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**This package is provided for informational use only. See the instructions for information about electronic filing.**

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**Virginia**  
**Elective Pass-Through Entity Tax**  
**2024 Form 502PTET Instruction Package**

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**Form 502PTET and associated schedules must be filed electronically**

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# Instructions for 2024 Virginia Form 502PTET Pass-Through Entity Elective Income Tax Return

**Important Note:** Form 502PTET, corresponding schedules, and payments must be submitted electronically.

## Background

Under legislation enacted by the 2022 General Assembly, Virginia established a new elective pass-through entity (PTE) tax for Taxable Years 2021-2025. Additional legislation enacted in 2023 expanded PTET eligibility by removing the requirement that a PTE must be 100% owned by natural persons or persons eligible to be shareholders of an S corporation in order to make the PTET election for Taxable Years 2021-2025. The elective PTE tax only applies to the pro rata or distributive share of income, gain, loss, or deduction attributable to eligible owners. The instructions that follow provide guidance for submitting forms and payments for the Taxable Year 2024 PTE elective tax.

## General Information

For taxable years beginning on and after January 1, 2021, but before January 1, 2026, a pass-through entity may make an annual election to pay an elective income tax at a rate of 5.75%, provided that the pass-through entity's taxable income is adjusted to eliminate any federal deduction for state and local income taxes. The elective PTE tax is only applicable to the pro rata or distributive share of income, gain, loss, or deduction attributable to eligible owners.

An eligible owner may claim a corresponding refundable individual and fiduciary income tax credit for Taxable Years 2021 through 2025 for any amount of income tax paid by a PTE if the PTE makes the election and pays the elective income tax imposed at the entity level. The elective income tax and corresponding refundable credit allow the PTE to shift the income tax burden from the eligible PTE owners to the PTE itself.

A PTE may make an annual election on its timely filed Form 502PTET for taxable years beginning on or after January 1, 2022, but before January 1, 2026. The election must be made on or before the due date for filing Form 502PTET, including any automatic extensions allowed. An electing PTE must file Form 502PTET to compute the PTE tax and the amount of the credit that may be claimed by eligible owners. The amount of PTE elective tax payment credit that is distributed to eligible owners is reported on Schedule VK-1. Form 502PTET including all required schedules must be completed and filed before the Department will allow eligible owners to claim the credit on their income tax returns.

**Contact Customer Service:** write to **Department of Taxation, P.O. Box 1115, Richmond, Virginia 23218-1115**, call **(804) 367-8037**, fax **(804) 254-6111**, or send a secure message via your Online Services for Businesses account.

Refer to the Department's website at [www.tax.virginia.gov](http://www.tax.virginia.gov) for additional information, including the Virginia Pass-Through Elective Income Tax Guidelines and Virginia Tax Bulletins 22-6 and 23-3.

## Amended Returns

An electing PTE files Form 502PTET instead of Form 502. If a pass through entity return (Form 502 or Form 502PTET) has already been filed for the taxable year, any subsequent returns must be marked as amended. Use Amended Return Reason Code 05 if the subsequent return is related to the elective PTE tax. For other Amended Return Reason Codes, refer to the [Form 502 Instructions](#).

An electing PTE is not permitted to file Form 765, Unified Nonresident Individual Income Tax Return (Composite Return). If composite payments were made before the PTET election, the PTE can submit an original or amended Form 765 that reflects a zero tax liability and receive a refund of payments made. If a Form 765 has not been filed, the PTE can contact Customer Service to request a transfer of the payments.

## Definitions

The following words and terms have the following meanings unless the context clearly indicates otherwise.

**Electing pass-through entity (Electing PTE)** – a PTE that has made the election to pay the elective pass-through entity tax levied pursuant to *Va. Code* § 58.1-390.3. Note: This may include PTEs that do not conduct business in Virginia or have Virginia source income and are electing to pay on behalf of Virginia resident owners.

**Eligible owner** – a direct owner of a pass-through entity who is a natural person subject to the tax imposed by Article 2 (§ 58.1-320 et seq.) or an estate or trust subject to the tax imposed by Article 6 (§ 58.1-360 et seq.).

**Owner** – any individual or entity who is treated as a partner, member, or shareholder of a pass-through entity for federal income tax purposes.

**Pass-through entity (PTE)** – any entity, including a limited partnership, a limited liability partnership, a general partnership, a limited liability company, a professional limited liability company, a business trust, or a Subchapter S corporation, that is recognized as a separate entity for federal income tax purposes, in which the partners, members, or shareholders report their share of the income, gains, losses, deductions, and credits from the entity on their federal income tax returns or make the election and pay the tax levied pursuant to *Va. Code* § 58.1-390.3.

**Pass-through entity elective tax** – a tax at the rate of 5.75% imposed on the pro rata or distributive share of each item of income, gain, loss, or deduction attributable to eligible owners. The Virginia taxable income is calculated pursuant to *Va. Code* § 58.1-391 for each pass-through entity that makes an election to pay the tax at the entity level for the taxable year. Taxpayers must follow the requirements and procedures established by the Virginia Department of

Taxation for taxable years beginning on and after January 1, 2021, but before January 1, 2026.

**Pass-through entity elective tax credit** – the amount of tax paid by the PTE at the entity level that is passed through to the eligible individual and fiduciary owners to claim on their respective income tax returns as a refundable income tax credit.

## Making the Election

For Taxable Years beginning on and after 2023, a pass-through entity has the option to make the election to pay PTET for the taxable year by:

- Making an estimated payment of PTET for the taxable year,
- Making an extension payment of PTET for the taxable year,
- Filing Form 502PTET on or before the extended due date for the taxable year.

**Note:** All payments and returns must be submitted electronically.

Once Form 502PTET is filed, the election is binding for that taxable year.

Each electing PTE must obtain consent from its eligible owners; provided, however, the election is binding on all the eligible owners once the election is made. Eligible owners do not have the option to opt out of an entity's election with the Department.

## Filing Information

### How to File and Pay

Form 502PTET, instead of Form 502, and all associated schedules must be filed through the Federal/State e-File program or the Department's Online Services for Businesses. Paper submissions will not be accepted. Waivers of the electronic filing requirement will not be granted.

All payments must be made electronically. Electronic payments can be made when the Form 502PTET return is filed through the e-File program or the Department's Online Services for Businesses. Electronic payments can also be made through eForms using Form PTET-PMT at [www.tax.virginia.gov](http://www.tax.virginia.gov) or through an ACH credit transaction initiated by your bank.

Visit the Department's website, [www.tax.virginia.gov](http://www.tax.virginia.gov), for more information.

### Due Date

Form 502PTET return and any tax payments due must be submitted on or before the 15th day of the 4th month after the close of the entity's taxable year.

### Extended Due Date

An automatic extension of time to file is granted to the date 6 months after the due date for filing Form 502PTET or 30 days after the extended due date for filing the federal income tax return, whichever is later.

The automatic extension of time to file does not extend the payment due date for the elective tax. The payment is due on the original due date of the PTE's return, regardless of whether the extension to file Form 502PTET is used. Extension payments must be made electronically through the Department's eForms application using Form PTET-PMT or by arranging an ACH credit transaction through your bank. Visit [www.tax.virginia.gov](http://www.tax.virginia.gov) for more information on electronic payments and to access eForm PTET-PMT.

A PTE that fails to file more than 6 months after the original due date, or more than 30 days after the federal extended due date will not be permitted to file Form 502PTET unless it has made corresponding estimated payments or an extension payment for the taxable year.

## Estimated Pass-Through Entity Tax

Beginning in Taxable Year 2023, an electing PTE is required to make estimated payments if its PTET for the taxable year can reasonably be expected to exceed \$1,000. Estimated payments for electing PTEs are based upon the rules set forth under Virginia law for the corporate income tax.

Payments of estimated pass-through entity tax must be made electronically through the Department's eForms application using Form PTET-PMT or by arranging an ACH credit transaction through your bank. Visit [www.tax.virginia.gov](http://www.tax.virginia.gov) for more information on electronic payments and to access eForm PTET-PMT.

### Payment Due Dates

#### Calendar Year Filers

Electing PTEs that file on a calendar year basis (January 1st – December 31st) must submit estimated tax payments as follows:

- **1st payment** = 25% –by– **April 15.**
- **2nd payment** = 25% –by– **June 15.**
- **3rd payment** = 25% –by– **September 15.**
- **4th payment** = 25% –by– **December 15.**

#### Fiscal Year Filers

If an electing PTE's accounting period is a fiscal year, the PTE is required to make a declaration of estimated income tax and pay 25% of the amount due to the Department in 4 payments:

- **1st payment:** **15th day** of the **4th month** following the beginning of its fiscal year.
- **2nd payment:** **15th day** of the **6th month.**
- **3rd payment:** **15th day** of the **9th month.**
- **4th payment:** **15th day** of the **12th month** following the beginning of its fiscal year.

### Underpayments of Estimated Tax

In case of any underpayment of estimated tax by an electing pass-through entity, *Va. Code* § 58.1-504 requires that an addition to tax be made at the established interest rate for underpayments unless one of the exceptions in that section applies. See Line 16 instructions to compute this addition to the tax and/or to indicate that an exception applies.

**Penalties**

The penalties for electing PTEs are based upon the corporate penalties in Article 14 (*Va. Code* § 58.1-450 et seq.) instead of the penalties in Article 9 (*Va. Code* § 58.1-390.1 et seq.).

**Extension Penalty**

If the PTET return is filed within the 6-month extension, but the electing PTE failed to pay 90% of the tax due by the original due date, then the PTE is subject to an extension penalty of 2% per month or fraction of a month thereof from the original due date through the date of filing of the return, the date of full payment, or the extended due date, whichever is earlier.

**Late Payment Penalty**

If the full amount is not paid when the return is filed, the late payment penalty will be assessed at the rate of 6% per month up to a maximum of 30% of the tax due:

- In the case of a Form 502PTET filed within the extension period, from the date of filing through the date of payment, or
- In the case of a Form 502PTET filed on or before the original due date of the return, from the date of the original return due date through the date of payment.

**Late Filing Penalty**

If the PTET return is filed after the extended due date or is not filed at all, the extension provisions do not apply and the PTE is subject to the late filing penalty (*Va. Code* § 58.1-455) equal to 30% of the tax due. In no case will the penalty for failure to file timely be less than \$100, and this minimum \$100 penalty applies whether or not tax is due for the period covered by the return. The late payment penalty does not apply to the extent that the taxpayer is already subject to the late filing penalty.

**Penalty for Fraudulent Returns**

Civil and criminal penalties may be imposed for filing a fraudulent return. The criminal penalty for filing a fraudulent return is a Class 6 felony (*Va. Code* §§ 58.1-451 and 58.1-452).

**Penalty for Returned Check or EFT Nonpayment**

If your bank does not honor your payment to the Department, the Department may impose a penalty of \$35, as authorized by *Va. Code* § 2.2-614.1. This penalty will be assessed in addition to other penalties due.

**Interest**

Interest on the unpaid balance of any tax and penalty is charged at the underpayment rate established by IRC § 6621, plus 2%, from the original due date until paid.

**Form 502PTET**

An electing PTE must file Form 502PTET to compute the Virginia income tax at the entity level. The checkbox on Form 502PTET, Page 1 must be marked in order to confirm the election and certify the consent of eligible owners. Once Form 502PTET is filed, the election is binding for that taxable year. See the line instructions for completing the Form 502PTET in the next section.

**The following schedules and forms must be submitted with Form 502PTET:**

• **Schedule PTET ADJ (Required)**

PTEs must report the entity’s total Pass-Through Entity Elective Tax on the Schedule PTET ADJ as a refundable credit amount passed through to eligible owners. This schedule is also used if the PTE is reporting other tax credits, subtractions, or additions to income.

• **Schedule(s) VK-1 (Required)**

PTEs must report the eligible owner’s pro rata share of Pass-Through Entity Elective Tax Payment Credit from Schedule PTET ADJ on the Schedule VK-1. This schedule is also required to report each owner’s share of income, Virginia modifications, and credits. A Schedule VK-1 for each owner must be included in the Form 502PTET e-File submission. [See the instructions for Schedule VK-1 in the Form 502 Instructions.](#)

**Note:** Ensure that the owner name, FEIN/SSN, and entity type listed on Schedule VK-1 matches the entity type of the return filed by the owner. For grantor trusts where no Form 770 is being filed, enter “**RES**” if the owner will file an individual Form 760 or Form 760PY resident return and “**NON**” if the owner will file an individual Form 763 return. Be sure to include the individual owner’s name and Social Security number on the Form VK-1 or VK-1 Consolidated. For all other grantor trusts, enter “**TE.**” The PTET credit can only be claimed by direct owners of the PTE. A PTET credit that is allocated to an estate or trust cannot subsequently be allocated to the beneficiaries.

• **Schedule 502A (Conditionally Required)**

If the PTE operates both within and without Virginia, the Schedule 502A must be attached to report allocation and apportionment of income. [See the instructions for Schedule 502A in the Form 502 Instructions.](#)

• **Federal Forms (Required)**

In addition to Virginia forms and schedules, PTEs are required to submit the PTE’s federal return of income, as filed with the IRS. This includes the federal Form 1120-S or Form 1065 with Schedule K. Do not include federal Schedules K-1, K-2, or K-3. The Form 1120-S or Form 1065 and the Schedule K must be submitted as a linked return. Do not attach PDFs to the Form 502PTET submission.

**Election Checkboxes**

- Mark the first box at the top of the form to certify the consent of eligible owners and election to pay Virginia income tax at the entity level for the taxable year.
- Mark the second box if the electing PTE is required to make withholding payments for nonresident corporate owners. These withholding payments must be reported on Page 2, Section II, Line 7(b) and will be added to the 5.75% pass-through entity tax.
- Also, mark the third box if the electing PTE does not conduct business in Virginia or have Virginia source income.

**Number and Types of Direct Owners**

**Line a – Number of Individual and Fiduciary Nonresident Eligible Owners**

Enter the total number of eligible owners that are not residents of Virginia. If the residency status is not known, enter the number of eligible owners whose address of record is not in Virginia.

**Line b – Number of Individual and Fiduciary Resident Eligible Owners**

Enter the total number of eligible owners that are residents of Virginia.

**Line c – Number of Ineligible Owners**

Enter the total number of resident or nonresident ineligible owners of the PTE.

**Line d – Number of Nonresident Corporate Owners for Which the PTE Is Required to Make Withholding Payments**

Enter the total number of nonresident corporate owners for which the PTE is required to make withholding payments. The amount of withholding payments must be reported on Page 2, Section II, Line 7(b).

**Note:** Lines 1-20 are based on the entire pass-through entity. See the [Form 502 Instructions](#) for guidance.

*All fields below are based on the eligible owners only. Any lines not mentioned below are self-explanatory.*

**Section I – Income Attributable to Eligible Owners**

Enter amounts in the appropriate column for eligible nonresident owners (Column A) and eligible resident owners (Column B). Virginia taxable income is the aggregate of each eligible owner's income from the PTE adjusted by any Virginia modifications. Only the pro rata or distributive share of income, gain, loss, or deduction attributable to eligible owners is subject to the pass-through entity tax. Virginia nonresident eligible owners are subject to tax on the pro rata or distributive share of the Virginia taxable PTE income and Virginia modifications.

If the electing PTE is an S corporation and has eligible owners who are nonresidents and residents, the electing S corporation has the option to compute its Virginia taxable income as if all of its owners are nonresidents. In such cases, the taxable income computation should be reported in the nonresident owner column on the Form 502PTET.

**Line 1 – Eligible Owners' Shares of Taxable Income**

Compute the eligible owners' shares of taxable income, including amounts from the 'Income' and 'Deductions' sections of the PTE's Schedule K (Form 1065 or Form 1120-S) as applicable for eligible Virginia resident and eligible nonresident owners. As a result, taxpayers should generally refer to the [Form 502 Instructions](#) for guidance in determining the eligible owners' shares of taxable income. However, unlike the computation of the nonresident withholding tax on Form 502, separately stated items of deduction are included when calculating each eligible owner's share of the PTE's taxable income on this form. For the purposes of the PTET, any separately stated item of deduction that is subject to a federal limitation, such as the deduction for charitable contributions and the Section 179 deduction, is limited to what is allowed under federal law for a C corporation.

**Line 2 – Eligible Owners' Shares of Additions**

Enter the total amount of additions attributable to PTE eligible owners from Form 502PTET, Page 1, Line 13.

**Line 4 – Eligible Owners' Shares of Subtractions**

Enter the total amount of subtractions attributable to PTE eligible owners from Form 502PTET, Page 1, Line 18.

**Line 5 – Virginia Taxable Income**

Subtract Line 4 from Line 3 and enter here. If Line 4 is greater than Line 3, enter zero.

**Line 6 – Total Virginia Taxable Income**

Add Line 5, Columns A and B. If the amount is negative, enter zero.

**Section II – Tax Calculation**

**Line 7 – Tax Calculation**

- **Line 7(a) – Pass Through Entity Tax.** Multiply the Virginia taxable income on Line 6 by the 5.75% tax rate. This is the amount of PTE elective tax credit that will be passed through to an electing PTE's eligible individual and fiduciary owners.
- **Line 7(b) – Withholding Tax Due for Nonresident Corporate Owners.** Enter the amount of withholding tax due for all nonresident corporate owners.

Add the amounts on Lines 7(a) and 7(b) and enter the amount on Line 7.

**Section III – Payments and Credits**

**Line 8 – Estimated Tax Paid**

Enter estimated tax paid for the taxable year.

**Line 9 – Extension Payment, Withholding Paid Prior to Return Filing, and Other Payments**

Enter the amount of any extension payment or other PTE tax payments made for the current taxable year. This may include any nonresident withholding payments that were made for ineligible owners, such as nonresident corporate owners. In addition, if nonresident withholding payments were made for eligible owners before the PTE made the PTET election, the PTE should report such withholding payment(s) on this line.

**Line 10 – Tax Credits**

The PTE may directly claim the refundable Motion Picture Production Tax Credit and the Research and Development Tax Credit. Report the tax credits that are to be credited or refunded directly to the pass-through entity as follows:

- **Line 10(a).** If the PTE opts to claim the Motion Picture Production Tax Credit refunded at the entity level, enter the amount of credit authorized by the Virginia Film Office within the Virginia Tourism Authority in their certification letter.
- **Line 10(b).** If the PTE opts to claim the Research and Development Tax Credit at the entity level, enter the amount of credit available.
- **Line 10(c).** Reserved future use.

Use Form TCA to allocate other credits not claimed on Form 502PTET.

**Section IV – Tax, Penalty, and Interest****Line 16 – Addition to Tax**

For Taxable Years beginning on and after 2023, an addition to tax may be required if estimated tax has been underpaid. Mark the checkbox on this line and enter the addition to tax amount calculated for underpayment of estimated tax on this line.

The addition to tax for the PTET is computed according to the corporate income tax calculation on Form 500C. For your convenience an Underpayment of Estimated Tax Worksheet is included on the following page for guidance when computing the underpayment, exceptions, and any additional charge.

**Line 17 – Penalty**

Refer to the Penalties section on Page 3 of these instructions and enter the total amount of any extension and late penalties due.

**Line 18 – Interest**

Enter the amount due at the underpayment rate established by IRC § 6621, plus 2%, from the original due date of the return until payment. This underpayment rate is subject to quarterly adjustment.

**Signature**

An owner, officer, or employee of the PTE who is authorized to act on behalf of the PTE in tax matters must sign the PTET return. By signing the return, the signer is declaring that they are the authorized representative of the PTE. Because the PTET return must be filed electronically, the return must be signed using the electronic signature procedures established by the Department. See the Department's website for more information.

**Schedule PTET ADJ Instructions**

**Note:** For items not specifically described below, refer to [Form 502, Schedule 502ADJ Instructions](#) for guidance.

**Section C, Part III, Line 10 – Pass-Through Entity Elective Tax Payment Credit**

Enter the total tax amount computed in Section II, Line 7a of Form 502PTET. This amount should equal the sum of the corresponding credit amounts reported on the participants' Schedules VK-1.

Form 500C

2024 Underpayment of Virginia

Department of Taxation
P.O. Box 1500
Richmond, VA 23218-1500

Estimated Tax by Corporations and
Electing Pass-Through Entities



FISCAL year filer or SHORT year filer: Enter beginning date 2024, and ending date, and check here

Name, Mailing Address, City or Town, State, and ZIP Code. Includes large watermark: INFORMATIONAL COPY Electronic Filing Required

Part I - How to Compute the Underpayment

Complete Lines 1 through 8, to determine whether or not the correct amount of estimated tax was paid by the proper due dates.

Table with 2 columns: Description and Amount. Line 1: Income tax reduced by allowable nonrefundable and refundable credits .00. Line 2: 90% of Line 1 .00.

Table with 5 columns: Description, (a), (b), (c), (d). Due Dates of Installments. Line 3: Enter 25% of Line 2 in Columns (a) through (d) .00. Line 4: Amounts paid or credited for each period .00. Line 5: Amount of 2023 overpayment credited against 2024 estimated tax .00. Line 6: Overpayment of previous installment .00. Line 7: Total (Add Lines 4, 5, and 6) .00. Line 8: Underpayment (or overpayment). Subtract Line 3 from Line 7 .00.

An overpayment of an installment in Line 8 in excess of all prior underpayments should be applied as a credit against the next installment.

Part II - Exceptions to the Additional Charge

If you meet any of the exceptions to the addition to the tax, complete Lines 9 through 12.

Table with 5 columns: Description, (a), (b), (c), (d). Line 9: Total amount paid or credited from the beginning of the taxable year through the installment dates that correspond to the 15th day of the 4th, 6th, 9th, and 12th months of your taxable year .00. Line 10: Exception 1 - Prior year's tax .00. Line 11: Exception 2 - Tax on prior year's income based on the facts shown on the prior year's return, but using current year's rates .00. Line 12: Exception 3 - Tax on annualized income (Enclose computation) .00.

There is no additional charge imposed on an underpayment shown in Line 8 for any installment date if by that date the taxpayer made the minimum payment determined under any of the exceptions reflected in the instructions.

Part III - Computation of the Additional Charge

If an underpayment of estimated tax is shown on Line 8 for an installment and an exception is not applicable, the additional charge should be computed by completing the portion(s) of this applicable to the installment(s).

Table with 5 columns: Description, (a), (b), (c), (d). Line 13: Amount of underpayment from Line 8 .00. Line 14: Enter the date of payment or the 15th day of the 4th month after the close of your taxable year, whichever is earlier. Line 15: Number of days from the due date of installment to the date shown on Line 14. Line 16: Additional charge (Rate of interest established in IRC § 6621, plus 2%, times the amount on Line 13 for the number of days shown on Line 15) .00. Line 17: Total charge. Add Columns (a) - (d), Line 16. Enter amount here and on Form 500, Line 20 or Form 502PTET, Section IV, Line 16. .00.

A payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment as computed in Line 3. If more than 1 payment for a given installment was made, enclose a schedule showing a separate computation for each payment.



# Instructions for 2024 Form 500C, Underpayment of Virginia Estimated Tax by Corporations and Electing Pass-Through Entities

## Purpose of Form

Form 500C is used by corporations filing Form 500 and electing pass-through entities (PTEs) filing Form 502PTET to determine whether they paid enough estimated tax, whether they are subject to the addition to the tax for underpayment of estimated tax, and, if so, the amount of the addition. Estimated tax is the expected income tax liability minus credits. A corporation or electing PTE must make estimated tax payments if it reasonably expects its tax liability to exceed \$1,000 for the taxable year.

## How to Use This Form

Complete Part I of Form 500C to find out if you have an underpayment for any of the 4 payment periods. If you have an underpayment on Line 8 (Column a, b, c, or d), go to Part II, Exceptions to the Additional Charge. If you do not meet any of the exceptions for a payment period, go to Part III, Computation of the Additional Charge. If you are using Form 500C either to figure the additional charge or to show that you qualify for any exception, include your computation with your Form 500 or Form 502PTET.

## Amended Return

If an amended return is filed, there is no adjustment allowed to the amount of addition to tax previously computed and paid.

For additional information, call (804) 367-8037, write to the Virginia Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115, or visit the Department's website, [www.tax.virginia.gov](http://www.tax.virginia.gov).

## Part I – How to Compute the Underpayment

Complete Lines 1 through 8 in Part I. On Line 4, be sure to include any withholding payments made by a pass-through entity on behalf of the corporation. If Line 8 shows an underpayment, complete Part II to see if any of the exceptions apply.

## Part II – Exceptions to the Additional Charge

You will not have to pay an additional charge if all of your estimated tax payments (Part II, Line 9) were made on time and were equal to or more than any one of the amounts figured as explained by the exceptions (Lines 10, 11, and 12) for the same payment period (Column a, b, c, or d). The exceptions to the additional charge are:

**Line 10 – Exception 1, Prior Year's Tax.** Generally, this exception applies if the corporation or electing PTE paid an amount that was equal to or more than the tax shown on its previous (2023) calendar or fiscal year return. However, the corporation or electing PTE must have filed an income tax

return showing a tax liability for the preceding taxable year and that taxable year must have consisted of 12 months.

**Line 11 – Exception 2, Tax on prior year's income using current year's rates** for Form 500 or Form 502PTET. Generally, this exception applies if the amount the corporation or electing PTE paid is equal to or greater than the tax figured by using the current year's rates but based on the facts shown on the prior year's return and the law that applies to the prior year. Your prior year's return does not have to show a tax liability.

**Line 12 – Exception 3, Tax on annualized income.** This exception applies if the estimated tax paid was equal to or more than 90% of the amount the corporation or electing PTE would owe if estimated tax was figured on annualized taxable income for the months preceding an installment date.

A corporation or electing PTE may annualize its income as follows:

- For the 1st 3 months, if the installment was required to be paid in the 4th month.
- For the 1st 3 months or for the first 5 months, if the installment was required to be paid in the 6th month.
- For the 1st 6 months or for the first 8 months, if the installment was required to be paid in the 9th month.
- For the 1st 9 months or for the first 11 months, if the installment was required to be paid in the 12th month.

To annualize income, multiply taxable income for the period by 12 and divide the result by the number of months in the period (3, 5, 6, 8, 9, or 11, as the case may be).

**Enclose your computation.**

## Part III – Computation of the Additional Charge

If no exception applies, complete Lines 13 through 17 to determine the amount of the additional charge. The charge is figured for the period of underpayment at the underpayment rate determined under IRC § 6621, plus 2%.

For the purpose of computing the additional charge, the underpayment rate established for the third month following the close of the taxable year shall also be applied to the first 15 days of the fourth month following the close of the taxable year.

**Line 17 – Total Columns 16 (a) through (d).** The total on Line 17 should be rounded to the nearest whole dollar amount. Enter the total here and on Form 500, Line 20 or Form 502PTET, Section IV, Line 16.



**2024 Virginia  
Form 502PTET**

**Pass-Through Entity  
Elective Income Tax Form**



**Important Note:** Form 502PTET and all corresponding schedules must be filed electronically. No paper submissions will be accepted. See the instructions for information on filing procedures.

FISCAL or SHORT Year Filer: Beginning Date \_\_\_\_\_, 2024; Ending Date \_\_\_\_\_, 20 \_\_\_\_\_

Check here to certify election to pay Virginia income tax at the entity level for the taxable year. If this box is not checked, the election will be invalid (see instructions).

Check here if electing PTE is required to make withholding payments for nonresident corporate owners (see instructions).

Also, check here if the electing pass-through entity does not conduct business in Virginia or have Virginia source income.

Check if:  Initial return  Amended return: Enter Reason Code \_\_\_\_\_  Close this account/Final Return  Name change

Address change  Change in fiscal year  Subject to Bank Franchise Tax  Certified Company Apportionment

**Pass-Through Entity Information (See Form 502 Instructions)**

FEIN	Date of Formation	Entity Type (see instructions)
Entity Name	Date Operations Began in Virginia	NAICS Code
Number and Street	State or Country Where Incorporated or Organized	Description of Business Activity
City or Town, State, and ZIP Code		

INFORMATIONAL COPY  
Electronic Filing Required

**Number and Types of Direct Owners**

a. Number of eligible individual and fiduciary nonresident owners.....	a.	
b. Number of eligible individual and fiduciary resident owners.....	b.	
c. Number of ineligible owners.....	c.	
d. Number of nonresident corporate owners for which the PTE is required to make withholding payments.....	d.	

**Distributive or Pro Rata Income and Deductions (See Form 502 Instructions)**

1. Total taxable income amounts.....	1.	.00
2. Total deductions.....	2.	.00
3. Tax-exempt interest income.....	3.	.00

**Allocation and Apportionment (See Form 502 Instructions)**

Check this box if electing the manufacturer's alternative method of apportionment.

4. Income allocated to Virginia from Schedule 502A, Section C, Line 2.....	4.	.00
5. Income allocated outside of Virginia from Schedule 502A, Section C, Line 3(e).....	5.	.00
6. Apportionable income from Schedule 502A, Section C, Line 4.....	6.	.00
7. Virginia apportionment percentage from Schedule 502A, Section B, percent from Line 1 or Line 2(f) or 100%.....	7.	%

**Virginia Additions – See Schedule PTET ADJ for Other Additions**

8. Conformity – depreciation.....	8.	.00
9. Conformity – other.....	9.	.00
10. Net income tax or other tax used as a deduction in determining taxable income.....	10.	.00
11. Interest on municipal or state obligations other than from Virginia.....	11.	.00
12. Total additions from enclosed Schedule PTET ADJ, Section A, Line 5.....	12.	.00
13. Total additions. Add Lines 8 through 12.....	13.	.00

**Virginia Subtractions – See Schedule PTET ADJ for Other Subtractions**

14. Conformity – depreciation.....	14.	.00
15. Conformity – other.....	15.	.00
16. Income from obligations of the United States.....	16.	.00
17. Total subtractions from enclosed Schedule PTET ADJ, Section B, Line 5.....	17.	.00
18. Total subtractions. Add Lines 14 through 17.....	18.	.00

**Virginia Tax Credits Passed Through to Owners**

19. Total nonrefundable credits from enclosed Schedule PTET ADJ, Section C, Part II, Line 1.....	19.	.00
20. Total refundable credits from enclosed Schedule PTET ADJ, Section C, Part IV, Line 1.....	20.	.00

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**2024 Virginia  
Form 502PTET**

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PTE Name \_\_\_\_\_

FEIN \_\_\_\_\_



**Section I – Income Attributable to Eligible Owners** (See Instructions)

- 1. Owners' shares of taxable income .....
- 2. Owners' shares of Virginia additions .....
- 3. Add Lines 1 and 2 .....
- 4. Owners' shares of Virginia subtractions .....
- 5. Virginia taxable income. Subtract Line 4 from Line 3 .....

	Column A Nonresident Owners	Column B Resident Owners
1.	.00	.00
2.	.00	.00
3.	.00	.00
4.	.00	.00
5.	.00	.00

**Section II – Tax Calculation**

- 6. Total Virginia taxable income: Add Line 5, Columns A and B (if negative, enter zero)..... 6.

7. Tax Calculation.

Tax	Amount
7a. Pass-Through Entity Tax: Multiply Line 6 by 5.75%.....	.00
7b. Withholding tax due for nonresident corporate owners. . .	.00

- Add amounts on Lines 7a and 7b and enter the total here. .... 7.

**Section III – Payments and Credits**

- 8. Estimated tax paid including any overpayment carried over from the prior year (see instructions) ..... 8.
- 9. Extension payment, withholding paid prior to return filing, and other payments ..... 9.

10. Tax credits.

Credit Name	Amount
10a. Motion Picture Production Tax Credit .....	.00
10b. Refundable Research and Development Tax Credit. . . .	.00
10c. Other. Enter name here: _____	Reserved

- Add amounts on Lines 10a, 10b, and 10c and enter the total here. .... 10.

- 11. Total payments and credits. Add Lines 8-10 ..... 11.

**Section IV – Tax, Penalty, and Interest**

- 12. Tax owed: if Line 7 is greater than Line 11, enter the difference ..... 12.
- 13. Overpayment amount: If Line 11 is greater than Line 7, enter the difference ..... 13.
- 14. Amount of Line 13 credited to next year's estimated tax. .... 14.
- 15. Net overpayment amount: Subtract Line 14 from Line 13. .... 15.
- 16. Addition to tax. Check this box to indicate that Form 500C is included in the electronic submission.  16.
- 17. Penalty. .... 17.
- 18. Interest. .... 18.
- 19. Total additional charges, penalties, and interest. Add Lines 16-18. .... 19.

**Section V – Amount Due or Refund**

- 20. **Amount owed.** If tax is owed on Line 12, add Lines 12 and 19. **–OR–**  
If Line 15 is less than Line 19, subtract Line 15 from Line 19. .... 20.
- 21. **Amount of refund.** If there is a net overpayment amount on Line 15, subtract Line 19 from Line 15. .... 21.

*I, the undersigned owner or authorized representative of the pass-through entity for which this return is made, declare under the penalties provided by law that this return (including any accompanying schedules, statements, and enclosures) has been examined by me and is, to the best of my knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the tax laws of the Commonwealth of Virginia. A preparer other than the authorized representative declares the same, and such declaration is based on all information of which he or she has any knowledge.*

By checking the box to the right, I (we) authorize the Department to discuss this return with the undersigned tax preparer.

Signature of Owner or Authorized Representative	Title	Date
Printed Name of Owner or Authorized Representative	Phone	
Individual or Firm, Signature of Preparer, Phone Number, and Address		Date
Printed Name of Individual or Firm	Preparer's FEIN, PTIN, or SSN	Approved Vendor Code

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**A Schedule VK-1 for each owner must be included in the Form 502PTET eFile submission.**

**2024 Schedule  
PTET ADJ**

**Virginia Pass-Through Entity  
Elective Income Tax  
Schedule of Adjustments**



FEIN	Name(s) as shown on Form 502PTET
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**SECTION A – Additions to Taxable Income**

		Code	Amount
1.			.00
2.			.00
3.			.00
4.			.00
5.	<b>Total Additions.</b> Add Lines 1-4.....		.00

**SECTION B – Subtractions From Taxable Income**

	Certification Number (if applicable)	Code	Amount
1.			.00
2.			.00
3.			.00
4.			.00
5.	<b>Total Subtractions.</b> Add Lines 1-4.....		.00

**SECTION C – Virginia Tax Credits**

*Enter the total amounts passed through to owners for each credit in Parts I through IV. For information on credits, see the Schedule CR Instructions.*

**Part I – Nonrefundable Credits**

1. State Income Tax Paid (see Form 502 instructions) .....	1.	.00
2. Neighborhood Assistance Act Tax Credit .....	2.	.00
3. Biodiesel and Green Diesel Fuels Tax Credit .....	3.	.00
4. Recyclable Materials Processing Equipment Tax Credit .....	4.	.00
5. Vehicle Emissions Testing Equipment Tax Credit .....	5.	.00
6. Major Business Facility Job Tax Credit .....	6.	.00
7. Waste Motor Oil Burning Equipment Tax Credit .....	7.	.00
8. Riparian Forest Buffer Protection for Waterways Tax Credit .....	8.	.00
9. Reserved for Future Use .....	9.	<del>.....</del>
10. Reserved for Future Use .....	10.	<del>.....</del>
11. Reserved for Future Use .....	11.	<del>.....</del>
12. Historic Rehabilitation Tax Credit .....	12.	.00
13. Land Preservation Tax Credit .....	13.	.00
14. Qualified Equity and Subordinated Debt Investments Tax Credit .....	14.	.00
15. Communities of Opportunity Tax Credit .....	15.	.00
16. Green and Alternative Energy Job Creation Tax Credit .....	16.	.00

2024 Schedule

PTET ADJ

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FEIN

Empty box for FEIN



17.	Farm Wineries and Vineyards Tax Credit	17.	.00
18.	International Trade Facility Tax Credit	18.	.00
19.	Port Volume Increase Tax Credit	19.	.00
20.	Barge and Rail Usage Tax Credit	20.	.00
21.	Livable Home Tax Credit	21.	.00
22.	Research and Development Expenses Tax Credit (If the taxpayer does not qualify for the refundable credit, see the instructions for Schedule CR or Schedule 500CR)	22.	.00
23.	Education Improvement Scholarships Tax Credit	23.	.00
24.	Major Research and Development Expenses Tax Credit	24.	.00
25.	Food Donation Tax Credit	25.	.00
26.	Worker Training Tax Credit	26.	.00
27.	Virginia Housing Opportunity Credit	27.	.00

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Part II – Total Nonrefundable Credits

1.	Add Part I, Lines 1-8, and 12-27. Enter on Form 502PTET, Page 1, Line 19.	1.	.00
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Part III – Refundable Credits

1.	Agricultural Best Management Practices Tax Credit	1.	.00
2.	100% Coalfield Employment Enhancement Tax Credit from 2024 Form 306D, Part II, Section 1, Line 1	2.	.00
3.	Full Credit: Enter amount from 2024 Form 306D, Part II, Section 2, Line 3	3.	.00
4.	85% Credit: Enter amount from 2024 Form 306D, Part II, Section 3, Line 5	4.	.00
5.	Total Coalfield Employment Enhancement Tax Credit allowable this year. Add Part III, Lines 3 and 4	5.	.00
6.	Reserved for Future Use	6.	
7.	Motion Picture Production Tax Credit	7.	.00
8.	Research and Development Expenses Tax Credit	8.	.00
9.	Conservation Tillage and Precision Agriculture Equipment Tax Credit	9.	.00
10.	Pass-Through Entity Elective Tax Payment Credit	10.	.00

Part IV – Total Refundable Credits

1.	Add Part III, Lines 1, 5, and 7-10. Enter on Form 502PTET, Page 1, Line 20.	1.	.00
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Attach Schedule PTET ADJ to the Form 502PTET, Pass-Through Entity Elective Income Tax Form.