



MISSOURI DEPARTMENT OF
REVENUE
 2023 Schedule PTE- BD Missouri Business Income Deduction

(MM/DD/YY) (MM/DD/YY)

Missouri Tax I.D. Number

Federal Employer I.D. Number

Charter Number

Name

Complete this schedule when computing the Missouri Business Income Deduction on Form MO-PTE. See [Section 143.436, RSMo.](#)

Lines 1-7 correspond to the lines with the same titles on Schedule K of the Federal Form 1065 or 1120-S.

	(A) Federal Schedule K	(B) Portion Reportable to Individual Owners	(C) Portion of Column (B) from Missouri Sources
1. Ordinary Business Income (Loss)	00	00	00
2. Net Rental Real Estate Income (Loss)	00	00	00
3. Other Net Rental Income (Loss).....	00	00	00
4. Partnerships Only - Guaranteed Payments (Total)	00	00	00
5. Other Income (Loss) (See Instructions)	00	00	00
6. Section 179 Deduction	00	00	00
7. Other Deductions (See Instructions)	00	00	00
8. Missouri Source Net Profit – Total of Column (C), Lines 1 -7, reduced by any negative amounts, but not below \$0.....			00
9. Allowable Business Income Deduction – Multiply Line 8, Column C by 20% Enter here and on Form MO-PTE , Line 8.....	00		

Instructions

These instructions are for guidance purposes and do not state the complete law.

Column (A) — Except for Schedule PTE-BD Lines 5 and 7, copy amounts with the same description from Federal Form 1065 or 1120S, Schedule K. Schedule PTE-BD, Lines 1 through 4 and 6, are derived from lines with a corresponding description on Federal Form 1065 or 1120S, Schedule K. However, do not include on Column (A), Lines 1 through 7, any business income that would, ignoring Section 143.022, RSMo, be subtractable or deductible for individual partners or shareholders in arriving at their Missouri taxable incomes. For example, do not include the amount of income received as a payment from a program which provides compensation to agricultural producers who have suffered a loss as the result of a disaster or emergency. (See [Section 143.121.3\(10\), RSMo](#), for examples of such programs.)

Column (B) — Enter the amount from Column (A) that was reportable to individual members, including entities that are disregarded as separate from individuals for Missouri income tax purposes. You may reference the Schedule K-1s issued to individual members of the pass-through entity for this purpose.

Column (C) — Each amount in Column (B) must be analyzed to determine whether it is derived from Missouri sources (see instructions). Enter only the Missouri-sourced portion of Column (B) onto Column (C).

Instructions for Lines 5 and 7

Items reported as Other Income or Other Deductions are only includable on Line 5 or Line 7 of Schedule PTE-BD if they would, hypothetically, increase or decrease the amount to be reported by individual partners or shareholders on:

- Form 1040, Schedule E, Part II, Line 32;
- As total combined profit on Form 4835;
- As total combined profit on Form 1040, Schedule C; or
- As total combined profit on Form 1040, Schedule F.

For partnerships, in addition to Other Deductions, also include on Line 7 any items reported on Form 1065, Schedule K, Lines 13c or 13d that satisfy the above-described criteria. When completing this schedule, if the inclusion of an item in determining Form 1040, Schedule E, Line 32, or the total combined profit reported on Form 1040, Schedule C or F or Form 4835, depends on an election or circumstance applicable only at the individual shareholder or individual partner level, assume the election or circumstance applies if it would tend decrease business income reportable on this schedule, and assume the election or circumstance does not apply if the election or circumstance would tend to increase business income reportable on this schedule.

Example: The extent to which Internal Revenue Code Section 59(e)(2) expenditures impacts an individual partner's amount reported on Form 1040, Schedule E, Part II, Line 32 depends upon an election by the particular partner (deduction in full or amortization), as well as the partner's circumstances (material participation). Because this item tends to decrease business income reportable on this schedule, hypothetically assume for this purpose that all individual partners materially participate in the business and have elected to deduct Internal Revenue Code Section 59(e)(2) expenditures in full.

Line 8 — Total of Column (C), reduce the total by any negative amounts, but not below \$0.

Line 9 — Multiply Line 8, total of Column (C) by 20%. Enter amount on Line 9 and on Form MO-PTE Line 8.

Missouri Source Instructions for Column (C)

Items of partnership or S corporation income, gain, loss, and deduction must be analyzed to determine the extent to which they are from Missouri sources. The source of income is the place where the income is produced. An item is from Missouri sources if the item was produced by an overall effort centered in Missouri. In general, if the 'brains' of the operation resulting in the item are located in Missouri, that item is from Missouri sources. Also, an item of income or deduction from a partnership or S corporation business is wholly attributable to Missouri if the business is only carried on in Missouri. For rental income, where the rental property is located outside of Missouri and the management is exercised outside of Missouri, that income is not from Missouri sources.

Note: For partnerships, these instructions assume that the income or loss reportable to an individual partner is based on "their share of ownership of the business" as that phrase is used in [Section 143.022.3, RSMo](#)."