling property credit, and qualified plug-in electric drive motor vehicle credit.

Code I. Look-back interest—Completed long-term contracts. The corporation will report any information you need to figure the interest due or to be refunded under the look-back method of section 460(b)(2) on certain long-term contracts. Use Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, to report any such interest.

Code J. Look-back interest—Income forecast method. The corporation will report any information you need to figure the interest due or to be refunded under the look-back method of section 167(g)(2) for certain property placed in service after September 13, 1995, and depreciated under the income forecast method. Use Form 8866, Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method, to report any such interest.

Code K. Dispositions of property with section 179 deductions. The corporation will report your share of gain or loss on the sale, exchange, or other disposition of property for which a section 179 expense deduction was passed through to shareholders with code K. If the corporation passed through a section 179 expense deduction for the property, you must report the gain or loss, if any, and any recapture of the section 179 expense deduction for the property on your income tax return (see the Instructions for Form 4797 for details). The corporation will provide all the following information.

1. Description of the property.
2. Date the property was acquired and placed in service.
3. Date of the sale or other disposition of the property.

4. Your share of the gross sales price or amount realized.
5. Your share of the cost or other basis plus the expense of sale.
6. Your share of the depreciation allowed or allowable.
7. Your share of the section 179 expense deduction (if any) passed through for the property and the corporation's tax year(s) in which the amount was passed through.

To figure the depreciation allowed or allowable for Form 4797, line 22, add to the amount from item (6) above the amount of your share of the section 179 expense deduction, reduced by any unused carryover of the deduction for this property. This amount may be different than the amount of section 179 expense you deducted for the property if your interest in the corporation has changed.

8. If the disposition is due to a casualty or theft, any information you need to complete Form 4684.
9. If the sale was an installment sale, any information you need to complete Form 6252, Installment Sale Income. The corporation will separately report your share of all payments received for the property in the following tax years. See the Instructions for Form 6252 for details.

Code L. Recapture of section 179

deduction. The corporation will report your share of any recapture of section 179 expense deduction if business use of any property for which the section 179 expense deduction was passed through to shareholders dropped to 50% or less before the end of the recapture period. If this occurs, the corporation must provide the following information.

1. Your share of the depreciation allowed or allowable (not including the section 179 expense deduction).
2. Your share of the section 179 expense deduction (if any) passed through for the property and the corporation's tax year(s) in which the amount was passed through. Reduce this amount by the portion, if any, of your unused (carryover) section 179 expense deduction for this property.

Code M. Section 453(l)(3) information.

The corporation will report any information you need to figure the interest due under section 453(l)(3) with respect to the disposition of certain timeshares and residential lots on the installment method. Report the interest on Schedule 2 (Form 1040), line 14. See section 453(l)(3) for details on how to figure the interest.

Code N. Section 453A(c) information. The corporation will report any information you need to figure the interest charge under section 453A(c) with respect to certain installment sales. See Pub. 537, Installment Sales. This information will include the following from each Form 6252 where line 5 is greater than \$150,000.

- Description of property.
- Date acquired.
- Date property sold.
- Selling price, including mortgages and other debts (not including interest, whether stated or unstated).
- Mortgages, debts, and other liabilities the buyer assumed or took the property subject to.
- Gross profit.
- Contract price.

- Gross profit percentage.
- Current year payments and deemed payments received during the year, not including interest whether stated or unstated.
- Origination year payments and deemed payments received during the year, not including interest whether stated or unstated.
- Payments received in prior years, not including interest whether stated or unstated.
- Installment sale income.
- Character of the income—capital or ordinary.

See section 453A(c) for information on how to compute the interest charge on the deferred tax liability. The section 453A interest charge is reported on the *Other taxes* line of your tax returns. See *Interest on Deferred Tax* in Pub.

537 for additional details on how to compute the section 453A(c) interest.

Code O. Section 1260(b) information. The corporation will report any information you need to figure the interest due under section 1260(b). If the corporation had gain from certain constructive ownership transactions, your tax liability must be increased by the interest charge on any deferral of gain recognition under section 1260(b). Report the interest on Schedule 2 (Form 1040), line 17z. Enter "1260(b)" and the amount of the interest in the space to the left of line 17z. See section 1260(b) for details on how to figure the interest.

Code P. Interest allocable to production expenditures. The corporation will report any information you need relating to interest you are required to capitalize under section 263A for production expenditures. See Regulations sections 1.263A-8 through 1.263A-15 for details.

Code Q. Capital construction fund (CCF) nonqualified withdrawals. The corporation will report your share of nonqualified withdrawals from a CCF. These withdrawals are taxed separately from your other gross income at the highest marginal ordinary income or capital gains tax rate. Attach a statement to your federal income tax return to show your computation of both the tax and interest for a nonqualified withdrawal. Include the tax and interest on Schedule 2 (Form 1040), line 21. In the space to the left of line 21, enter the amount of tax and interest and "CCF." See Pub. 595 for details.

Code R. Depletion information—Oil and gas. This is your share of gross income from the property, share of production for the tax year, and other information needed to figure your depletion deduction for oil and gas wells. The corporation should also allocate to you a proportionate share of the adjusted basis of each corporate oil or gas property.

Reduce the basis of your stock by the amount of this deduction up to the extent of your adjusted basis in the property.

Codes S and T. Reserved for future use.

Code U. Net investment income. The corporation may use code U to report information you may need to determine your net investment income tax under section 1411, including information regarding income from controlled foreign corporations (CFCs) and passive foreign investment companies (PFICs), the stock of which is owned by the corporation. Any information not provided elsewhere on Schedule K-3 (or an attachment to Schedule K-3) is provided using code U. For CFCs and PFICs that you treat as qualified electing funds (QEFs), the information that is relevant to you will depend on whether you, the corporation, or a subsidiary pass-through entity has made an election under Regulations section 1.1411-10(g) with respect to the CFC or QEF. For example, if the

corporation made an election under Regulations section 1.1411-10(g) for a CFC, the stock of which is owned by the corporation, and the relevant income and deduction items derived from that CFC are reported elsewhere on Schedule K-1, you will not need the information provided using code U to complete your Form 8960.

Follow the Instructions for Form 8960 to figure and report your net investment income and adjusted gross income or modified adjusted gross income. See Regulations sections 1.1411-1 through 1.1411-10 for more details.

Code V. Section 199A information.

Generally, you may be allowed a deduction of up to 20% of your net qualified business income (QBI) plus 20% of your qualified REIT dividends, also known as section 199A dividends, and qualified publicly traded partnership (PTP) income from your S corporation. The S corporation will provide

the information you need to figure your deduction. You will use one of these two forms to figure your QBI deduction.

1. Use Form 8995, Qualified Business Income Deduction Simplified Computation, if:
 - a. You have QBI, section 199A dividends, or PTP income (defined below);
 - b. Your 2023 taxable income before the QBI deduction is equal to or less than \$182,100 (\$364,200 if married filing jointly); and
 - c. You aren't a patron in a specified agricultural or horticultural cooperative.
2. Use Form 8995-A, Qualified Business Income Deduction, if you don't meet all three of these requirements.

QBI pass-through entity reporting information. Use the information provided to you by your S corporation to complete the appropriate form identified above. ***QBI or qualified PTP items subject to shareholder-specific determinations.*** The amounts reported to you reflect your pro rata share of items from the S corporation's trade(s) or business(es), or aggregation(s), and may include items that aren't includible in your calculation of the QBI deduction. When determining QBI or qualified PTP income, you must include only those items that are qualified items of income, gain, deduction, and loss included or allowed in determining taxable income for the tax year. To determine your QBI or your qualified PTP income amounts and for information on where to report them, see the instructions for Form 8995 or Form 8995-A.

W-2 wages. The amounts reported reflect your pro rata share of the S corporation's W-2 wages allocable to the QBI of each qualified trade or business, or aggregation. See the instructions for Form 8995 or Form 8995-A.

Unadjusted basis immediately after acquisition (UBIA) of qualified property.

The amounts reported reflect your pro rata share of the S corporation's UBIA of qualified property of each qualified trade or business, or aggregation. See the instructions for Form 8995 or Form 8995-A.

Section 199A dividends. The amount reported reflects your pro rata share of the S corporation's net section 199A dividends. See the instructions for Form 8995 or Form 8995-A.

Patrons of specified agricultural and horticultural cooperatives. If the S corporation was a patron of an agricultural or horticultural cooperative (specified cooperative), you must use Form 8995-A to

figure your QBI deduction. In addition, you must complete Schedule D (Form 8995-A), Special Rules for Patrons of Agricultural or Horticultural Cooperatives, to determine your patron reduction.

QBI items allocable to qualified payments from specified cooperatives subject to shareholder-specific determinations. The amounts reported to you reflect your pro rata share of items from the S corporation's trade(s) or business(es), or aggregation(s), and include items that may not be includible in your calculation of the QBI deduction and patron reduction. When determining QBI items allocable to qualified payments, you must include only qualified items that are included or allowed in determining taxable income for the tax year. To determine your QBI items allocable to qualified payments, see the Instructions for Form 8995-A.

W-2 wages allocable to qualified payments from specified cooperatives.

The amounts reported reflect your pro rata share of the S corporation's W-2 wages allocable to qualified payments of each qualified trade or business, or aggregation. See the Instructions for Form 8995-A.

Section 199A(g) deduction from specified cooperatives. The amount reported reflects your pro rata share of the S corporation's net section 199A(g) deduction. See the Instructions for Form 8995-A.

Codes W through Z. Reserved for future use.

Code AA. Excess taxable income. If the S corporation is required to file Form 8990, Limitation on Business Interest Expense Under Section 163(j), it may determine it has excess taxable income. Report this amount of excess taxable income on Form 8990, Schedule B, line 45(c), if you are required to

file Form 8990. See the Instructions for Form 8990 for details.

Code AB. Excess business interest

income. If the S corporation is required to file Form 8990, it may determine it has excess business interest income. Report this amount of excess business interest income on Form 8990, Schedule B, line 45(d), if you are required to file Form 8990. See the Instructions for Form 8990 for details.

Code AC. Gross receipts for section

448(c). Use the gross receipts amount to figure the business interest expense you can deduct, if applicable. See section 163(j) and the Instructions for Form 8990 for details.

Codes AD through AI. Reserved for future use.

Code AJ. Excess business loss limitation.

If the corporation has deductions attributable to a business activity, it will provide a statement showing the aggregate gross

income or gain and the aggregate deductions from the business activity that you need to figure any excess business loss limitation. See section 461(l) and the Instructions for Form 461 for details.

Codes AK through AM. Reserved for future use.

Code AN. Farming and fishing income. If you are an individual shareholder, report this income, as an item of information, on Schedule E (Form 1040), Part V, line 42. Don't report this income elsewhere on Form 1040 or 1040-SR.

For a shareholder that is an estate or trust, report this income to the beneficiaries, as an item of information, on Schedule K-1 (Form 1041), Beneficiary's Share of Income, Deductions, Credits, etc. Don't report it elsewhere on Form 1041.

Code AO. Reserved for future use.

Code AP. Inversion gain. The corporation will provide a statement showing the amounts of each type of income or gain that is included in inversion gain. The corporation has included inversion gain in income elsewhere on Schedule K-1. Inversion gain is also reported under code AP because your taxable income and alternative minimum taxable income can't be less than the inversion gain. Also, your inversion gain (a) isn't taken into account in figuring the net operating loss (NOL) for the tax year or the NOL that can be carried over to each tax year, (b) may limit your credits, and (c) is treated as income from sources within the United States for the foreign tax credit. See section 7874 for details.

Codes AQ and AR. Reserved for future use.

Code AS. Qualifying advanced coal project property and qualifying gasification project property.

- For qualified investment in qualifying advanced coal project property, use the amounts the corporation provides you to figure the amounts to report on Form 3468, Part II, Section A, lines 1a, 2a, and 3a.
- For qualified investment in qualifying gasification, use the amounts the corporation provides you to figure the amounts to report on Form 3468, Part II, Section B, lines 4a and 5a.

Code AT. Qualifying advanced energy project property. Use the amounts the corporation provides you to figure the amounts to report on Form 3468, Part III, line 1a.

Code AU. Advanced manufacturing investment property. Use the amounts the corporation provides you to figure the amount to report on Form 3468, Part IV, line 1b.

Code AV. Reserved for future use.

Code AW. Reportable transactions. Any information you need to complete a disclosure statement for reportable transactions in which the corporation participates. If the corporation participates in a transaction that must be disclosed on Form 8886, Reportable Transaction Disclosure Statement, both you and the corporation may be required to file Form 8886 for the transaction. The determination of whether you are required to disclose a transaction of the corporation is based on the category(ies) under which the transaction qualifies for disclosure and is determined by you and the corporation. You may have to pay a penalty if you are required to file Form 8886 and don't do so. See the Instructions for Form 8886 for details.

Codes AX through BD. Reserved for future use.

Code ZZ. Other information. Any other information you may need to file your return not shown elsewhere on Schedule K-1 or Schedule K-3.

The corporation should give you a description and the amount of your share for each of these items.

Box 18. More Than One Activity for At-Risk Purposes

When the corporation has more than one activity for at-risk purposes, it will check this box and attach a statement. Use the information in the attached statement to correctly determine your at-risk limitations. For more information, see *At-Risk Limitations*, earlier.

Box 19. More Than One Activity for Passive Activity Purposes

When the corporation has more than one activity for passive activity purposes, it will check this box and attach a statement. Use the information in the attached statement to correctly determine your passive activity limitations. For more information, see *Passive Activity Limitations*, earlier.

List of Codes

This list identifies the codes used on Schedule K-1 for all shareholders. For detailed reporting and filing information, see the specific line instructions, earlier, and the instructions for your income tax return.

Box 10. Other income (loss)Code

- A** Other portfolio income (loss)
- B** Involuntary conversions
- C** Section 1256 contracts and straddles
- D** Mining exploration costs recapture
- E** Section 951A(a) income inclusions
- F** Inclusions of subpart F income
- G** Section 951(a)(1)(B) inclusions

- H** Reserved for future use
- I** Gain (loss) from disposition of oil, gas, geothermal, or other mineral properties
- J** Recoveries of tax benefit items
- K** Gambling gains and losses
- L** Reserved for future use
- M** Gain eligible for section 1045 rollover (replacement stock purchased by the corporation)
- N** Gain eligible for section 1045 rollover (replacement stock not purchased by the corporation)
- O** Sale or exchange of QSB stock with section 1202 exclusion

P

– Reserved for future use

R

S Non-portfolio capital gain (loss)

T

– Reserved for future use

X

ZZ Other income (loss)

Box 12. Other deductions

A Cash contributions (60%)

B Cash contributions (30%)

C Noncash contributions (50%)

D Noncash contributions (30%)

- E** Capital gain property to a 50% limit organization (30%)
- F** Capital gain property (20%)
- G** Contributions (100%)
- H** Investment interest expense
- I** Deductions—Royalty income
- J** Section 59(e)(2) expenditures
- K** Reserved for future use
- L** Deductions—Portfolio income (other)
- M** Preproductive period expenses
- N** Reserved for future use
- O** Reforestation expense deduction

P

– Reserved for future use

V

W Soil and water conservation

X Film, television, and theatrical production expenditures

Y Expenditures for removal of barriers

Z Itemized deductions

AA Contributions to a capital construction fund (CCF)

AB Penalty on early withdrawal of savings

AC Interest expense allocated to debt financed distributions

AD

– Reserved for future use

AJ

ZZ Other deductions

Box 13. Credits

A Zero-emission nuclear power production credit

B Production from advanced nuclear power facilities credit

C Low-income housing credit (section 42(j)(5)) from post-2007 buildings

D Low-income housing credit (other) from post-2007 buildings

- E** Qualified rehabilitation expenditures (rental real estate)
- F** Other rental real estate credits
- G** Other rental credits
- H** Undistributed capital gains credit
- I** Biofuel producer credit
- J** Work opportunity credit
- K** Disabled access credit
- L** Empowerment zone employment credit
- M** Credit for increasing research activities
- N** Credit for employer social security and Medicare taxes
- O** Backup withholding

- P** Unused investment credit from the qualifying advanced coal project credit or qualifying gasification project credit allocated from cooperatives
- Q** Unused investment credit from the qualifying advanced energy project credit allocated from cooperatives
- R** Unused investment credit from the advanced manufacturing investment credit allocated from cooperatives
- S** Reserved for future use
- T** Unused investment credit from the energy credit allocated from cooperatives
- U** Unused investment credit from the rehabilitation credit allocated from cooperatives

V Advanced manufacturing production credit

W
- X Reserved for future use

Y Clean hydrogen production credit

Z Orphan drug credit

AA Enhanced oil recovery credit

AB Renewable electricity production credit

AC Biodiesel, renewable diesel, or sustainable aviation fuels credit

AD New markets credit

AE Credit for small employer pension plan startup costs

- AF** Credit for small employer auto-enrollment
- AG** Credit for military spouse participation
- AH** Credit for employer-provided childcare facilities and services
- AI** Low sulfur diesel fuel production credit
- AJ** Qualified railroad track maintenance credit
- AK** Credit for oil and gas production from marginal wells
- AL** Distilled spirits credit
- AM** Energy efficient home credit
- AN** Alternative motor vehicle credit

- AO** Alternative fuel vehicle refueling property credit
- AP** Clean renewable energy bond credit
- AQ** New clean renewable energy bond credit
- AR** Qualified energy conservation bond credit
- AS** Qualified zone academy bond credit
- AT** Qualified school construction bond credit
- AU** Build America bond credit
- AV** Credit for employer differential wage payments
- AW** Carbon oxide sequestration credit

- AX** Carbon oxide sequestration credit recapture
- AY** New clean vehicle credit
- AZ** Qualified commercial clean vehicle credit
- BA** Credit for small employer health insurance premiums
- BB** Employer credit for paid family and medical leave
- BC** Eligible credits from transferor(s) under section 6418
- BD**
 - Reserved for future use
- BG**
- ZZ** Other credits

Box 15. Alternative minimum tax (AMT) items

- A** Post-1986 depreciation adjustment
- B** Adjusted gain or loss
- C** Depletion (other than oil & gas)
- D** Oil, gas, & geothermal—Gross income
- E** Oil, gas, & geothermal—Deductions
- F** Other AMT items

Box 16. Items affecting shareholder basis

- A** Tax-exempt interest income

- B** Other tax-exempt income
- C** Nondeductible expenses
- D** Distributions
- E** Repayment of loans from shareholders
- F** Foreign taxes paid or accrued

Box 17. Other information

- A** Investment income
- B** Investment expenses
- C** Qualified rehabilitation expenditures
(other than rental real estate)
- D** Basis of energy property

- E** Recapture of low-income housing credit (section 42(j)(5))
- F** Recapture of low-income housing credit (other)
- G** Recapture of investment credit
- H** Recapture of other credits
- I** Look-back interest—Completed long-term contracts
- J** Look-back interest—Income forecast method
- K** Dispositions of property with section 179 deductions
- L** Recapture of section 179 deduction
- M** Section 453(l)(3) information

- N** Section 453A(c) information
- O** Section 1260(b) information
- P** Interest allocable to production expenditures
- Q** Capital construction fund (CCF) nonqualified withdrawals
- R** Depletion information—Oil and gas
- S**
 - Reserved for future use
- T**
- U** Net investment income
- V** Section 199A information
- W**
 - Reserved for future use
- Z**

- AA** Excess taxable income
- AB** Excess business interest income
- AC** Gross receipts for section 448(c)
- AD**
 - Reserved for future use
- AI**
- AJ** Excess business loss limitation
- AK**
 - Reserved for future use
- AM**
- AN** Farming and fishing income
- AO** Reserved for future use
- AP** Inversion gain

AQ

– Reserved for future use

AR

AS Qualifying advanced coal project property and qualifying gasification project property

AT Qualifying advanced energy project property

AU Advanced manufacturing investment property

AV Reserved for future use

AW Reportable transactions

AX

– Reserved for future use

BD