

# 2013

## Instructions for Form 1065-B

U.S. Return of Income for Electing Large  
Partnerships

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Volume 3 of 3



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Generally, any person who holds an interest in a partnership as a nominee for another person must furnish to the partnership the name, address, etc., of the other person.

On each Schedule K-1, enter the names, addresses, and identifying numbers of the partner and partnership and the partner's distributive share of each item.

For an individual partner, enter the partner's social security number (SSN) or individual taxpayer identification number (ITIN). For all other partners, enter the partner's EIN.

However, if a partner is an individual retirement arrangement (IRA), enter the identifying number of the custodian of the IRA. Do not enter the SSN of the person for whom the IRA is maintained.

Foreign partners without a U.S. taxpayer identifying number should be notified by the partnership of the necessity of obtaining one. Certain aliens who are not eligible to obtain an SSN can apply for an ITIN on Form W-7, Application for IRS Individual Taxpayer Identification Number.

If a married couple each had an interest in the partnership, prepare a separate Schedule K-1 for each of them. If a married couple held an interest together, prepare one Schedule K-1 if the two of them are considered to be one partner.

Use the codes listed under the instructions for *Box 9 Codes (Schedule K-1)* to report various items. If more space is needed, include the information in an attachment to box 9.

**Due date.** Unlike other partnerships, an ELP must provide a Schedule K-1 to each partner by the first March 15 following the close of the partnership's tax year. For calendar year 2013 partnerships, the due date is March 17, 2014.

## **Partner's Share of Liabilities (Schedule K-1)**

Enter each partner's share of:

- Nonrecourse liabilities,
- Partnership-level qualified nonrecourse financing, and Other liabilities.

“Nonrecourse liabilities” are those liabilities of the partnership for which no partner bears the economic risk of loss. The extent to which a partner bears the economic risk of loss is determined under the rules of Regulations section 1.752-2. Do not include partnership-level qualified nonrecourse financing (defined below) on the line for nonrecourse liabilities.

If the partner terminated his or her interest in the partnership during the year, enter the share that existed immediately before the total disposition. In all other cases, enter it as of the end of the year.

If the ELP is engaged in two or more different types of at-risk activities, or a combination of at-risk activities and any other activity, attach a statement showing the partner's share of nonrecourse liabilities, partnership-level qualified nonrecourse financing, and other liabilities for each activity. See Pub. 925, *Passive Activity and At-Risk Rules*, to determine if the partnership is engaged in more than one at-risk activity.

The at-risk rules of section 465 generally apply to any activity carried on by the

partnership as a trade or business or for the production of income. These rules generally limit the amount of loss and other deductions a partner can claim from any partnership activity to the amount for which that partner is considered at risk. However, for partners who acquired their partnership interests before 1987, the at-risk rules do not apply to losses from an activity of holding real property the partnership placed in service before 1987. The activity of holding mineral property does not qualify for this exception. Identify on an attachment to Schedule K-1 the amount of any losses that are not subject to the at-risk rules.

If the ELP is engaged in an activity subject to the limitations of section 465(c)(1) (such as films or videotapes, leasing section 1245 property, farming, or oil and gas property), give each partner his or her share of the total pre-1976 losses from that activity for which there existed a corresponding amount of nonrecourse liability at the end of each year in which the losses occurred. See Form 6198, At-Risk Limitations, and related instructions for more information.

Qualified nonrecourse financing secured by real property used in an activity of holding real property that is subject to the at-risk rules is treated as an amount at risk.

“Qualified nonrecourse financing” generally includes financing for which no one is personally liable for repayment that is borrowed for use in an activity of holding real property and that is loaned or guaranteed by a federal, state, or local government or that is borrowed from a “qualified” person. Qualified persons include any person actively and regularly engaged in the business of lending money, such as a bank or savings and loan association. Qualified persons generally do not include related parties (unless the nonrecourse financing is commercially reasonable and on substantially the same terms as loans involving unrelated persons), the seller of the property, or a person who receives a fee for the partnership's investment in the real property. See section 465 for more information on qualified nonrecourse financing.

The partner as well as the partnership must meet the qualified nonrecourse rules.

Therefore, the partnership must enter on an attached statement any other information the partner needs to determine if the qualified nonrecourse rules are also met at the partner level.

**Note.** The following line numbers correspond with Schedule K. However, each line instruction also provides reporting information for Schedule K-1. Letter codes are listed under *Box 9 Codes (Schedule K-1)* for entries in box 9 of Schedule K-1.

## **Line 1. Taxable Income (Loss) From Passive Loss Limitation Activities**

Enter the amount from Form 1065-B, page 1, line 25, on Schedule K, line 1a. Enter the income or (loss) without reference to **(a)** the basis of the partners' interests in the partnership, **(b)** the partners' at-risk limitations, or **(c)** the passive activity limitations. These limitations, if applicable, are determined at the partner level.

Allocate the income (loss) from passive loss limitation activities (line 1a of Schedule K) to interests held as a general partner as follows.



**Step 1.** Allocate the amount reported on line 1a to the following categories.

Trade or business activities. Rental real estate activities. Other rental activities.

**Step 2.** Report on lines 1b(1), 1b(2), and 1b(3) of Schedule K that portion of each amount from Step 1 that will be allocated to interests held as a general partner (the combined distributive shares and any separate allocations for all general partner interests).

General partners in an ELP must separately account for any items attributable to passive loss limitation activities to the extent necessary to comply with the passive activity rules.

Because general partners must comply with the passive activity rules, report the information on lines 1b(1), 1b(2), and 1b(3) of Schedule K separately for each activity of the partnership using Codes A1, B1, and C1 in box 9 of Schedule K-1. The remaining amount on line 1d of Schedule K is reported in box 1 of Schedule K-1 for limited partners (including

interests held as a limited partner by general partners).

## **Line 2. Taxable Income (Loss) From Other Activities**

On Schedule K, line 2, enter the amount from Form 1065-B, Part II, line 13. Report amounts for both general and limited partners in box 2 of Schedule K-1.

## **Line 3. Qualified Dividends**

Enter the qualified dividends from other activities from Form 1065-B, Part II, line 2b. Report amounts for both general and limited partners in box 3 of Schedule K-1.

## **Line 4a. Net Capital Gain (Loss) From Passive Loss Limitation Activities**

Enter the net capital gain or (loss) from passive loss limitation activities from Schedule D (Form 1065-B), line 21. Report the amount allocated to interests held as a limited partner in box 4a of Schedule K-1.

Because general partners must comply with the passive activity rules, report the line 4a

amount allocated to interests held as a general partner separately for each activity using Codes A2, B2, and C2, in box 9 of Schedule K-1.

## **Line 4b. Net Capital Gain (Loss) From Other Activities**

Enter the net capital gain (loss) from other activities from Schedule D (Form 1065-B), line 24. Report this amount to all partners in box 4b of Schedule K-1.

## **Lines 5 and 6**

For an ELP, the alternative minimum tax (AMT) adjustments and preferences are combined at the partnership level. The partnership computes net AMT adjustments separately for passive loss limitation activities and other activities.

In determining a partner's alternative minimum taxable income, a partner's distributive share of any net AMT adjustment is taken into account instead of making separate AMT adjustments for different partnership items. The net AMT adjustment is

determined by using the adjustments and preferences applicable to individuals for partners other than corporations, and by using the adjustments and preferences applicable to corporations for corporate partners. See Form 6251, Alternative Minimum Tax—Individuals, and Form 4626, Alternative Minimum Tax—Corporations, to figure the partnership's AMT adjustments and preferences.

The net passive AMT adjustment is reported on line 5 of Schedule K and in box 5 of Schedule K-1 for interests held as a limited partner. Because general partners must comply with the passive activity rules, report the amounts allocated to interests held as a general partner separately for each activity in box 9 using Codes A5, B7, and C5.

The net other AMT adjustment is reported on line 6 of Schedule K and in box 6 of Schedule K-1 for all partners.

## **Line 7. Guaranteed Payments to Partners**

Guaranteed payments to partners include:

- Payments for salaries, health insurance, and interest deducted by the partnership and reported on Form 1065-B, Part I, line 13; on a statement attached to line 5, Part I; or on Form 8825;
- Compensation deferred under a section 409A nonqualified deferred compensation plan that does not meet the requirements of section 409A reported on line 15 of Schedule K; and
- Payments the partnership must capitalize. See the instructions for Part I, line 13.

Report guaranteed payments to the partners receiving them in box 9 of Schedule K-1 using Code F.



*The transfer of property to a partner as part or all of a guaranteed payment is a sale or exchange of property and must be reported on Schedule D of the Form 1065-B. See Rev. Rul. 2007-40, 2007-25 I.R.B. 1426 for details.*

## Line 8. Income From Discharge of Indebtedness



*Do not include on line 8 any income from discharge of indebtedness for which the partnership has made the election to defer income from the cancellation of the debt. See Election to defer income from cancelled debt, earlier.*

Income from the discharge of indebtedness is separately reported to each partner. In addition, the section 108 rules governing the income are the same as for other partnerships.

Enter the income from discharge of indebtedness on line 8 of Schedule K and in box 9 of Schedule K-1 for each partner using Code G.

**Note.** Include the amount of income the partnership must recognize for a transfer of a partnership interest, after October 21, 2004, in satisfaction of a partnership debt when the debt relieved exceeds the FMV of the partnership interest. See section 108(e)(8) for more information.

## **Line 9. Tax-Exempt Interest Income**

Enter tax-exempt interest income, including any exempt-interest dividends received from a mutual fund or other regulated investment company. Individuals must report this amount on line 8b of Form 1040. The adjusted basis of the partner's interest is increased by the amount shown on this line under section 705(a)(1)(B). Report this amount to partners in box 9 of Schedule K-1 using Code H.

## **Line 10. General Credits**

The term "general credits" means any credit, other than the low-income housing credit, the rehabilitation credit from rental real estate activities, and the foreign tax credit.

General credits are separately reported to partners as a single item. A partner's distributive share of general credits is taken into account as a current year general business credit. The tax liability limit for the general business credit is applied at the partner level.

Combine the following credits and report them under “general credits” on line 10.

- Credit for backup withholding on dividends, interest, and other types of income.
- Qualified railroad track maintenance credit (Form 8900).
- Investment credit (other than rehabilitation credits from rental real estate activities) (Form 3468).
- Work opportunity credit (Form 5884).
- Biofuel producer credit (Form 6478).
- Credit for increasing research activities (Form 6765).
- Disabled access credit (Form 8826).
- Renewable electricity, refined coal, and
- Indian coal production credit (Form 8835).
- Empowerment zone employment credit (Form 8844).
- Indian employment credit (Form 8845).



- Credit for employer social security and
- Medicare taxes paid on certain employee tips (Form 8846).
- Orphan drug credit (Form 8820).
- Biodiesel and renewable diesel fuels credit (Form 8864).
- New markets credit (Form 8874).
- Credit for small employer pension plan startup costs (Form 8881).
- Credit for employer-provided childcare facilities and services (Form 8882).
- Low sulfur diesel fuel production credit (Form 8896).
- General credits from other ELPs.
- Distilled spirits credit (Form 8906).
- Nonconventional source fuel credit (Form 8907).
- Energy efficient home credit (Form 8908).
- Energy efficient appliance credit (Form 8909).

- Alternative motor vehicle credit (Form 8910).
- Alternative fuel vehicle refueling property credit (Form 8911).
- Credit to holders of tax credit bonds (Form 8912).
- Mine rescue team training credit (Form 8923).
- Agricultural chemicals security credit (Form 8931).
- Credit for employer differential wage payments (Form 8932).
- Carbon dioxide sequestration credit (Form 8933).
- Qualified plug-in electric drive motor vehicle credit (Form 8936).
- Credit for small employer health insurance premiums (Form 8941).

**Exception.** The refundable credit for federal tax paid on fuels and the refund or credit for tax paid on undistributed capital gains of a RIC or a REIT are claimed by the partnership.

Therefore, they are not separately reported to partners.

General credits are reported as a single figure on line 10 of Schedule K and are reported in box 7 of Schedule K-1 for limited partners.

However, for general partners, credits allocable to passive loss limitation activities must be separately stated for each trade or business activity, rental real estate activity, and rental activity other than rental real estate. Provide this information to general partners in box 9 of Schedule K-1 using Codes A4, B4, and C4 so they can comply with section 469. Also, if general business credits are included on the Schedule K-1, provide the partners the information needed to show that the ELP meets the requirements of section 38(c)(5) (C).

## **Line 11. Low-Income Housing Credit**

Section 42 provides a credit that can be claimed by owners of low-income residential rental buildings. To qualify for this credit, the partnership must file Form 8609, Low-Income Housing Credit Allocation and Certification, separately with the IRS. Do not attach Form

8609 to Form 1065-B. Complete and attach Form 8609-A, Annual Statement for Low-Income Housing Credit, and Form 8586, Low-Income Housing Credit, to Form 1065-B.

Report this credit for buildings placed in service before 2008 on line 11. If part or all of the credit is for buildings placed in service after 2007, enter "STMT" on line 11 and attach a statement showing separately the amount of the credit for buildings placed in service after 2007, and the amount of the credit for buildings placed in service before 2008.

**Schedule K-1.** For limited partners, if all of the low-income housing credit is for buildings placed in service before 2008, report each limited partner's distributive share of the credit in box 8. If part or all of the credit is for buildings placed in service after 2007, enter "STMT" in box 8 and attach a statement that separately provides each limited partner's distributive share of the credit for buildings placed in service before 2008, and the credit for buildings placed in service after 2007.

For general partners, enter code B5 in box 9 and attach a statement showing separately each partner's distributive share of the credit for buildings placed in service before 2008, and the credit for buildings placed in service after 2007. Also, credits allocable to passive loss limitation activities must be separately stated for each rental real estate activity so general partners can comply with the passive activity limitation requirements of section 469.

## **Line 12. Rehabilitation Credit From Rental Real Estate Activities**

Report the rehabilitation credit from rental real estate activities on line 12. Complete the lines on Form 3468, Investment Credit, that apply to the rehabilitation credit and attach it to Form 1065-B.

For limited partners, report the rehabilitation credit from rental real estate activities reported on line 12 in box 9 of Schedule K-1 using Code I. However, for general partners, credits allocable to passive loss limitation activities must be separately stated for each

rental real estate activity. For general partners, report the rehabilitation credit reported on line 12 in box 9 of Schedule K-1 using Code B6 so general partners can comply with section 469.

**Note.** Any rehabilitation credits from an activity other than a rental real estate activity are included in general credits reported on line 10 of Schedule K.

## **Line 13. Net Earnings From Self-Employment**

**General partners.** General partners' net earnings (loss) from self-employment do not include the following.

- Dividends on any shares of stock and interest on any bonds, debentures, notes, etc., unless the dividend or interest income is received in the course of a trade or business, such as a dealer in stocks or securities or interest on notes or accounts receivable.
- Rentals from real estate, except rentals of real estate held for sale to customers in

the course of a trade or business as a real estate dealer or payments for rooms or space when significant services are provided.

- Royalty income, except royalty income received in the course of a trade or business.

See the Instructions for Schedule SE (Form 1040), Self-Employment Tax, for more information.

**Limited partners.** Generally, a limited partner's share of partnership income (loss) is not included in net earnings (loss) from self-employment. Limited partners treat as self-employment earnings only guaranteed payments for services they actually rendered to, or on behalf of, the partnership to the extent that those payments are payment for those services.

**Schedule K.** Enter on line 13a the amount from line 5 of the worksheet below. On line 13b, enter the amount of gross nonfarm income from self-employment.

**Note.** For purposes of self-employment tax, no income from an electing large partnership is treated as fishing or farming income.

**Schedules K-1.** Do not complete box 9 for any partner that is an estate, trust, corporation, exempt organization, or individual retirement arrangement (IRA).

Using Code J1, enter in box 9 of Schedule K-1 each individual general partner's share of the amount shown on line 5 of the worksheet below and each individual limited partner's share of the amount shown on line 4c of the worksheet. Using Code J2, enter the partner's share of gross nonfarm income in box 9.



## Worksheet for Figuring Net Earnings (Loss) From Self-Employment

<b>1a</b> Income (loss) from Schedule K, line 1b(1) . . . . .	<b>1a</b>			
<b>b</b> Certain rental real estate activity income (loss) from Schedule K, line 1b(2) (see instructions) . . .	<b>1b</b>			
<b>c</b> Other rental activity income (loss) from Schedule K, line 1b(3) . . . . .	<b>1c</b>			
<b>d</b> Net loss from Form 4797, Part II, line 17, included on lines 1a through 1c above. Enter as a positive amount . . . . .	<b>1d</b>			
<b>e</b> Combine lines 1a through 1d . . . . .	<b>1e</b>			
<b>2</b> Net gain from Form 4797, Part II, line 17, included on lines 1a through 1c above . . . . .	<b>2</b>			
<b>3a</b> Subtract line 2 from line 1e. If line 1e is a loss, increase the loss on line 1e by the amount on line 2 . . . . .	<b>3a</b>			
<b>b</b> Part of line 3a allocated to estates, trusts, corporations, exempt organizations, and IRAs . . . . .	<b>3b</b>			
<b>c</b> Subtract line 3b from line 3a. If line 3a is a loss, reduce the loss on line 3a by the amount on line 3b. Include each individual general partner's share in box 9 of Schedule K-1 . . . . .			<b>3c</b>	
<b>4a</b> Guaranteed payments to partners (Schedule K, line 7) derived from a trade or business as defined in section 1402(c) (see instructions) . . . . .	<b>4a</b>			
<b>b</b> Part of line 4a allocated to individual limited partners for other than services and to estates, trusts, corporations, exempt organizations, and IRAs . . . . .	<b>4b</b>			
<b>c</b> Subtract line 4b from line 4a. Include each individual general partner's share and each individual limited partner's share in box 9 of Schedule K-1 . . . . .			<b>4c</b>	
<b>5</b> Net earnings (loss) from self-employment. Combine lines 3c and 4c. Enter here and on Schedule K, line 13a . . . . .			<b>5</b>	

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## Worksheet Instructions

**Line 1b.** Include on line 1b any part of the net income (loss) from rental real estate activities from Schedule K, line 1b(2) that is from:

1. Rentals of real estate held for sale to customers in the course of a trade or business as a real estate dealer or
2. Rentals for which services were rendered to the occupants (other than services usually or customarily rendered for the rental of space for occupancy only). The supplying of maid service is such a service; but the furnishing of heat and light, the cleaning of public entrances, exits, stairways and lobbies, trash collection, etc., are not considered services rendered to the occupants.

**Line 4a.** Include any guaranteed payments to partners reported on Schedule K, line 7, and derived from a trade or business as defined in section 1402(c). Also, include other ordinary income and expense items reported on

Schedules K and K-1 that are used to figure self-employment earnings under section 1402.

## **Line 14. Foreign Tax Credit Information**

Lines 14a through 14h must be completed if the partnership has foreign income, deductions, or losses or has paid or accrued foreign taxes. See Pub. 514, Foreign Tax Credit for Individuals, for more information.

### **Line 14a. Name of Foreign Country or U.S. Possession**

Enter the name of the foreign country or U.S. possession from which the partnership had income or to which the partnership paid or accrued taxes. If the ELP received income from, or paid or accrued taxes to, more than one foreign country or U.S. possession, enter "See attached" and attach a statement for each country for lines 14a through 14h.

Using Code K1, enter this information in box 9 of Schedule K-1 or on an attached statement.

## Line 14b. Gross Income From All Sources

Enter the partnership's gross income from all sources (both U.S. and foreign).

Using Code K2, enter this information in box 9 of Schedule K-1 or on an attached statement.

## Line 14c. Gross Income Sourced at Partner Level

Enter the total gross income of the partnership that is required to be sourced at the partner level. This includes income from the sale of most personal property other than inventory, depreciable property, and certain intangible property. See Pub. 514 and section 865 for details. **Caution.** You must attach a statement to Form 1065-B showing the following information.

- The amount of this gross income (without regard to its source) in each category identified in the instructions for line 14d, including each of the listed categories.

- Specifically identify gains on the sale of personal property other than inventory, depreciable property, and certain intangible property on which a foreign tax of 10% or more was paid or accrued. Also list losses on the sale of such property if the foreign country would have imposed a 10% or higher tax had the sale resulted in a gain. See *Determining the Source of Income From the Sales or Exchanges of Certain Personal Property* in Pub. 514 and section 865.

Using Code K3, enter this information in box 9 of Schedule K-1 or on an attached statement.

### **Line 14d. Foreign Gross Income Sourced at Partnership Level**

Separately report gross income from sources outside the United States by category of income as follows. For partnership and corporate partners only, attach a statement identifying the total amount of foreign gross income in each category of income

attributable to foreign branches. See Pub. 514 for information on the categories of income.



*You must attach a statement to Form 1065-B that specifies foreign source qualified dividends and foreign source capital gains (losses) within each separate limitation category.*

**Line 14d(1).** Passive category foreign source income.

This category includes the following income.

- Passive income.
- Dividends from a domestic international sales corporation (DISC) or a former DISC.
- Distributions from a former foreign sales corporation (FSC).

See line 14d(3) for exceptions.



*Passive income does not include export financing interest.*

Using Code K4(a), enter this information in box 9 of Schedule K-1 or on an attached statement.

**Line 14d(2).** General category foreign source income. Include all foreign income sourced at the partnership level that is not passive category income. See line 14d(3) for exceptions.

Using Code K4(b), enter this information in box 9 of Schedule K-1 or on an attached statement.

**Line 14d(3).** Other category foreign source income. Attach a statement listing section 901(j) income and income re-sourced by treaty.

Using Code K4(c), enter this information in box 9 of Schedule K-1 or on an attached statement.

## **Line 14e. Deductions Allocated and Apportioned at Partner Level**

Enter on line 14e(1) the partnership's total interest expense (including interest equivalents under Temporary Regulations section 1.861-9T(b)). Do not include interest directly allocable under Temporary Regulations section 1.861-10T to income from



a specific property. This type of interest is allocated and apportioned at the partnership level and is included on lines 14f(1) through (3).

Using Code K5, enter the total interest expense in box 9 of Schedule K-1 or on an attached statement.

On line 14e(2), enter the total of all other deductions or losses that are required to be allocated at the partner level. For example, include on line 14e(2) research and experimental expenditures (see Regulations section 1.861-17(f)). Using Code K6, enter this information in box 9 of Schedule K-1 or on an attached statement.

### **Line 14f. Deductions Allocated and Apportioned at Partnership Level to Foreign Source Income**

Separately report partnership deductions that are allocated and apportioned at the partnership level to (1) passive category foreign source income, (2) general category foreign source income, and (3) the other category of foreign source income. See the

instructions for line 14d, earlier, for a description of categories (1)–(3). Also, see Pub. 514 for more information.

**Note.** Creditable foreign expenditures generally must be allocated in accordance with each partner's interest in the partnership. See Treasury Decision 9292, 2006-47 I.R.B. 914 for details.

For partnership and corporate partners only, attach a statement identifying the total amount of deductions apportioned to each category of income shown in the instructions for line 14d that are attributable to foreign branches.

Using Code K7(a) for passive category foreign source income, Code K7(b) for general category foreign source income, and Code K7(c) for the other category of foreign source income, enter this information in box 9 of Schedule K-1 or on an attached statement.

## **Line 14g. Total Foreign Taxes**

Enter in U.S. dollars the total foreign taxes (described in section 901 or section 903) that were paid or accrued by the partnership

(according to its method of accounting for such taxes). Translate these amounts into U.S. dollars by using the applicable exchange rate (see Pub. 514).

**Line 14g. Foreign taxes paid.** If the partnership uses the cash method of accounting, enter foreign taxes paid during the year on line 14g and check the "Paid" box. Report each partner's distributive share in box 9 of Schedule K-1 using Code K8(a).

**Line 14g. Foreign taxes accrued.** If the partnership uses the accrual method of accounting, enter foreign taxes accrued on line 14g and check the "Accrued" box. Report each partner's distributive share in box 9 of Schedule K-1 using Code K8(b).

A partnership reporting foreign taxes using the cash method can make an irrevocable election to report the taxes using the accrual method for the year of the election and all future years. Make this election by reporting all foreign taxes using the accrual method on line 14g (see Regulations section 1.905-1).

Attach a statement reporting the following information.

1. The total amount of foreign taxes (including foreign taxes on income sourced at the partner level) relating to each category of income (see instructions for line 14d).
2. The dates on which the taxes were paid or accrued, the exchange rates used, and the amounts in both foreign currency and U.S. dollars, for:
  - Taxes withheld at source on interest,
  - Taxes withheld at source on dividends,
  - Taxes withheld at source on rents and royalties, and
  - Other foreign taxes paid or accrued.

**Splitter arrangements under section 909.**

Attach a statement that separately identifies any arrangement, along with the taxes paid or accrued in connection with the arrangement, in which the partnership participates that would qualify as a splitter arrangement under section 909 if one or

more partners are covered persons with respect to an entity that took into account related income from the arrangement. Also indicate whether the partnership has taken into account any related income from any such splitter arrangement (see section 909 and the related regulations).

### **Line 14h. Reduction in Taxes Available for Credit**

Attach a statement showing the total reductions in taxes available for credit.

Separately show the reductions for the following.

- Taxes on foreign mineral income (section 901(e)).
- Taxes on foreign oil and gas extraction income and foreign oil related income (section 907(a)).
- Taxes attributable to boycott operations (section 908).
- Failure to timely file (or furnish all of the information required on) Forms 5471 and 8865.

- Foreign income taxes paid or accrued during the current tax year that have been suspended under section 909.
- Any other items (specify).

Using Code K9 for reduction in taxes available for credit, enter this information in box 9 of Schedule K-1 or on an attached statement.

## **Line 15**

Attach a statement listing other items and amounts required to be reported separately to partners. Enter each partner's share in box 9 or on an attached statement to Schedule K-1. Examples of items to report include the following.

1. Any information a partnership must separately report to its disqualified partners regarding its oil and gas activities. See *Partnerships Holding Oil and Gas Properties* for more information. Enter this information as Code L in box 9 of Schedule K-1 or on an attached statement.

2. Other tax-exempt income. On the statement for line 15, enter all income of the partnership exempt from tax other than tax-exempt interest income (for example, life insurance proceeds). The adjusted basis of the partner's interest is increased by the amount shown on this line under section 705(a)(1)(B). Enter this amount as Code M1 in box 9 of Schedule K-1.
3. Nondeductible expenses. Enter nondeductible expenses paid or incurred by the partnership. Do not include capital expenditures or items the deduction for which is deferred to a later tax year. The adjusted basis of the partner's interest is decreased by the amount shown on this line under section 705(a)(2)(B). Enter this amount as Code M2 in box 9 of Schedule K-1.
4. Unrelated business taxable income. Any information a partner that is a tax-exempt organization may need to figure that partner's share of unrelated

business taxable income under section 512(a)(1) (but excluding any modifications required by paragraphs (8) through (15) of section 512(b)). Partners are required to notify the partnership of their tax-exempt status. See the Instructions for Form 990-T, Exempt Organization Business Income Tax Return, and Pub. 598, Tax on Unrelated Business Income of Exempt Organizations, for more information. Enter this amount as Code M3 in box 9 of Schedule K-1.

5. Amounts paid during the tax year for health insurance coverage, for a partner (including that partner's spouse, dependents, and any children under age 27 who are not dependents). See Chapter 6 of Pub. 535 for more information. Enter this amount as Code M4 in box 9 of Schedule K-1.
6. Distributions of money (cash and marketable securities). Enter the total distributions to each partner of cash



and marketable securities that are treated as money under section 731(c)(1). Generally, marketable securities are valued at FMV on the date of distribution. However, the value of marketable securities does not include the distributee partner's share of the gain on the securities distributed to that partner. See section 731(c)(3)(B) for details. If this amount includes marketable securities treated as money, state separately on an attachment (a) the partnership's adjusted basis of those securities immediately before the distribution and (b) the FMV of those securities on the date of distribution (excluding the distributee partner's share of the gain on the securities distributed to that partner). Also include the amount of the credit for the following bonds that are treated as distributions under sections 54A(g) and 54AA(f)(2). These bonds include **new** clean renewable energy bonds, qualified energy conservation bonds, qualified zone

academy bonds, and build America bonds. These credit amounts are included in the credit to holders of these tax credit bonds that is included in the ELP's general credit. See the Instructions for Form 8912 for more information. Enter this information as Code M5 in box 9 of Schedule K-1 or on an attached statement.

7. Distributions of property other than money. Enter the total distributions of property other than money. In computing the amount of the distribution, use the adjusted basis of the property to the partnership immediately before the distribution. On an attachment also include the adjusted basis and FMV of each property distributed. Enter this information as Code M6 in box 9 of Schedule K-1 or on an attached statement.
8. Gain from the sale or exchange of qualified small business (QSB) stock (as defined in the instructions for

Schedule D) that is eligible for the partial section 1202 exclusion. The section 1202 exclusion applies only to QSB stock issued after August 10, 1993, and held by the partnership for more than 5 years. Corporate partners are not eligible for the section 1202 exclusion. Additional limitations apply at the partner level. Report each partner's share of section 1202 gain using Code M7 in box 9 of Schedule K-1. Each partner will determine if he or she qualifies for the section 1202 exclusion. Report with Code M7 on an attachment to Schedule K-1 for each sale or exchange **(a)** the name of the corporation that issued the QSB stock, **(b)** the partner's share of the partnership's adjusted basis and sales price of the QSB stock, and **(c)** the dates the QSB stock was bought and sold.

9. Gain eligible for section 1045 rollover (replacement stock purchased by the partnership). Include only gain from the sale or exchange of qualified small

business (QSB) stock (as defined in the instructions for Schedule D) that was deferred by the partnership under section 1045 and reported on Schedule D. See the instructions for Schedule D for more details. The partnership makes the election for a section 1045 rollover on a timely filed (including extensions) return for the year in which the sale occurred. Corporate partners are not eligible for the section 1045 rollover. Additional limitations apply at the partner level. Each partner will determine if he or she qualifies for the rollover. Report with Code M8 on an attachment to Schedule K-1 for each sale or exchange **(a)** the name of the corporation that issued the QSB stock, **(b)** the partner's share of the partnership's adjusted basis and sales price of the QSB stock, **(c)** the dates the stock was bought and sold, **(d)** the partner's distributive share of gain from the sale of the QSB stock, and **(e)** the partner's distributive share of

the gain that was deferred by the partnership under section 1045.

***Distribution of replacement QSB stock to a partner that reduces another partner's interest in replacement QSB stock.***

A partner must recognize gain upon a distribution of replacement QSB stock to another partner that reduces the partner's share of the replacement QSB stock held by a partnership. The amount of gain that the partner must recognize is based on the amount of gain that the partner would recognize upon a sale of the distributed replacement QSB stock for its fair market value on the date of the distribution, not to exceed the amount that the partner previously deferred under section 1045 with respect to the distributed replacement QSB stock. If the partnership distributed a partner's share of replacement QSB stock to another partner, the partnership should give the partner whose share of the replacement QSB stock is reduced **(a)** the name of the corporation that issued the replacement QSB stock, **(b)** the date the replacement QSB stock was distributed to another partner or

partners, and **(c)** the partner's share of the partnership's adjusted basis and fair market value of the replacement QSB stock on such date. Use Code M8 to report this information, and include this information on the relevant attachment prepared for Code M8.

10. Gain eligible for section 1045 rollover (replacement stock not purchased by the partnership). Include only gain from the sale or exchange of qualified small business (QSB) stock (as defined in the instructions for Schedule D) the partnership held for more than 6 months but that was not deferred by the partnership under section 1045. See the instructions for Schedule D for more details. A partner (other than a corporation) may be eligible to defer his or her distributive share of this gain under section 1045 if he or she purchases other QSB stock during the 60-day period that began on the date the QSB stock was sold by the partnership. Additional limitations apply at the partner level. Report with Code M9 on an attachment to

Schedule K-1 for each sale or exchange **(a)** the name of the corporation that issued the QSB stock, **(b)** the partner's share of the partnership's adjusted basis and sales price of the QSB stock, **(c)** the dates the QSB stock was bought and sold, and **(d)** the partner's distributive share of gain from the sale of the QSB stock. For more information, see Regulations section 1.1045-1.

11. Unrecaptured section 1250 gain. Use the worksheet, earlier, to figure the unrecaptured section 1250 gain.
12. 28% rate gain (loss). Use the worksheet above to figure the 28% rate gain (loss) (that is, collectibles gain or loss). A collectibles gain or loss is any long-term gain or deductible long-term loss from the sale or exchange of a collectible that is a capital asset. Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins,

alcoholic beverages, and certain other tangible property. Also include on the worksheet any gain (but not loss) from the sale or exchange of an interest in a partnership or trust held more than 1 year and attributable to unrealized appreciation of collectibles. For details, see Regulations section 1.1(h)-1. Also attach the statement required under Regulations section 1.1(h)-1(e).

13. Any information needed by a partner to figure the interest due under section 1260(b). If any portion of a constructive ownership transaction was open in any prior year, each partner's tax liability must be increased by the partner's *pro rata* share of interest due on any deferral of gain recognition. See section 1260(b) for details, including how to figure the interest.



## 28% Rate Gain Worksheet—Line 15



*Keep for Your Records*

- |    |  |    |       |
|----|--|----|-------|
| 1. | Enter the total of all collectibles gain or (loss) from items reported on lines 8a through 14, column (h) of Schedule D (Form 1065-B). . . . .   | 1. | _____ |
| 2. | If Schedule D, line 7, is a (loss), enter here. Otherwise, enter -0-. . . . .  | 2. | _____ |
| 3. | Combine lines 1 and 2. If zero or less, enter -0-. . . . .   | 3. | _____ |
| 4. | Redetermine the amount on line 3 by taking into account 28% rate gain and losses from passive loss limitation activities. Report the amount allocated to interests held as a limited partner in box 9 of Schedule K-1 using Code D. Report amounts allocated to general partners using Codes A3, B3, and C3, in box 9 of Schedule K-1. . . . . | 4. | _____ |
| 5. | Subtract line 4 from line 3. Report the amount to all partners in box 9 of Schedule K-1 using Code E. . . . .  | 5. | _____ |

14. Extraterritorial income exclusion. See the instructions under *Extraterritorial Income Exclusion* for the information and codes that are required to be reported in box 9 of Schedule K-1.
15. Any income or gain reported on lines 1 through 4 of Schedule K that qualifies as inversion gain, if the partnership is an expatriated entity or is a partner in an expatriated entity. For details, see section 7874. Attach a statement to Form 1065-B that shows the amount of each type of income or gain included in the inversion gain. The partnership must report each partner's distributive share of the inversion gain in box 9 of Schedule K-1 using Code P. Attach a statement to Schedule K-1 that shows the partner's distributive share of the amount of each type of income or gain included in the inversion gain.
16. Commercial revitalization deduction from rental real estate activities. Enter this amount as Code Q in box 9 of

Schedule K-1. If the deduction is for a nonrental building, it is deducted by the partnership on line 23 of Form 1065-B. See the instructions under *Line 23. Deductions* for more information.

17. For corporate partners only, enter the following information in box 9 for purposes of the interest deduction limitations under section 163(j). Using Code R1, enter the corporate partner's distributive share of interest income reported in Parts I and II of the return. Using Code R2, enter the corporate partner's distributive share of interest expense reported in Parts I and II of the return.
18. Domestic production activities deduction (Codes S1, S2, and S3).

The partnership does not compute the domestic production activities deduction, but must provide its partners with the information they need to compute the deduction on Form 8903, Domestic Production Activities Deduction. If the partnership meets certain

requirements (explained below), it can choose to calculate qualified production activities income (QPAI) and Form W-2 wages (W-2 wages) at the partnership level and report these amounts on Schedule K-1 for its qualified partners using Codes S2 and S3. See *QPAI and Form W-2 wages computed at partnership level (Codes S2 and S3)* , below, for details.

If the partnership does not compute QPAI and W-2 wages at the partnership level or it has partners that are required to compute QPAI and W-2 wages at the partner level, it must report on Schedule K-1, using Code S1, the partner's distributive share of the information listed under *QPAI and Form W-2 wages computed at partner level (Code S1)* , next.

**QPAI and Form W-2 wages computed at partner level (Code S1).** If the partnership does not calculate QPAI and W-2 wages at the partnership level, attach a statement to Schedule K-1 providing each partner's distributive share of the following information for Code S1 of box 9. Identify any amounts

from oil-related production activities and list them separately.

- Domestic production gross receipts (DPGR).
- Gross receipts from all sources.
- Cost of goods sold allocable to DPGR.
- Cost of goods sold from all sources.
- Total deductions, expenses, and losses directly allocable to DPGR.
- Total deductions, expenses, and losses directly allocable to a non-DPGR class of income.
- Other deductions, expenses, and losses not directly allocable to DPGR or another class of income.
- W-2 wages properly allocable to DPGR.
- Any other information a partner needs to use the section 861 method to allocate and apportion cost of goods sold and deductions between DPGR and other receipts. See Form 8903 and its instructions for more details. If the

partnership chooses to compute QPAI and Form W-2 wages at the partnership level, see the instructions below.

**QPAI and Form W-2 wages computed at partnership level (Codes S2 and S3).**

Eligible partnerships can choose to compute QPAI and W-2 wages at the partnership level and report each qualified partner's distributive share of QPAI (using Code S2) and W-2 wages (using Code S3) on Schedule K-1. See the special rules for non-qualifying partners of an eligible section 861 partnership below.

Generally, the partnership must allocate QPAI to its partners in the same proportion as gross income and allocate W-2 wages in the same proportion as wage expense. For information on computing QPAI and W-2 wages at the partnership level, see Rev. Proc. 2007-34, 2007-23 I.R.B. 1345, available at [www.irs.gov/pub/irs-irbs/irb07-23.pdf](http://www.irs.gov/pub/irs-irbs/irb07-23.pdf), and the Instructions for Form 8903. See the eligibility requirements and reporting rules for each type of eligible partnership below. Qualifying in-kind partnerships and expanded

affiliated group partnerships (defined in Regulations section 1.199-3(i)(7) and (8)) are not eligible to compute QPAI and W-2 wages at the partnership level.

### **QPAI from oil-related activities.**

Partnerships computing QPAI at the partnership level must report the total amount of QPAI (including QPAI from oil-related activities) using Code S2 and attach a statement for Code S2 to separately report the amount of oil-related QPAI (if any).

#### **a. *Eligible section 861***

***partnership.*** An eligible section 861 partnership is a partnership that satisfies each of the following requirements for its current tax year.

- i. It has at least 100 partners on any day during the partnership's tax year.
- ii. At least 70% of the partnership is owned, at all times during its tax year, by qualifying partners. A *qualifying partner* is a partner that,

on each day during the partnership's tax year that the partner owns an interest in the partnership: **(a)** is not a general partner or a managing member of a partnership organized as a limited liability company, **(b)** does not materially participate in the activities of the partnership, **(c)** does not own, alone or combined with the interests of all related persons, 5% or more of the profits or capital interests in the partnership, or **(d)** is not an ineligible partnership (qualifying in-kind partnerships and expanded affiliated group partnerships defined in Regulations section 1.199-3(i)(7) and (8)).

- iii. It has DPGR. An eligible section 861 partnership must use the section 861 method of cost allocation to figure QPAI and W-2 wages (see the Instructions for Form 8903 for details). The partnership cannot allocate QPAI and W-2 wages computed at the partnership level to



non-qualifying partners (qualifying partners are defined as part of the definition of an eligible section 861 partnership above). Instead, it must attach a statement to the Schedule K-1 for each non-qualifying partner that provides the partner's distributive share of the items listed under *QPAI and Form W-2 wages computed at partner level (Code S1)* above. The partnership items allocated to non-qualifying partners must be excluded for purposes of computing QPAI and W-2 wages at the partnership level.

- b. ***Eligible widely held pass-through partnership.*** An eligible widely held pass-through partnership is a partnership that satisfies each of the following requirements for the current tax year.
  - i. It has average annual gross receipts for the 3 tax years preceding the current tax year of \$100 million or

less, or has total assets at the end of the current tax year of \$10 million or less.

- ii. It has total cost of goods sold and deductions that, together, are \$100 million or less.
- iii. It has DPGR.
- iv. On every day during the current tax year, all of its partners are individuals, estates, or trusts described or treated as described in section 1361(c)(2).
- v. On every day during the current tax year, no partner owns, alone or combined with the ownership interests of all related persons, more than 10% of the profits or capital interests in the partnership.

An eligible widely held pass-through partnership must use the simplified deduction method of cost allocation to figure QPAI and W-2 wages (see the Instructions for Form 8903 for details).

- c. ***Eligible small pass-through partnership.*** An eligible small pass-through partnership is a partnership that satisfies each of the following requirements for the current tax year.
- i. The partnership satisfies one of the following: **(a)** It has average annual gross receipts for the 3 tax years preceding the current tax year of \$5 million or less, **(b)** it is engaged in the trade or business of farming and is not required to use the accrual method of accounting, or **(c)** it is eligible to use the cash method of accounting under Rev. Proc. 2002-28, 2002-18 I.R.B. 815 (that is, it has average annual gross receipts of \$10 million or less and is not excluded from using the cash method under section 448).
  - ii. It has total costs of goods sold and deductions that, together, are \$5 million or less.
  - iii. It has DPGR.

- iv. It does not have a partner that is an ineligible partnership (qualifying in-kind partnerships and expanded affiliated group partnerships defined in Regulations section 1.199-3(i)(7) and (8)).

An eligible small pass-through partnership must use the small business simplified overall method to figure QPAI and W-2 wages (see the Instructions for Form 8903 for details).

**Note.** If a partnership satisfies the requirements for more than one type of eligible partnership, it may choose any one of the allocation methods for which it qualifies to figure QPAI and W-2 wages. See Rev. Proc. 2007-34 for more information on the eligibility requirements and rules for computing QPAI and W-2 wages at the partnership level.

- 19. Compensation to partners deferred under a section 409A nonqualified deferred compensation plan that does not meet the requirements of section 409A. Include in this amount any earnings on these deferrals. Enter this

amount in box 9 of Schedule K-1 using Code T. This amount must also be included on line 7 of Schedule K, Guaranteed Payments to Partners. If the section 409A deferred compensation was part of a transaction in which the partner was not acting as a member of the partnership (under section 707(a)), report the income and section 409A deferred compensation information on Form 1099-MISC.

20. **Net investment income (code U).** Use code U to report any information that may be relevant for partners to figure their net investment income tax when the information is not otherwise identifiable elsewhere on Schedule K-1. Attach a statement that shows "Box 9, Code U" and a description and dollar amount of each relevant item.

Examples of items reported using code U may include the following.

- Taxable income (loss) from rental real estate activities reported on Form 1065-B,

Schedule K, line 1b(2), and taxable income (loss) from other rental activities reported on Form 1065-B, Schedule K, line 1b(3), derived from a section 212 for-profit activity (and not from a section 162 trade or business).

- Gains and losses from dispositions of assets attributable to a section 212 for-profit activity (and not from a section 162 trade or business).
- Gain reported on the installment sale basis (or attributable to a private annuity) that is attributable to the disposition of properly held in a trade or business.
- Gain or loss from the disposition of a partnership interest, but only if such partnership was engaged, directly, or indirectly, in one or more trades or businesses, and at least one of those trades or businesses was not trading in financial instruments or commodities.
- The partner's distributive share of interest income, or interest expense, which is attributable to a loan between the

partnership and the partner (self-charged interest).

- If the partnership received a Form 1065-B, Schedule K-1, the detail and amounts reported to the partnership using code U.
- If the partnership received a Form 1065, Schedule K-1, the detail and amounts reported to the partnership using code Y.
- If the partnership received a Form 1041, Schedule K-1, the amount of the adjustment reported.
- Guaranteed payments (reported on Form 1065-B, Schedule K, line 7 unrelated to services, such as for the use of capital or attributable to section 736(a)(2) payments for unrealized receivables or goodwill.
- Deductions included in Part II that are not deductible for net investment income tax purposes. For example:
  - a. Charitable contributions included on line 9.

- b. Other deductions included on line 10b or 11.

In addition, Regulations section 1.1411-10 provides special rules with respect to stock of CFCs and PFICs owned by the partnership. If the partnership owns directly or indirectly stock of a CFC or PFIC, then additional reporting may be required under code U.

**CFCs and QEFs.** In the case of stock of CFCs and QEFs directly or indirectly owned by the partnership, the partnership must provide the name and EIN (if one has been issued) for each CFC and QEF the stock of which is owned by the partnership for which an election under Regulations section 1.1411-10(g) is **not** in effect. For each of these entities, the partnership must provide the following information on an entity-by-entity basis (to the extent such information is not otherwise identifiable elsewhere on Schedule K-1).

- Section 951(a) inclusions.
- Section 1293(a)(1)(A) inclusions.
- Section 1293(a)(1)(B) inclusions.



- Section 959(d) distributions subject to section 1411.
- Section 1293(c) distributions subject to section 1411. Amount of gain or loss derived with respect to the disposition of the stock of CFCs and QEFs that is taken into account for section 1411 purposes.
- Amounts that are derived with respect to the disposition of the stock of CFCs and QEFs and included in income as a dividend under section 1248 for section 1411 purposes.

In the case of stock of CFCs and QEFs directly or indirectly owned by the partnership for which an election under Regulations section 1.1411-10(g) is in effect, the partnership must provide the following information (to the extent such information is not otherwise identifiable elsewhere on Schedule K-1), on either an aggregate basis or an entity-by-entity basis.

- Section 951(a) inclusions.
- Section 1293(a)(1)(A) inclusions.

- Section 1293(a)(1)(B) inclusions.

**Mark-to-Market PFICs.** In the case of stock of PFICs directly or indirectly owned by the partnership for which an election under section 1296 is in effect, the partnership must provide the following information (to the extent such information is not otherwise identifiable elsewhere on Schedule K-1), on either an aggregate basis or an entity-by-entity basis.

- Amounts included in income under section 1296(a)(1).
- Amounts deducted from income under section 1296(a)(2).

**Section 1291 Funds.** In the case of stock of PFICs directly or indirectly owned by the partnership with respect to which direct or indirect partners are subject to section 1291, the partnership must provide the following information (to the extent such information is not otherwise identifiable elsewhere on Schedule K-1), on an entity-by-entity basis.

- Excess distributions made by a PFIC with respect to which a partner is subject to section 1291.
- Gains derived with respect to the disposition of stock of a PFIC with respect to which a partner is subject to section 1291.

21. Other information (Code V). Use Code V to report the following items.

- Recapture of credits. Report the recapture of any credit (other than partnership level low-income housing credit or investment credit) as a separately stated item. See the instructions under *Line 26. Tax* for reporting partnership level recapture of the low-income housing credit and investment credit.
- Any information a partner that is a PTP may need to determine if it meets the 90% qualifying income test of section 7704(c)(2). Partners are required to notify the partnership of their status as a PTP.
- If the partnership participates in a transaction that must be disclosed on

Form 8886, both the partnership and its partners may be required to file Form 8886. The partnership must determine if any of its partners are required to disclose the transaction and provide those partners with information they will need to file Form 8886. This determination is based on the category(s) under which a transaction qualified for disclosure. See the Instructions for Form 8886 for details.

- The partner's distributive share of any conservation reserve program payments made to the partnership.
- The partner's distributive share of the partnership's gain or loss attributable to the sale or exchange of qualified preferred stock of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). On an attached statement, show **(a)** the gain or loss attributable to the sale or exchange of the qualified preferred stock, **(b)** the date the stock was acquired by the partnership, and **(c)** the date the stock was sold or exchanged by the

partnership. See Rev. Proc. 2008-64, 2008-47 I.R.B. 1195 for more information.

- Section 108(i) information. Report the following.
  - a. For the deferred cancellation of debt (COD) income, report the partner's deferred amount that has not been included in income in the current or prior tax years.
  - b. For the deferred original issue discount (OID) deduction, report the partner's share of the partnership's OID deduction deferred under section 108(i)(2) (A)(i) that has not been deducted in the current or prior tax years.
  - c. For the section 752(b) distribution, report the partner's share of the deferred section 752 amount that is treated as a distribution of money to the partner under section 752 in the current tax year.
  - d. For the deferred section 752(b) distribution, report the partner's

deferred section 752 amount remaining as of the end of the current tax year.

- e. For previously deferred COD, report the partner's deferred amount that is includible in the current year. See section 108(i) for events that will cause previously deferred income to be reportable, and a special rule for allocating deferred income to the partners. For more information, see *Election to defer income from cancelled debt* , earlier.
- f. For the current OID deduction, report the partner's share of any OID deduction previously deferred under section 108(i)(2) that is allowed as a deduction in the current year. The aggregate amount of OID that is deferred is generally allowed as a deduction ratably over the five-year period the deferred COD income is includible in income under section 108(i). For more information, see

*Election to defer income from  
cancelled debt , earlier.*

**Special rule for filers of Form 8865.** Filers of Form 8865, Return of U.S. Persons With Regard to Certain Foreign Partnerships, cannot report a section 108(i) OID deduction on Form 8865, in accordance with the section 108(i) election, unless the foreign partnership filed a U.S. partnership a return and made this election. A foreign partnership must file Form 1065 or Form 1065-B to make the section 108(i) election. These foreign partnerships also have an annual reporting requirement on Form 1065 or Form 1065-B for each tax year after the election until all items deferred under section 108(i) have been recognized. See Rev. Proc. 2009-37, 2009-36 I.R.B. 309 and Regulations section 1.108(i)-2 for details.

- The information needed to complete Schedule P (Form 1120-F), List of Foreign Partner Interests in Partnerships, on an attached statement for a partner that is (a) a corporation (identified as a foreign partner under Regulations section 1.1446-

1(c)(3)) or (b) a partnership (domestic or foreign) if you know, or have reason to know, that one or more of the partners is a foreign corporation. If the partnership allocates effectively connected income to the partner, provide the information needed to complete lines 1 through 10, 13, 14, 15b, 17a, 17b, and 18 of Schedule P (Form 1120-F). If the partnership does not allocate effectively connected income to the partner, provide the information needed to complete lines 13, 14, and 18 of Schedule P (Form 1120-F). The information must be provided in a format which references the specific line numbers of Schedule P for which the information is provided. For more information, see the Instructions for Schedule P (Form 1120-F).

***Exceptions.*** The statement is not required in the following situations.

1. The direct or indirect foreign corporate partner provides the partnership with a valid Form W-8BEN (within the meaning of Regulations section



1.1446-2(b)(2)(iii)) on which the corporation claims an exemption from U.S. tax by operation of an income tax treaty or reciprocal agreement on the grounds that none of the income is attributable to a permanent establishment of the partner.

2. The partnership does not allocate any effectively connected income to the partner (foreign corporation or partnership) and the partnership receives a written statement from the partner (corporation or partnership) indicating that the information is not needed to determine its (or its direct or indirect partner(s)) U.S. federal income tax liabilities.
- The partner's share of the credit for each separate bond credit that was reported on the partnership's Form 8912. Report the following separately: Clean renewable energy bond credit, Midwestern tax credit bond credit, **new** clean renewable energy bond credit, qualified energy conservation bond credit, qualified forestry

conservation bond credit, qualified zone academy bond credit, qualified school construction bond credit, and build America bond credit.

- Any information the partner needs to determine whether the partnership is an eligible small business if the partnership is reporting any general business credits. A partnership is an eligible small business if its average annual gross receipts for the three preceding tax years were \$50 million or less. See section 38(c)(5)(C) for more information.

If the partnership has deductions attributable to a farming business and receives an applicable subsidy, report the aggregate gross income or gain and the aggregate deductions from the farming business and any information the partners need to comply with the limitation on excess farm losses of certain taxpayers under section 461(j).

- Any other information a partner may need to file his or her return that is not shown elsewhere on Schedule K-1. Enter this

information on an attachment to Schedule K-1.

## **Instructions for the Unrecaptured Section 1250 Gain Worksheet**

**Lines 1 through 3.** If the partnership had more than one property described on line 1, complete lines 1 through 3 for each property on a separate worksheet. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4.

**Line 4.** The total unrecaptured section 1250 gain for an installment sale of property held more than 1 year is figured for the year of sale in a manner similar to that used to figure line 3 of the worksheet. However, the unrecaptured section 1250 gain must be allocated to the installment payments received from the sale. To do so, the partnership generally must treat the gain allocable to each installment payment as unrecaptured section 1250 gain until all such gain has been used in full. Figure the unrecaptured section 1250 gain for installment payments received during the tax

year as the smaller of (a) the amount from line 26 or line 37 of Form 6252 (whichever applies) or (b) the total unrecaptured section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if the partnership chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount the partnership chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale.

Unrecaptured Section 1250 Gain Worksheet—Line 15



*If any of the following apply, the partnership does not have to complete all of the worksheet. Instead, follow the instructions below.*

- Go to line 4 if the partnership's only unrecaptured section 1250 gain is from an installment sale of trade or business property held more than 1 year that the partnership is reporting on Form 6252.
- Go to line 5 if the partnership's only unrecaptured section 1250 gain is from a Schedule K-1 reporting such gain from another partnership.
- Go to line 10 if the partnership's only unrecaptured section 1250 gain is from the sale or exchange of an interest in another partnership.
- Go to line 11 if the partnership's only unrecaptured section 1250 gain is from a Schedule K-1, Form 1099-DIV, or Form 2439 reporting such gain from an estate, trust, real estate investment trust, or regulated investment company (including a mutual fund).

1. If the partnership had a section 1250 property in Part III of Form 4797 for which there was an entry in Part I of Form 4797 (but not on Form 6252), enter the smaller of line 22 or line 24 of Form 4797 for that property. If the partnership had more than one such property, see instructions	1. _____
2. Enter the amount from Form 4797, line 26g, for the property for which the partnership made an entry on line 1	2. _____
3. Subtract line 2 from line 1	3. _____
4. Enter the total unrecaptured section 1250 gain included on line 26 or 37 of Form(s) 6252 from installment sales of trade or business property held more than 1 year (see instructions)	4. _____
5. Enter the total of any amounts reported to the partnership on Schedules K-1 from another partnership as "unrecaptured section 1250 gain"	5. _____
6. Add lines 3 through 5	6. _____
7. Enter the smaller of line 6 or the gain, if any, from Form 4797, line 7	7. _____
8. Enter the amount, if any, from Form 4797, line 8	8. _____
9. Subtract line 8 from line 7. If zero or less, enter -0-	9. _____
10. Enter the gain from the sale or exchange of an interest in another partnership attributable to unrecaptured section 1250 gain. See Regulations section 1.1(h)-1 and attach the statement required under Regulations section 1.1(h)-1(e)	10. _____
11. Enter the total of any amounts reported to the partnership on Schedule K-1, Form 1099-DIV, or Form 2439 as "Unrecaptured section 1250 gain" from an estate, trust, real estate investment trust, or mutual fund (or other regulated investment company)	11. _____
12. Add lines 9 through 11. This is the partnership's "unrecaptured section 1250 gain." Report each partner's distributive share with Code N in box 9 of Schedule K-1	12. _____

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## **Box 9 Codes (Schedule K-1)**

The following codes should be used to describe the information located in box 9.

- Code A1—General partner's taxable income (loss) from trade or business activities.
- Code A2—General partner's net capital gain (loss) from trade or business activities.
- Code A3—General partner's 28% rate gain (loss) from trade or business activities.
- Code A4—General partner's general credits from trade or business activities.
- Code A5—General partner's alternative minimum tax adjustment from trade or business activities.
- Code B1—General partner's taxable income (loss) from rental real estate activities.
- Code B2—General partner's net capital gain (loss) from rental real estate activities (for the entire year).

- Code B3—General partner's 28% rate gain (loss) from rental real estate activities.
- Code B4—General partner's general credits from rental real estate activities.
- Code B5—General partner's low-income housing credit from rental real estate activities.
- Code B6—General partner's rehabilitation credit from rental real estate activities.
- Code B7—General partner's alternative minimum tax adjustment from rental real estate activities.
- Code C1—General partner's taxable income (loss) from other rental activities.
- Code C2—General partner's net capital gain (loss) from other rental activities.
- Code C3—General partner's 28% rate gain (loss) from other rental activities.
- Code C4—General partner's general credits from other rental activities.



- Code C5—General partner's alternative minimum tax adjustment from other rental activities.
- Code D—Limited partner's 28% rate gain (loss) from passive activities.
- Code E—Limited partner's 28% rate gain (loss) from other activities.
- Code F—Guaranteed payments.
- Code G—Income from discharge of indebtedness.
- Code H—Tax-exempt interest income.
- Code I—Limited partner's rehabilitation credit from rental real estate activities.
- Code J1—Net earnings (loss) from self-employment.
- Code J2—Gross nonfarm income.
- Code K1—Name of foreign country or U.S. possession.
- Code K2—Gross income from all sources.
- Code K3—Gross income sourced at partner level.

- Code K4(a)—Passive category foreign source income.
- Code K4(b)—General category foreign source income.
- Code K4(c)—Other category foreign source income.
- Code K5—Interest expense allocated and apportioned at the partner level.
- Code K6—Other expenses allocated and apportioned at the partner level.
- Code K7(a)—Deductions allocated and apportioned at partnership level to passive category foreign source income.
- Code K7(b)—Deductions allocated and apportioned at partnership level to general category foreign source income.
- Code K7(c)—Deductions allocated and apportioned at partnership level to the other category of foreign source income.
- Code K8(a)—Total foreign taxes paid.
- Code K8(b)—Total foreign taxes accrued.

- Code K9—Reduction in taxes available for credit.
- Code L—Oil and gas activities.
- Code M1—Other tax-exempt income.
- Code M2—Nondeductible expenses.
- Code M3—Unrelated business taxable income.
- Code M4—Health insurance.
- Code M5—Distributions of money (cash and marketable securities).
- Code M6—Distributions of property other than money.
- Code M7—Gain eligible for section 1202 exclusion.
- Code M8—Gain eligible for section 1045 rollover—stock replaced.
- Code M9—Gain eligible for section 1045 rollover—stock not replaced.
- Code N—Unrecaptured section 1250 gain.
- Code O1—Foreign trading gross receipts.

- Code O2—Extraterritorial income exclusion.
- Code P—Inversion gain.
- Code Q—Commercial revitalization deduction.
- Code R1—Corporate partner's interest income.
- Code R2—Corporate partner's interest expense.
- Code S1—Domestic production activities information.
- Code S2—Qualified production activities income.
- Code S3—Employer's W-2 wages.
- Code T—Section 409A nonqualified deferred compensation.
- Code U—Net investment income.
- Code V—Other information.

## **Analysis of Net Income (Loss)**

For each type of partner shown, enter the portion of the amount shown on line 1 that was allocated to that type of partner. Report all amounts for limited liability company members on the line for limited partners. The sum of the amounts shown on line 2 must equal the amount shown on line 1. In addition, the amount on line 1 must equal the amount on line 9, Schedule M-1. If the partnership files Schedule M-3, the amount on line 1 must equal the amount in column (d) of line 26, Part II of Schedule M-3.

In classifying partners who are individuals as "active" or "passive," the partnership should apply the rules below. In applying these rules, a partnership should classify each partner to the best of its knowledge and belief. It is assumed that in most cases the level of a particular partner's participation in an activity will be apparent.

1. If the partnership's principal activity is a trade or business, classify a general partner as "active" if the partner

materially participated in all partnership trade or business activities; otherwise, classify a general partner as "passive."

2. If the partnership's principal activity consists of a working interest in an oil or gas well, classify a general partner as "active."
3. If the partnership's principal activity is a rental real estate activity, classify a general partner as "active" if the partner actively participated in all of the partnership's rental real estate activities; otherwise, classify a general partner as "passive."
4. Classify as "passive" all partners in a partnership whose principal activity is a rental activity other than a rental real estate activity.
5. If the partnership's principal activity is a portfolio activity, classify all partners as "active."
6. Classify as "passive" all limited partners and LLC members in a

partnership whose principal activity is a trade or business or rental activity.

7. If the partnership cannot make a reasonable determination whether a partner's participation in a trade or business activity is material or whether a partner's participation in a rental real estate activity is active, classify the partner as "passive."

## **Schedule L. Balance Sheets per Books**

The balance sheets should agree with the partnership's books and records. Attach a statement explaining any differences.

Partnerships reporting to the Interstate Commerce Commission (ICC) or to any national, state, municipal, or other public officer can send copies of their balance sheets prescribed by the ICC or national, state, or municipal authorities, as of the beginning and end of the tax year, instead of completing Schedule L. However, statements filed under this procedure must contain sufficient information to enable the IRS to reconstruct a

balance sheet similar to that contained on Form 1065-B without contacting the partnership during processing.

All amounts on the balance sheet should be reported in U.S. dollars. If the partnership's books and records are kept in a foreign currency, the balance sheet should be translated in accordance with U.S. generally accepted accounting principles (GAAP).

**Exception.** If the partnership or any qualified business unit of the partnership uses the United States dollar approximate separate transactions method, Schedule L should reflect the tax balance sheet prepared and translated into U.S. dollars according to Regulations section 1.985-3(d), and not a U.S. GAAP balance sheet.

## **Partnerships Required To File Schedule M-3**

For partnerships required to file Schedule M-3, the amounts reported on Schedule L must be the same as the amounts from financial statements used to complete Schedule M-3. If the partnership prepares non-tax-basis



financial statements, Schedule M-3 and Schedule L must report non-tax-basis financial statement amounts. If the partnership does not prepare non-tax-basis financial statements, Schedule L must be based on the partnership's books and records and may show tax-basis balance sheet amounts if the partnership books and records reflect only tax-basis amounts.

## **Line 5. Tax-Exempt Securities**

Include on this line:

1. State and local government obligations, the interest on which is excludable from gross income under section 103(a) and
2. Stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the partnership.

## **Line 7a. Loans to Partners (or persons related to partners)**

Include on this line loans to partners or persons related to partners. Persons are

related if they have a relationship specified in sections 267(b) or 707(b). Amounts included here should not be included elsewhere on lines 1 through 14.

## **Line 14. Total Assets**

Generally, total assets at the beginning of the year (Schedule L, line 14, column (b)), must equal total assets at the close of the prior tax year (Schedule L, line 14, column (d)). If total assets at the beginning of the year do not equal total assets at the close of the prior year, attach a statement explaining the difference.

For purposes of measuring total assets at the end of the year, the partnership's assets may not be netted against or reduced by partnership liabilities. In addition, asset amounts may not be reported as a negative number. If the partnership has an interest in another partnership and uses a tax-basis method for Schedule L, it must show as an asset the adjusted basis of its interest in the other partnership and separately show as a liability its share of the other partnership's liabilities (which are included in the

computation of its adjusted basis). See the Partner's Instructions for Schedule K-1 (Form 1065-B) for details on how to figure the adjusted basis of a partnership interest. If Schedule L is non-tax-basis, investment in a partnership may be shown as appropriate under the non-tax-basis accounting method of the partnership including, if required by the non-tax-basis accounting method of the partnership, the equity method of accounting for investments, but must be shown as a non-negative amount.

**Example.** Partnership A prepares a tax-basis Schedule L and is a general partner in Partnership B, a general partnership. Partnership A's adjusted basis in Partnership B at the end of the tax year is \$16 million. Partnership A's share of Partnership B's liabilities is \$20 million, which is included in the \$16 million adjusted basis amount. On its Schedule L, Partnership A must report \$16 million on line 8 as the amount of its investment asset in Partnership B and report on line 21 its \$20 million share of Partnership B's liabilities. These amounts cannot be netted on Schedule L.

## **Line 18. All Nonrecourse Loans**

Nonrecourse loans are those liabilities of the partnership for which no partner bears the economic risk of loss. If the partnership's nonrecourse liabilities include its share of the liabilities of another partnership, the partnership's share of those liabilities must be reflected on line 18.

## **Line 19a. Loans from Partners (or persons related to partners)**

Include on this line loans from partners or persons related to partners. Persons are related to partners if they have a relationship specified in sections 267(b) or 707(b). Amounts included here should not be included elsewhere on lines 15 through 22.

## **Line 20. Other Liabilities**

A partnership that is a partner in a tiered partnership must include as a liability on line 20 the partner's share of the tiered partnership's liabilities to the extent they are recourse liabilities to the partner.

## **Schedule M-1. Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

**Note.** Schedule M-3 may be required instead of Schedule M-1. See *Item J. Schedule M-3 (Form 1065)* , earlier. See the Instructions for Schedule M-3 for more information.

### **Line 2**

Report on this line income included on Schedule K, lines 1c, 1d, 2, 3, 4a, 4b, and 8 not recorded on the partnership's books this year. Describe each such item of income. Attach a statement if necessary.

### **Line 3. Guaranteed Payments**

Include on this line guaranteed payments shown on Schedule K, line 7.

### **Line 4b. Travel and Entertainment**

Include on this line the following.

- Meal and entertainment expenses not deductible under section 274(n).

- Expenses for the use of an entertainment facility. See Code Sec. 274(a)(1)(B).
- The part of business gifts over \$25. See Code Sec. 274(b).
- Expenses of an individual allocable to conventions on cruise ships over \$2,000. See Code Sec. 274(h)(2).
- Employee achievement awards over \$400. See Code Sec. 274(j)(2)(A).
- The part of the cost of entertainment tickets that exceeds face value (also subject to 50% limit). See Code Sec. 274(l)(1)(A).
- The part of the cost of skyboxes that exceeds the face value of nonluxury box seat tickets. See Code Sec. 274(l)(2).
- The part of the cost of luxury water travel expenses not deductible under section 274(m)(1)(A).
- Expenses for travel as a form of education. See Code Sec. 274(m)(2).

- Nondeductible club dues. See Code Sec. 274(a)(3).
- Other travel and entertainment expenses not allowed as a deduction.

## **Schedule M-2. Analysis of Partners' Capital Accounts**

Show what caused the changes during the tax year in the partners' capital accounts as reflected on the partnership's books and records.

The partnership may use tax-basis amount or apply the rules in Regulations section 1.704-1(b)(2)(iv) to determine the partners' capital accounts in Schedule M-2. If the beginning and ending capital accounts reported under these rules differ from the amounts reported on Schedule L, attach a statement reconciling any differences.

### **Line 2. Capital Contributed During Year**

Include on line 2a the amount of money contributed and on line 2b the amount of property contributed by each partner to the

partnership as reflected on the partnership's books and records.

### **Line 3. Net Income (Loss) per Books**

Enter on line 3 the net income (loss) shown on the partnership books used in maintaining the partners' capital accounts for purposes of Schedule K-1.

### **Line 6. Distributions**

**Line 6a. Cash.** Enter on line 6a the amount of money distributed to each partner by the partnership. For purposes of line 6a, "money" includes marketable securities, as described in section 731(c).

**Line 6b. Property.** Enter on line 6b the amount of property distributed to each partner by the partnership as reflected on the partnership's books and records. Include withdrawals from inventory for the personal use of a partner.

**Paperwork Reduction Act Notice.** We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the



information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file the following forms and related schedules will vary depending on individual circumstances. The estimated average times are:

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Form	Recordkeeping	Learning about the law or the form	Preparing the form	Copying, assembling, and sending the form to the IRS
Form 1065-B	32 hr., 45 min.	36 hr., 44 min.	70 hr., 31 min.	9 hr., 6 min.
Schedule D (Form 1065-B)	9 hr., 34 min.	1 hr., 45 min.	2 hr., 55 min.	16 min.
Schedule D-1 (Form 1065-B)	3 hr., 6 min.	1 hr., 35 min.	1 hr., 42 min.	
Schedule K-1 (Form 1065-B)	5 hr., 44 min.	7 hr., 31 min.	11 hr., 40 min.	1 hr., 4 min.
Schedule L (Form 1065-B)	14 hr., 35 min.	12 min.	26 min.	
Schedule M-1 (Form 1065-B)	3 hr., 35 min.	1 hr.	1 hr., 6 min.	
Schedule M-2 (Form 1065-B)	2 hr., 52 min.	12 min.	15 min.	
Schedule M-3 (Form 1065-B)	58 hr., 49 min.	9 hr., 25 min.	23 hr., 49 min.	3 hr., 45 min.
Worksheet for Figuring Net Earnings (Loss) From Self-Employment	3 hr., 6 min.	6 min.	9 min.	
Unrecaptured Section 1250 Gain Worksheet — Line 15	2 hr., 52 min.	18 min.	21 min.	
*28% Rate Gain Worksheet — Line 15	1 hr., 12 min.		1 min.	

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Forms and Publications, SE:W:CAR:MP:TFP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the tax form to this address. Instead, see *Where To File* for more information.

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<b>Codes for Principal Business Activity and Principal Product or Service</b>  This list of Principal Business Activities and their associated codes is designed to classify an enterprise by the type of activity in which it is engaged to facilitate the administration of the Internal Revenue Code. These Principal Business Activity Codes are based on the North American Industry Classification System.		Using the list of activities and codes below, determine from which activity the business derives the largest percentage of its "total receipts." Total receipts is defined as the sum of gross receipts or sales (Part I, line 1a); all other income from Part I, lines 5, 6, 7, 9, and 10; Part II, lines 1, 2a, 3, and 5; income or net gain from Schedule D, lines 5 and 11; and income or net gain reported on Form 8825, lines 2, 19, and 20a. If the business purchases raw materials and supplies them to a subcontractor to produce the finished product, but retains title to the product, the		business is considered a manufacturer and must use one of the manufacturing codes (311110-339900).  Once the Principal Business Activity is determined, enter the six-digit code from the list below on page 1, item C. Also enter a brief description of the business activity in item A and the principal product or service of the business in item B.			
<b>Agriculture, Forestry, Fishing and Hunting</b> <b>Crop Production</b> 111100 Oilseed & Grain Farming 111210 Vegetable & Melon Farming (including potatoes & yams)  111300 Fruit & Tree Nut Farming 111400 Greenhouse, Nursery, & Floriculture Production 111900 Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet & all other crop farming) <b>Animal Production</b> 112111 Beef Cattle Ranching & Farming 112112 Cattle Feedlots 112120 Dairy Cattle & Milk Production 112210 Hog & Pig Farming 112300 Poultry & Egg Production 112400 Sheep & Goat Farming 112510 Aquaculture (including shellfish & finfish farms & hatcheries) 112900 Other Animal Production <b>Forestry and Logging</b> 113110 Timber Tract Operations 113210 Forest Nurseries & Gathering of Forest Products 113310 Logging <b>Fishing, Hunting and Trapping</b> 114110 Fishing 114210 Hunting & Trapping <b>Support Activities for Agriculture and Forestry</b> 115110 Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating) 115210 Support Activities for Animal Production 115310 Support Activities For Forestry	238300 Building Finishing Contractors (including drywall, insulation, painting, wallcovering, flooring, tile, & finish carpentry)  238900 Other Specialty Trade Contractors (including site preparation)	<b>Manufacturing</b> <b>Food Manufacturing</b> 311110 Animal Food Mfg 311200 Grain & Oilseed Milling 311300 Sugar & Confectionery Product Mfg  311400 Fruit & Vegetable Preserving & Specialty Food Mfg 311500 Dairy Product Mfg 311610 Animal Slaughtering and Processing 311710 Seafood Product Preparation & Packaging 311800 Bakeries, Tortilla & Dry Pasta Mfg 311900 Other Food Mfg (including coffee, tea, flavorings & seasonings) <b>Beverage and Tobacco Product Manufacturing</b> 312110 Soft Drink & Ice Mfg 312120 Breweries 312130 Wineries 312140 Distilleries 312200 Tobacco Manufacturing <b>Textile Mills and Textile Product Mills</b> 313000 Textile Mills 314000 Textile Product Mills <b>Apparel Manufacturing</b> 315100 Apparel Knitting Mills 315210 Cut & Sew Apparel Contractors 315220 Men's & Boys' Cut & Sew Apparel Mfg  315240 Women's, Girls' & Infants' Sew Apparel Mfg 315280 Other Cut & Sew Apparel Mfg 315990 Apparel Accessories & Other Apparel Mfg <b>Leather and Allied Product Manufacturing</b> 316110 Leather & Hide Tanning & Finishing 316210 Footwear Mfg (including rubber & plastics) 316990 Other Leather & Allied Product Mfg <b>Wood Product Manufacturing</b> 321110 Sawmills & Wood Preservation 321210 Veneer, Plywood, & Engineered Wood Product Mfg 321900 Other Wood Product Mfg <b>Paper Manufacturing</b> 322100 Pulp, Paper, & Paperboard Mills 322200 Converted Paper Product Mfg <b>Printing and Related Support Activities</b> 323100 Printing & Related Support Activities <b>Petroleum and Coal Products Manufacturing</b> 324110 Petroleum Refineries (including integrated) 324120 Asphalt Paving, Roofing, & Saturated Materials Mfg 324190 Other Petroleum & Coal Products Mfg <b>Chemical Manufacturing</b> 325100 Basic Chemical Mfg 325200 Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg  325300 Pesticide, Fertilizer, & Other Agricultural Chemical Mfg 325410 Pharmaceutical & Medicine Mfg 325500 Paint, Coating, & Adhesive Mfg 325600 Soap, Cleaning Compound, & Toilet Preparation Mfg 325900 Other Chemical Product & Preparation Mfg	<b>Plastics and Rubber Products Manufacturing</b> 326100 Plastics Product Mfg 326200 Rubber Product Mfg <b>Nonmetallic Mineral Product Manufacturing</b> 327100 Clay Product & Refractory Mfg 327210 Glass & Glass Product Mfg 327300 Cement & Concrete Product Mfg 327400 Lime & Gypsum Product Mfg 327900 Other Nonmetallic Mineral Product Mfg <b>Primary Metal Manufacturing</b> 331110 Iron & Steel Mills & Ferroalloy Mfg 331200 Steel Product Mfg from Purchased Steel 331310 Alumina & Aluminum Production & Processing 331400 Nonferrous Metal (except Aluminum) Production & Processing 331500 Foundries <b>Fabricated Metal Product Manufacturing</b> 332110 Forging & Stamping 332210 Cutlery & Handtool Mfg 332300 Architectural & Structural Metals Mfg 332400 Boiler, Tank, & Shipping Container Mfg 332510 Hardware Mfg 332610 Spring & Wire Product Mfg 332700 Machine Shops; Turned Product; & Screw, Nut, & Bolt Mfg 332810 Coating, Engraving, Heat Treating, & Allied Activities 332900 Other Fabricated Metal Product Mfg <b>Machinery Manufacturing</b> 333100 Agriculture, Construction, & Mining Machinery Mfg 333200 Industrial Machinery Mfg 333310 Commercial & Service Industry Machinery Mfg 333410 Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg 333510 Metalworking Machinery Mfg 333610 Engine, Turbine & Power Transmission Equipment Mfg 333900 Other General Purpose Machinery Mfg <b>Computer and Electronic Product Manufacturing</b> 334110 Computer & Peripheral Equipment Mfg 334200 Communications Equipment Mfg 334310 Audio & Video Equipment Mfg 334410 Semiconductor & Other Electronic Component Mfg 334500 Navigational, Measuring, Electromedical, & Control Instruments Mfg 334610 Manufacturing & Reproducing Magnetic & Optical Media <b>Electrical Equipment, Appliance, and Component Manufacturing</b> 335100 Electric Lighting Equipment Mfg 335200 Household Appliance Mfg 335310 Electrical Equipment Mfg 335900 Other Electrical Equipment & Component Mfg <b>Transportation Equipment Manufacturing</b> 336100 Motor Vehicle Mfg 336210 Motor Vehicle Body & Trailer Mfg 336300 Motor Vehicle Parts Mfg 336410 Aerospace Product & Parts Mfg 336510 Railroad Rolling Stock Mfg 336610 Ship & Boat Building 336990 Other Transportation Equipment Mfg	<b>Furniture and Related Product Manufacturing</b> 337000 Furniture & Related Product Manufacturing <b>Miscellaneous Manufacturing</b> 339110 Medical Equipment & Supplies Mfg 339900 Other Miscellaneous Manufacturing			
<b>Mining</b> 211110 Oil & Gas Extraction 212110 Coal Mining 212200 Metal Ore Mining 212310 Stone Mining & Quarrying 212320 Sand, Gravel, Clay, & Ceramic & Refractory Minerals Mining & Quarrying 212390 Other Nonmetallic Mineral Mining & Quarrying 213110 Support Activities for Mining							
<b>Utilities</b> 221100 Electric Power Generation, Transmission & Distribution 221210 Natural Gas Distribution 221300 Water, Sewage & Other Systems 221500 Combination Gas & Electric							
<b>Construction</b> <b>Construction of Buildings</b> 236110 Residential Building Construction 236200 Nonresidential Building Construction <b>Heavy and Civil Engineering Construction</b> 237100 Utility System Construction 237210 Land Subdivision 237310 Highway, Street, & Bridge Construction 237990 Other Heavy & Civil Engineering Construction <b>Specialty Trade Contractors</b> 238100 Foundation, Structure, & Building Exterior Contractors (including framing carpentry, masonry, glass, roofing, & siding) 238210 Electrical Contractors 238220 Plumbing, Heating, & Air-Conditioning Contractors 238290 Other Building Equipment Contractors							



Codes for Principal Business Activity and Principal Product or Service (Continued)

444190 444200 <b>Food and Beverage Stores</b> 445110 445120 445210 445220 445230 445291 445292 445299 445310 <b>Health and Personal Care Stores</b> 446110 446120 446130 446190 <b>Gasoline Stations</b> 447100 <b>Clothing and Clothing Accessories Stores</b> 448110 448120 448130  448140 448150 448190 448210 448310 448320 <b>Sporting Goods, Hobby, Book, and Music Stores</b> 451110 451120 451130  451140  451211 451212 <b>General Merchandise Stores</b> 452110 452900 <b>Miscellaneous Store Retailers</b> 453110 453210 453220 453310 453910 453920 453930  453990 <b>Nonstore Retailers</b> 454110 454210 454310 454390	Other Building Material Dealers Lawn & Garden Equipment & Supplies Stores Supermarkets and Other Grocery (except Convenience) Stores Convenience Stores Meat Markets Fish & Seafood Markets Fruit & Vegetable Markets Baked Goods Stores Confectionery & Nut Stores All Other Specialty Food Stores Beer, Wine, & Liquor Stores Pharmacies & Drug Stores Cosmetics, Beauty Supplies, & Perfume Stores Optical Goods Stores Other Health & Personal Care Stores Gasoline Stations (including convenience stores with gas) Men's Clothing Stores Women's Clothing Stores Children's & Infants' Clothing Stores  Family Clothing Stores Clothing Accessories Stores Other Clothing Stores Shoe Stores Jewelry Stores Luggage & Leather Goods Stores Sporting Goods Stores Hobby, Toy, & Game Stores Sewing, Needlework, & Piece Goods Stores  Musical Instrument & Supplies Stores  Book Stores News Dealers & Newsstands Department Stores Other General Merchandise Stores Florists Office Supplies & Stationery Stores Gift, Novelty, & Souvenir Stores Used Merchandise Stores Pet & Pet Supplies Stores Art Dealers Manufactured (Mobile) Home Dealers  All Other Miscellaneous Store Retailers (including tobacco, candle, & trophy shops)	<b>Pipeline Transportation</b> 486000 <b>Scenic &amp; Sightseeing Transportation</b> 487000 <b>Support Activities for Transportation</b> 488100 488210 488300 488410 488490 488510 488990 <b>Couriers and Messengers</b> 492110 492210 <b>Warehousing and Storage</b> 493100	Pipeline Transportation Scenic & Sightseeing Transportation Support Activities for Air Transportation Support Activities for Rail Transportation Support Activities for Water Transportation Motor Vehicle Towing Other Support Activities for Road Transportation Freight Transportation Arrangement Other Support Activities for Transportation Couriers Local Messengers & Local Delivery Warehousing & Storage (except lessors of miniwarehouses & self-storage units)	524150  524210 524290 <b>Funds, Trusts, and Other Financial Vehicles</b> 525100 525910 525920 525990  "Offices of Bank Holding Companies" and "Offices of Other Holding Companies" are located under <i>Management of Companies (Holding Companies)</i> below.	Direct Insurance & Reinsurance (except Life, Health & Medical) Carriers Insurance Agencies & Brokerages Other Insurance Related Activities (including third-party administration of insurance and pension funds) Insurance & Employee Benefit Funds Open-End Investment Funds (Form 1120-RIC) Trusts, Estates, & Agency Accounts Other Financial Vehicles (including mortgage REITs & closed-end investment funds)	541700  541800 541910 541920 541930 541940 541990	Scientific Research & Development Services Advertising & Related Services Marketing Research & Public Opinion Polling Photographic Services Translation & Interpretation Services Veterinary Services All Other Professional, Scientific, & Technical Services	
							<b>Management of Companies (Holding Companies)</b> 551111 551112	Offices of Bank Holding Companies Offices of Other Holding Companies
							<b>Administrative and Support and Waste Management and Remediation Services</b> <b>Administrative and Support Services</b> 561110 561210 561300 561410 561420 561430  561440 561450 561490  561500 561600 561710  561720 561730 561740  561790 561900	Office Administrative Services Facilities Support Services Employment Services Document Preparation Services Telephone Call Centers Business Service Centers (including private mail centers & copy shops)  Collection Agencies Credit Bureaus Other Business Support Services (including repossession services, court reporting, & stenotype services)  Travel Arrangement & Reservation Services Investigation & Security Services Exterminating & Pest Control Services  Janitorial Services Landscaping Services Carpet & Upholstery Cleaning Services  Other Services to Buildings & Dwellings Other Support Services (including packaging & labeling services, & convention & trade show organizers)
							<b>Waste Management and Remediation Services</b> 562000	Waste Management & Remediation Services
							<b>Educational Services</b> 611000	Educational Services (including schools, colleges, & universities)
							<b>Health Care and Social Assistance</b> <b>Offices of Physicians and Dentists</b> 621111 621112 621210 <b>Offices of Other Health Practitioners</b> 621310 621320 621330 621340 621391 621399  <b>Outpatient Care Centers</b> 621410 621420 621491 621492 621493 621498 <b>Medical and Diagnostic Laboratories</b> 621510 <b>Home Health Care Services</b> 621610 <b>Other Ambulatory Health Care Services</b> 621900  <b>Hospitals</b> 622000	Offices of Physicians (except mental health specialists) Offices of Physicians, Mental Health Specialists Offices of Dentists Offices of Chiropractors Offices of Optometrists Offices of Mental Health Practitioners (except Physicians) Offices of Physical, Occupational & Speech Therapists, & Audiologists Offices of Podiatrists Offices of All Other Miscellaneous Health Practitioners  Family Planning Centers Outpatient Mental Health & Substance Abuse Centers  HMO Medical Centers Kidney Dialysis Centers Freestanding Ambulatory Surgical & Emergency Centers All Other Outpatient Care Centers Medical & Diagnostic Laboratories Home Health Care Services Other Ambulatory Health Care Services (including ambulance services & blood & organ banks)  Hospitals
<b>Transportation and Warehousing</b> <b>Air, Rail, and Water Transportation</b> 481000 482110 483000 <b>Truck Transportation</b> 484110 484120 484200 <b>Transit and Ground Passenger Transportation</b> 485110 485210 485310 485320 485410 485510 485990	General Freight Trucking, Local General Freight Trucking, Long-distance Specialized Freight Trucking Urban Transit Systems Interurban & Rural Bus Transportation Taxi Service Limousine Service School & Employee Bus Transportation Charter Bus Industry Other Transit & Ground Passenger Transportation	<b>Information</b> <b>Publishing Industries (except Internet)</b> 511110 511120 511130 511140 511190 511210 <b>Motion Picture and Sound Recording Industries</b> 512100 512200 <b>Broadcasting (except Internet)</b> 515100 515210 <b>Telecommunications</b> 517000  <b>Data Processing Services</b> 518210 <b>Other Information Services</b> 519100	Newspaper Publishers Periodical Publishers Book Publishers Directory & Mailing List Publishers Other Publishers Software Publishers Motion Picture & Video Industries (except video rental) Sound Recording Industries Radio & Television Broadcasting Cable & Other Subscription Programming Telecommunications (including paging, cellular, satellite, cable & other program distribution, resellers, other telecommunications, & internet service providers) Data Processing, Hosting, & Related Services Other Information Services (including news syndicates, libraries, internet publishing & broadcasting)	<b>Finance and Insurance</b> <b>Depository Credit Intermediation</b> 522110 522120 522130 522190 <b>Nondepository Credit Intermediation</b> 522210 522220 522291 522292 522293 522294 522298 <b>Activities Related to Credit Intermediation</b> 522300  <b>Securities, Commodity Contracts, and Other Financial Investments and Related Activities</b> 523110 523120 523130 523140 523210 523900 <b>Insurance Carriers and Related Activities</b> 524140	Commercial Banking Savings Institutions Credit Unions Other Depository Credit Intermediation Credit Card Issuing Sales Financing Consumer Lending Real Estate Credit (including mortgage bankers & originators) International Trade Financing Secondary Market Financing All Other Nondepository Credit Intermediation Activities Related to Credit Intermediation (including loan brokers, check clearing, & money transmitting)  Investment Banking & Securities Dealing Securities Brokerage Commodity Contracts Dealing Commodity Contracts Brokerage Securities & Commodity Exchanges Other Financial Investment Activities (including portfolio management & investment advice) Direct Life, Health, & Medical Insurance & Reinsurance Carriers	<b>Professional, Scientific, and Technical Services</b> <b>Legal Services</b> 541110 541190 <b>Accounting, Tax Preparation, Bookkeeping, and Payroll Services</b> 541211 541213 541214 541219 <b>Architectural, Engineering, and Related Services</b> 541310 541320 541330 541340 541350 541360  541370 541380 <b>Specialized Design Services</b> 541400  <b>Computer Systems Design and Related Services</b> 541511 541512 541513 541519 <b>Other Professional, Scientific, and Technical Services</b> 541600	Offices of Lawyers Other Legal Services Offices of Certified Public Accountants Tax Preparation Services Payroll Services Other Accounting Services Architectural Services Landscape Architecture Services Engineering Services Drafting Services Building Inspection Services Geophysical Surveying & Mapping Services  Surveying & Mapping (except Geophysical) Services Testing Laboratories Specialized Design Services (including interior, industrial, graphic, & fashion design) Custom Computer Programming Services Computer Systems Design Services Computer Facilities Management Services Other Computer Related Services Management, Scientific, & Technical Consulting Services	

Codes for Principal Business Activity and Principal Product or Service (Continued)

<b>Nursing and Residential Care Facilities</b> 623000 Nursing & Residential Care Facilities <b>Social Assistance</b> 624100 Individual & Family Services 624200 Community Food & Housing, & Emergency & Other Relief Services 624310 Vocational Rehabilitation Services 624410 Child Day Care Services	<b>Amusement, Gambling, and Recreation Industries</b> 713100 Amusement Parks & Arcades 713200 Gambling Industries 713900 Other Amusement & Recreation Industries (including golf courses, skiing facilities, marinas, fitness centers, & bowling centers)	722514 Cafeterias & Buffets 722515 Snack & Nonalcoholic Beverage Bars	812190 Other Personal Care Services (including diet & weight reducing centers)
<b>Arts, Entertainment, and Recreation</b> <b>Performing Arts, Spectator Sports, and Related Industries</b> 711100 Performing Arts Companies 711210 Spectator Sports (including sports clubs & racetracks) 711300 Promoters of Performing Arts, Sports, & Similar Events 711410 Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures 711510 Independent Artists, Writers, & Performers <b>Museums, Historical Sites, and Similar Institutions</b> 712100 Museums, Historical Sites, & Similar Institutions	<b>Accommodation and Food Services</b> <b>Accommodation</b> 721110 Hotels (except Casino Hotels) & Motels 721120 Casino Hotels 721191 Bed & Breakfast Inns 721199 All Other Traveler Accommodation 721210 RV (Recreational Vehicle) Parks & Recreational Camps 721310 Rooming & Boarding Houses <b>Food Services and Drinking Places</b> 722300 Special Food Services (including food service contractors & caterers) 722410 Drinking Places (Alcoholic Beverages) 722511 Full Service Restaurants 722513 Limited Service Restaurants	<b>Other Services</b> <b>Repair and Maintenance</b> 811110 Automotive Mechanical & Electrical Repair & Maintenance 811120 Automotive Body, Paint, Interior, & Glass Repair 811190 Other Automotive Repair & Maintenance (including oil change & lubrication shops & car washes) 811210 Electronic & Precision Equipment Repair & Maintenance 811310 Commercial & Industrial Machinery & Equipment (except Automotive & Electronic) Repair & Maintenance 811410 Home & Garden Equipment & Appliance Repair & Maintenance 811420 Reupholstery & Furniture Repair 811430 Footwear & Leather Goods Repair 811490 Other Personal & Household Goods Repair & Maintenance <b>Personal and Laundry Services</b> 812111 Barber Shops 812112 Beauty Salons 812113 Nail Salons	812210 Funeral Homes & Funeral Services 812220 Cemeteries & Crematories 812310 Coin-Operated Laundries & Drycleaners 812320 Drycleaning & Laundry Services (except Coin-Operated) 812330 Linen & Uniform Supply 812910 Pet Care (except Veterinary) Services 812920 Photofinishing 812930 Parking Lots & Garages 812990 All Other Personal Services <b>Religious, Grantmaking, Civic, Professional, and Similar Organizations</b> 813000 Religious, Grantmaking, Civic, Professional, & Similar Organizations (including condominium and homeowners associations)

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