

Second Tier Pass-Through Entity Owner Statement

Second tier pass-throug shown on the second tier	•	•	First tier pass-through entity information (as shown on the first tier entity's most recent federal return or K-1)			
or K-1)			,		,	
Name			Name			
Mailing address			Mailing address			
O't.	04-4-	7:	O:t-	Otata	7:	
City	State	Zip code	City	State	Zip code	
Federal Employer Identification Number			Federal Employer Identification Number			
Second Tier Pass-Through Entity Type:			First Tier Pass-Through Entity Type:			
☐ S Corporation			☐ S Corporation			
☐ Partnership			☐ Partnership			
□ Disregarded Entity			☐ Disregarded Entity			
Information About Second Tier Entity's Owners						
Part I. Please identify and give the status of each of the entity's owners (att				onal sheets if neces	sary)	
Name		Ac	ldress	SSN or FEIN	Status (see instructions on back for codes)	
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
Part II. Please provide additional information about owners who are nonresident individuals, C corporations not doing						
business in Montana, S corporations, partnerships and disregarded entities (attach additional sheets if necessary)						
Name	N N	Method of notification about Montana source income (see instructions on back)				
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
I, the undersigned, declare that I am authorized to make this statement on behalf of the second tier pass-through entity and that the statement, including all accompanying attachments, is, to the best of my knowledge and belief, true, correct and complete.						
Signature			Title		Date	

PT-STM Instructions

What is the purpose of the Second Tier Pass-Through Entity Owner Statement?

The Second Tier Pass-Through Entity Owner Statement identifies the owners of the second tier pass-through entity. In some cases, the owners of pass-through entities can themselves be pass-through entities, referred to as second tier pass-through entities. When a second tier pass-through entity situation occurs, Form PT-STM should be completed to help identify the second tier owners.

Form PT-STM is not required if this second tier passthrough entity is included in the Composite Income Tax Schedule (Schedule IV) on the first tier pass-through entity's return.

Who prepares this statement?

An authorized representative of the second tier passthrough entity must complete the form. It is not valid unless it is signed and dated by an officer or other individual who is authorized to sign on behalf of the second tier entity.

The first tier pass-through entity is responsible for submitting the completed statement with their tax return.

What are pass-through entities?

Pass-through entities are classified based upon how they file their federal income tax return.

- Partnerships include limited liability companies treated as partnerships.
- S corporations include limited liability companies treated as S corporations.
- Disregarded entities include single member limited liability companies whose existence is disregarded for federal income tax purposes, partnerships that have elected by law (IRC § 761) to be excluded from the partnership tax rules, qualified S subsidiaries, and qualified REIT subsidiaries.

Why does the Department of Revenue need information about the owners of a second tier pass-through entity?

A pass-through entity is required to remit withholding to the Department of Revenue on behalf of their second tier owner(s) unless:

- the second tier entity is included in the composite return filed by the first tier entity, or
- the first tier entity obtains this Second Tier Pass-Through Entity Owner Statement

These amounts can be remitted at any time during the tax year.

The Department of Revenue cannot determine each participant's full responsibility for taxes, so we require

this statement (Form PT-STM) from all second tier pass-through owners. This requirement is made of S corporations, partnerships and disregarded entities.

What will happen if the owners of a second tier pass-through entity do not file a return and pay their taxes?

If the owners of a second tier pass-through entity do not file a Montana individual or corporate tax return or if they do not pay all taxes in a timely manner, we will notify the first tier pass-through entity. After this notice, the first tier pass-through entity can no longer provide this statement (PT-STM) for that second tier pass-through entity. In addition, the first tier pass-through entity will be required to:

- 1. remit the tax on behalf of that second tier passthrough entity for any later tax year, or
- 2. include the second tier pass-through entity in the composite return.

Instructions for Completing the PT-STM Form

The names reported in Part I and II should be the same.

Part I. Identity and Status

(Select one of the following codes)

- Individual is a Montana resident (R)
- Individual is a nonresident (NR)
- C corporation doing business in MT (C)
- C corporation not doing business in MT (FC)
- S corporation (S)
- Partnership (PS)
- Disregarded entity (DE)

Part II. Additional information about Certain Owners.

If the second tier pass-through entity has an owner that is a nonresident individual, C corporation not doing business in Montana, S corporation, partnership, or disregarded entity, this section must be filled out. In this table, the second tier pass-through entity provides us a description of the method used by that entity to notify its owners that they have Montana source income from that entity. For example, if that entity provided a Schedule K-1 to the owner with Montana income stated separately and notification that the owner may be responsible for Montana tax, the description "Federal Schedule K-1" could be used in this section.

If you have questions, please call us toll free at (866) 859-2254 (in Helena, 444-6900). ☎