



## Schedule KOZ Supplemental Instructions

(for use by KOZ Resident PA S Corporation Shareholders)

If, on the last day of the PA S corporation's taxable year, you **were** a qualified resident of a Keystone Opportunity Zone (KOZ), you may be entitled to KOZ benefits with regard to the following classes of income listed on your PA Schedule RK-1(s):

- A. Interest
- B. Dividends
- C. Gain(s) on the Sale of Intangible Property
- D. Estate or Trust Income

If, on the last day of the PA S corporation's taxable year, you **were not** a qualified resident of a KOZ, you are not entitled to a KOZ credit in these classes of income reported on your PA Schedule RK-1(s).

To determine KOZ residency status, refer to Schedule KOZ instructions.

### Interest, Dividends, and Estate or Trust Income [reported on your PA Schedule RK- 1(s)]

Calculate the KOZ exemption by multiplying the interest, dividends, and estate or trust income from your PA Schedule RK-1(s) by a fraction. The numerator is the number of days you were a resident of a KOZ during the PA S corporation's taxable year, and the denominator is the number of days in the PA S corporation's taxable year.

### Gains from the Sale, Exchange, or Disposition of Intangible Property [reported on PA Schedule RK-1(s)]

You must contact the PA S corporation of which you are a shareholder to obtain a list(s) of all intangible property(ies), and real or tangible personal properties located both inside and outside of a KOZ that the PA S corporation sold, exchanged, or otherwise disposed of during the PA S corporation's taxable year. This list must indicate your share of each of the applicable gain(s) or loss(es) along with the dates the PA S corporation acquired and disposed of the property(ies). The PA S corporation should indicate whether it is a sale of intangible personal property, tangible personal property, or real property located in a KOZ, or non-KOZ real or tangible personal property. It should also indicate the date the PA S corporation's taxable year ended. You must attach a copy of the list furnished by the PA S corporation to your PA-40 KOZ tax return.

Combine your share of gain or loss from all PA Schedule D items listed by the PA S corporation.

If this amount is a loss, you do not qualify for a KOZ exemption with regard to this entity in this class of income. If this amount is a gain, read the following instructions:

1. Determine the KOZ exemption amount separately for each sale, exchange, or disposition of intangible personal property by the PA S corporation. Only determine the KOZ exemption for a particular article of intangible personal property if you were a shareholder of the PA S corporation at some time during its ownership of the property.

If the PA S corporation both bought and sold the intangible personal property during the time you were a resident of a KOZ, you do not use the apportionment fraction below for this property. Just add the exempt amounts.

If the PA S corporation did not both purchase and sell the intangible personal property during the time you were a resident of a KOZ, you must multiply your share of the gain or loss from each sale by a fraction. The numerator is the number of days you were a resident of a KOZ and the denominator is the number of days the PA S corporation owned the property.

2. From the information submitted to you by the PA S corporation, determine the KOZ exempt amount from the sale of real or tangible personal property located in a KOZ that was utilized by the PA S corporation when calculating your share of the PA S corporation's PA Schedule D income reported on your PA Schedule RK-1.
3. Combine the figures calculated from 1 and 2 above to determine the total amount of your KOZ exemption. If a positive number, net this against your share of all PA Schedule D gains or losses reported to you by the PA S corporation on the list.

Use this amount in place of the amount reported by the PA S corporation on your PA Schedule RK-1 for your PA Schedule D, PA-40 KOZ calculations.

**If you have any questions, contact the Taxpayer Service and Information Center at (717) 787-8201.**



## Schedule KOZ Supplemental Instructions (for use by KOZ Resident Partners)

If, on the last day of the partnership's taxable year, you **were** a qualified resident of a Keystone Opportunity Zone (KOZ), you may be entitled to KOZ benefits with regard to the following classes of income listed on your PA Schedule RK-1(s):

- A. Interest
- B. Dividends
- C. Gain(s) on the Sale of Intangible Property
- D. Estate or Trust Income

If, on the last day of the partnership's taxable year, you **were not** a qualified resident of a KOZ, you are not entitled to a KOZ credit in these classes of income reported on your PA Schedule RK-1(s).

To determine KOZ residency status, refer to Schedule KOZ instructions.

### **Interest, Dividends, and Estate or Trust Income [reported on PA Schedule RK-1(s)]**

Include the interest, dividends, and estate or trust income from your PA Schedule RK-1(s) on your Schedule KOZ, Part II, Lines 2, 3, and 7 respectively.

### **Gains from the Sale, Exchange, or Disposition of Intangible Property [reported on PA Schedule RK-1(s)]**

You must contact the partnership(s) of which you are a partner to obtain a list(s) of all intangible property(ies), and real or tangible personal property(ies) located both inside and outside of a KOZ that the partnership sold, exchanged, or otherwise disposed of during the partnership's taxable year. This list must indicate your share of each of the applicable gain(s) or loss(es) along with the dates the partnership acquired and disposed of the property(ies). The partnership should indicate whether it is a sale of intangible personal property, tangible personal property, or real property located in a KOZ, or non-KOZ real estate or tangible personal property. It should also indicate the date the partnership's taxable year ended. You must attach a copy of the list furnished by the partnership to your PA-40 KOZ tax return.

Combine your share of gain or loss from all PA Schedule D items listed by the partnership.

If this amount is a loss, you do not qualify for a KOZ exemption with regard to this entity in this class of income. If this amount is a gain, read the following instructions:

1. Determine the KOZ exemption amount separately for each sale, exchange, or disposition of intangible personal property by the partnership.

If the partnership both bought and sold the intangible personal property during the time you were a resident of a KOZ, you do not use the apportionment fraction below for this property. Just add the exempt amounts.

If the partnership did not both purchase and sell the intangible personal property during the time you were a resident of a KOZ, you must multiply your share of the gain or loss from each sale by a fraction. The numerator is the number of days you were a resident of a KOZ, and the denominator is the number of days the partnership owned the property.

2. From the information submitted to you by the partnership, determine the KOZ exempt amount from the sale of real or tangible personal property located in a KOZ that was utilized by the partnership when calculating your share of the partnership's PA Schedule D income reported on your PA Schedule RK-1.
3. Combine the figures calculated from 1 and 2 above to determine the total amount of your KOZ exemption. If a positive number, net this against your share of all Schedule D gains or losses reported to you by the partnership on the list.

Use this amount in place of the amount reported by the partnership on your PA Schedule RK-1 for your PA Schedule D, PA-40 KOZ calculations.

**If you have any additional questions, contact the Taxpayer Service and Information Center at (717) 787-8201.**