KKR & Co. L.P. ("KKR")

Frequently Asked Questions

Tax Year 2017

When will my 2017 KKR K-1 be available?

As in prior years, access to the TaxWeb secure K-1 website and the KKR K-1 Call Center will go live immediately upon release of the K-1's which is expected to be on or before March 31, 2018. The K-1 packages will be printed and mailed in early April 2018 although unanticipated events may cause printing and mailing to be delayed beyond that date. We cannot guarantee that you will receive your K-1 package before April 17th which may require you to file for an extension.

I cannot wait for the hard copy of my K-1. What can I do?

You will be able to access a pdf version of your K-1 on the secure website hosted by a third-party provider once that site goes live (see above). A link to that website can be found in the Investor Relations section of the KKR website.

You may also contact the K-1 Call Center as follows:

Tax Package Support
P.O. Box 799060
Dallas, TX 75379
(800) 973-7631 (within the U.S.)
(972) 248-5396 (outside the U.S.)

There is a problem with the SSN / Address / # of Units Owned, etc. on my K-1. What can I do?

Your Schedule K-1 was prepared based upon information provided by your bank or broker. Changes to this information should be requested through them. Changes may also be requested by contacting Tax Package Support at the address above.

Changes reported to Tax Package Support are generally made within 24 hours and a revised Schedule K-1 will be issued at that time as well.

I represent a tax-exempt entity which owns KKR units. Does KKR generate UBTI?

Yes. Please refer to the detailed statements attached to your Schedule K-1.

I represent a Non-U.S. entity which owns KKR units. Does KKR generate Effectively Connected Income ("ECI")?

Yes. Please refer to the detailed statements attached to your Schedule K-1.

I represent a mutual fund ("RIC" or "Investment Company"). Does KKR meet the definition of "Qualified PTP"?

We do not believe that the nature of KKR's income and assets would allow KKR to be treated as a Qualified PTP for the 2017 tax year.

Where's my Form 1099?

KKR does not issue Form(s) 1099 to its unitholders. Although KKR is publicly traded, it is a limited partnership for U.S. federal tax purposes, not a corporation. KKR's common and preferred units represent limited partnership interests in a partnership and not shares in a corporation.

As a partner in a partnership, you are taxed on your allocable share of KKR's income, irrespective of whether cash distributions are made to you.

Your allocable share of KKR's income, gain, loss, deduction, credits and cash distributions are reported to you annually on IRS Schedule K-1.

I am unclear about the nature of the cash payments made by KKR during 2017.

Detailed information concerning KKR's cash distributions can be found in the "Distribution History" section of our website.

Please note that although commonly referred to as "dividends," cash payments made by KKR to its unitholders are considered partnership distributions under U.S. tax law.

Do these payments cover tax liabilities that arise from my share of KKR's taxable income?

There can be no assurance that the cash distributions made will be sufficient to cover tax liabilities associated with an investor's share of KKR's taxable income.

Are these payments subject to U.S. withholding?

While distributions from partnerships are generally not subject to U.S. withholding, certain types of U.S. source income which are allocable to non-U.S. persons are subject to U.S. withholding. Any such withholding should be reported to you on Form 1042-S by the bank or broker through whom you own your units.

I am a non-U.S. unitholder or a nominee/withholding agent responsible for administering withholding with respect to non-U.S. unitholders of KKR units. Where can I find additional information about KKR's cash distributions and the components thereof?

When KKR declares a quarterly cash distribution to its unitholders, KKR releases to its transfer agents and other nominees, a Qualified Notice which indicates those components of the quarterly distributions which would attract U.S. withholding. Copies of those notices are available in the "Distribution History" section of Investor Relations area of KKR's website.

The trading price of KKR units has dropped since I purchased those units. Why do I owe tax?

As a partner in a partnership, you are taxed on your allocable share of KKR's income, irrespective of whether cash distributions are made to you. The taxable income or loss reported to you on Schedule K-1 must be taken into account during your current tax year with corresponding adjustments to your tax basis in your units. Gain or loss (computed after adjustments to basis) should also be taken into account when you dispose of KKR units. You should consult your tax advisor with respect to the reporting of taxable income allocated to you and the adjustments to your tax basis in your units.

Is KKR a Passive Foreign Investment Company ("PFIC")?

No. However, during 2017, KKR held indirect interests in numerous entities which were treated as PFICs for U.S. tax purposes.

Effective July 15, 2010, KKR has made qualified electing fund ("QEF") elections with respect to its PFIC interests by filing Forms 8621 on behalf of its unitholders. PFIC activity occurring after that date has been included in the taxable income reported on your Schedule K-1.

Unitholders who acquired KKR units on or after July 15, 2010 need not file Form 8621 with respect to PFIC interests owned by KKR and may disregard the PFIC annual intermediary statements attached to the Schedule K-1.

Does my investment in KKR units subject me to U.S. state tax filing requirements?

During tax year 2017, KKR invested in oil and gas and real estate investments which gave rise to income in various states. Please refer to the detailed State Schedule in your Schedule K-1.

Why did I receive a Schedule K-1 from my retirement plan's account?

Federal tax law requires that a Schedule K-1 be sent to every unitholder that held a partnership interest during the tax year. If units are held in a tax advantaged retirement account (Roth IRA, Traditional IRA, 401(k), etc.), amounts reported on the Schedule K-1 are generally not reportable on your income tax return.

However, current law requires IRAs and other tax-exempt entities with more than $1,000 of gross UBTI to file a tax return (Form 990-T). This form may be filed by the Custodian of your account. The account will only owe taxes if its UBTI is greater than $1,000. You should contact the Custodian of your account to determine who is responsible for filing the appropriate tax forms.

What is IRC Section 1411 and how does it impact my K-1?

Code Section 1411 imposes a 3.8% surtax on certain passive investment income of individuals, trusts and estates. Your share of income reported in this Schedule K-1 and any gain on the sale of KKR units may be subject to the surtax. Generally, gross income derived from a trade or business that is a passive activity to the taxpayer is included in net investment income subject to the surtax. You should consult your tax advisor concerning the impact of Code Section 1411 to you.

I invested in the KKR & Co. L.P. 6.75% Series A Preferred and/or KKR & Co. L.P. 6.50% Series B Preferred Units. What are my tax implications?

KKR specially allocates to holders of the Preferred Units gross income in an amount equal to the distributions paid in respect of the Preferred Units during the taxable year. The gross income allocated to a holder of Preferred Units will consist of income other than capital gain and generally have the same character as KKR's gross income (e.g., interest, dividends, rents from real property, royalty income, unrelated business taxable income, etc.) allocated to its Common unitholders.

What is the distribution policy for KKR's Series A and Series B Preferred Units?

Distributions on the Preferred Units will be made quarterly on the 15th of March, June, September, and December, when, as, and if declared by KKR's board of directors at a rate per annum equal to 6.75% and 6.50% of the $25 liquidation preference per unit respectively. The liquidation preference per unit for the purpose of calculating distributions will not be adjusted for any changes to the capital account balance per unit.