

## Pass-Through Withholding and Composite Returns

Fact Sheet 1117

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This fact sheet provides a general overview of pass-through entity withholding requirements and the use of composite returns by pass-through entities.

For detailed information see the form instructions, pass-through withholding [Common Questions](#) or composite return [Common Questions](#).

### Pass-through Withholding Requirement

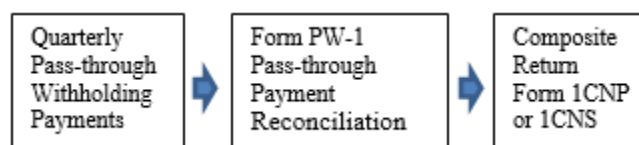
Pass-through entities (partnerships, tax-option (S) corporations, and estates and trusts) must withhold on behalf of each *nonresident* partner, shareholder, or beneficiary when the individual's Wisconsin net income is \$1,000 or more for the year.

#### When are payments due?

Pass-through entities must make quarterly pass-through withholding payments on or before the 15th day of the 3rd, 6th, 9th, and 12th months of the taxable year.

Pass-through withholding payments should be made online through My Tax Account or through your financial institution (ACH Credit). If you have been granted a waiver from filing electronically, use Form [PW-ES](#).

Using Form PW-1, the entity informs the department to which partners, shareholders, or beneficiaries the withholding belongs. These amounts are then claimed on the composite return or on the partner's, shareholder's, or beneficiary's individual income tax return if they are not participating in the composite return.



### Pass-through Withholding Return (Form PW-1)

The pass-through entity must report amounts withheld throughout the year for nonresident partners, shareholders, and beneficiaries using Form PW-1. Form PW-1 follows the taxable year of the entity. It is completed prior to the composite return.

#### When is Form PW-1 due?

- The filing deadline for *tax-option (S) corporations, partnerships, and limited liability companies treated as partnerships* is the 15th day of the 3rd month following the close of the entity's taxable year.
- The filing deadline for *estates and trusts* is the 15th day of the 4th month following the close of the entity's taxable year.

Wisconsin allows an automatic seven month extension to file Form PW-1. If tax is due, interest will be assessed on the tax due during the extension period.

Form PW-1 must be filed electronically. Filing options include Wisconsin [My Tax Account](#) or [third-party software](#). If withholding tax is due, the payment must also be made electronically.

## Pass-through Withholding Waiver (Form PW-2)

A nonresident may file an affidavit, [Form PW-2](#), to claim exemption from Wisconsin withholding on income from pass-through entities if he, she or it has made sufficient Wisconsin estimated payments for the taxable year or has a Wisconsin net operating loss carryforward.

A nonresident whose Wisconsin income from the pass-through entity is less than \$1,000 is automatically exempt from withholding and does not need to file Form PW-2.

### When is Form PW-2 due to the department?

- For *tax-option (S) corporations, partnerships, and limited liability companies treated as partnerships*, the nonresident must file Form PW-2 by the last day of the first month following the close of the entity's taxable year (January 31 for calendar year filers).
- For *fiduciaries, estates, and trusts*, the nonresident must file Form PW 2 with the department by the last day of the second month following the close of the entity's taxable year (February 28 for calendar year filers).

The department will send a letter of approval or denial within approximately 30 days.

For more information, see Form PW-2 [instructions](#).

## Nonresident Income Reporting Requirement

Nonresidents having Wisconsin gross income of \$2,000 or more are required to file an individual income tax return. However, this filing requirement is waived when the nonresident is included on the pass-through entity's composite return.

## Composite Returns

A pass-through entity may file a composite return on behalf of two or more qualifying and agreeing nonresident partners or shareholders.

For information on who may not participate in a composite return, see the composite return [Common Questions](#).

There are two types of Wisconsin composite returns:

- Form 1CNP is used by partnerships
- Form 1CNS is used by tax-option (S) corporations

The nonresident's share of Wisconsin income or loss is reported on the composite return. Amounts withheld by the partnership or tax-option (S) corporation and reported on Form PW-1 are claimed on the composite return.

## When is the composite return due?

The filing deadline for *partnerships* and *tax-option (S) corporations* is April 15.

Form 1CNP/1CNS must be filed electronically. Filing options include Wisconsin [My Tax Account](#) for all filers or third-party software for [corporations](#) or [partnerships](#). If withholding tax is due, the payment must also be made electronically.

### Any Questions?

For more information, contact the Wisconsin Department of Revenue.

**Visit our website:** [revenue.wi.gov](http://revenue.wi.gov)  
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