Partnership Overview, Tax Information & FAQs

About Publicly Traded Partnerships (PTP)

The PTP structure is an attractive business form for us because it allows the Partnership to pay out the majority of its earnings to its owners without first paying significant federal and state income taxes at the entity level, avoiding what is known in the corporate form as double taxation of earnings. The Partnership is, however, subject to a tax on its gross income to retain the PTP status.

Overview of Unitholder Ownership

Ownership of Cedar Fair units is different from an investment in corporate stock. Cash distributions made by the Partnership are treated as a reduction of basis and are generally not taxable. Instead, unitholders must pay tax only on their pro rata share of the Partnership's taxable income, which is generally lower. The Partnership provides the tax information necessary for filing each unitholder's federal, state and local tax returns on I.R.S. Schedule K-1 in early March each year. You may view your individual tax reporting package through this website each year when it is available in early March through December 31.

Tax Effects of PTP Ownership

The tax consequences to a particular unitholder will depend on the circumstances of that unitholder; however, income from the Partnership may not be offset by passive tax losses from other investments. Prospective unitholders should consult their tax or financial advisors to determine the federal, state and local tax consequences of ownership of our limited partnership units.

Ownership of limited partnership units by IRA's, pension and profit-sharing plans and other tax-exempt organizations, non-resident aliens, foreign corporations and other foreign persons, and regulated investment companies may require different tax reporting than corporate stock.

How is Cedar Fair different from a corporation?

Cedar Fair is structured as a Master Limited Partnership (MLP), as opposed to a corporation. MLP's are businesses that are taxed at the unitholder level and generally not subject to federal or state income tax. Annual income, gains, losses, deductions or credits of the MLP pass through to its unitholders, and are then allocated to each unitholder based on the number of units held and their acquisition date. This information is presented annually to the unitholder on a Schedule K-1.

Why is the Company structured as a partnership versus a corporation?

The MLP structure is an attractive business form for Cedar Fair because it allows the Partnership to pay out the majority of its earnings to its owners without first paying significant federal and state taxes at the entity level, avoiding what is known in the corporate form as double taxation of earnings. Beginning in 1998, certain eligible partnerships are required to pay a 3.5% excise tax on its gross income in order to retain its MLP status.

Did Cedar Fair have a stock split?

In November of 1997, Cedar Fair had a two-for-one stock split.

What is the unitholder's Schedule K-1?

Schedule K-1 is an information reporting tax form instead of a Form 1099 that corporate stockholders receive.

When can I expect to receive my K-1?

Schedule K-1's are expected to be mailed by early March of each year. Your yearly K-1 and Tax Information will also be available online in early March. All you need is your social security number or tax ID and the last name or company name on the account to enter the secure K-1 website. If you are unable to access your tax information, please contact our Investor Relations office at 419-627-2233 or investing@cedarfair.com.

How do I request a duplicate copy of a K-1?

To request a duplicate K-1, simply contact our Investor Relations office by mail at One Cedar Point Drive, Sandusky, Ohio 44870; by phone at (419) 627-2233; or e-mail at investing@cedarfair.com. You will need to provide the name on the account and a social security number or tax identification number.

All tax information will be mailed in early March. You will also be able to view your Tax Package and Schedule K-1 through the internet when the information becomes available. All you need is your social security number or tax ID and the last name or company name on the account to enter the secure K-1 website. If you are unable to access your tax information, please contact our Investor Relations office at 419-627-2233 or investing@cedarfair.com.

Do partners receive dividends?

Partners receive cash distributions rather than dividends. The cash distributions generally are not taxable as long as the unitholder's tax basis remains above zero. The cash payments a partner receives are considered return of capital.

Does Cedar Fair's distribution consist of effectively connected income (ECI) with a U.S. business?

There are income tax withholding requirements relating to cash distribution paid to foreign partners. 100% of income from the partnership is considered effectively connected income.

Why did I get a Schedule K-1 on my IRA account?

Federal tax law requires that a Schedule K-1 be sent to every unitholder. If units are held by an IRA account, amounts reported on the IRA's Schedule K-1 are not reportable on your individual return.

Current law requires IRAs and tax-exempt entities with more than $1,000 of Unrelated Business Gross Income to file a special tax return (Form 990-T). This is a form that may be filed by the Custodian of the IRA account. You should contact the Custodian of your IRA account to determine who is responsible for filing the appropriate tax forms. (Note: The IRA, however, will only owe taxes if its Unrelated Business Taxable Income is more than $1,000.) Please consult your tax advisor or IRA custodian for further detail.

Are cash distributions reported as taxable income?

Generally, no. A distribution is most often treated as a non-taxable "return of capital"--that is, payback on your investment. Distributions reduce the tax basis of your partnership units but are not taxable until they exceed the tax basis of your units.

If distributions are generally not taxable, is a PTP investment tax-free until I sell it?

As a limited partner, you will be allocated your proportionate share of Cedar Fair's income and gain. You will also be allocated a proportionate share of the partnership's deductions (such as depreciation), losses and credits. The deductions may offset much, and in some cases all, of the income. All of these amounts should be reported on the limited partner's tax return based on the I.R.S. instructions to the Schedule K-1 and instructions in the annual tax booklet in order to determine their ultimate tax impact.

What happens when my units are sold?

When you sell your units, the difference between the sales price and the adjusted tax basis equals the taxable gain (or loss). If you've owned your units for more than one year, some of the gain from selling the interest will be taxed at the capital gains tax rate. That portion of the gain that results from adjustment of the basis after the allocation of depreciation or other deductions will be taxed at the ordinary income tax rate.

What if the income and deductions on my K-1 come out to a net loss?

The net loss of an MLP is considered a "passive loss" and cannot currently be deducted from your other taxable income. However, you can carry the loss forward into future tax years and use it to reduce future taxable income from the same partnership. If any of the loss is left over when you sell all of your units, you can deduct it from your other income that year.

Can I use the income I'm allocated by Cedar Fair to offset some of my passive losses from other investments?

No. Passive income from an MLP may only be offset by passive losses from the same partnership, and passive losses from the partnership may not be offset against passive income from another investment. However, if the result of netting the partnership's passive income and loss is net income, it is then considered portfolio income, and other investment expenses may be deducted from it.

How do I determine my tax basis in my units?

Your tax basis starts with the acquisition cost, the amount paid at purchase. The basis is increased each year by the amount of flow-through income reported to you as a partner on the Schedule K-1, and is decreased each year by the amount of flow-through losses and distributions received. Accordingly, an investor's basis in a partnership will increase or decrease from year to year. The ending capital account balance that appears on each annual Schedule K-1 may be a reasonable approximation of a partner's basis at year-end.

Can Cedar Fair, L.P. provide me with my initial cost basis?

No, that information is not maintained by Cedar Fair. For individual cost-basis information, please contact your broker or the transfer agent holding your investment account.

Other than reporting income or loss from the Partnership on my federal tax return, are there any other reporting requirements?

Yes. You may be required to report certain items of the Partnership's income or loss on various state and local tax returns. You should contact your tax advisor to understand these additional filing requirements.

What if I have additional tax-related questions?

Please contact your qualified tax professional for guidance.