

Tax Year 2014 Form 1065-B Test Scenarios

6. 1065-B, 1125-A, 4797, 1065-B Sch K-1 (2), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Inventoriable Costs Paid Schedule
Current Assets Statement
Income Expenses Recorded on Books Not on Schedule K Statement
Itemized Deductions Not Charged Against Books Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

7. 1065-B, 1125-A, 4562 (2), 8825, 1065-B Sch K-1 (2), 1065 Sch C, 1065 Sch M-3, Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Qualified Nonrecourse Financing Statement
Miscellaneous Item Statement

BINARY Attachments: Scanned Form 8453-B (8453 Signature Document)

8. 1065-B, 1125-A, 8308, 1065-B Sch K-1 (75), 1065 Sch M-3, 1065 Sch C, Form 8453-B

Attachments:

Itemized Other Deductions Schedule

Note: Please use the same data for the additional seventy four (74) Schedule K-1s, but increment the entity information as follows:

EIN: 001-06-2001

Name: Taxpayer B1

Address: PO Box 0001

EIN: 001-06-1002

Name: Taxpayer A2

Address: PO Box 0002

EIN: 001-06-1003

Name: Taxpayer A3

Address: PO Box 0003

Form 1065-B Test Scenario 6

TEST SCENARIO 6

FORMS REQUIRED: 1065-B, 1125-A, 4797, Schedule K-1 (F1065-B) (100), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Inventoriable Costs Paid Schedule
Other Current Assets Statement
Income Expenses Recorded On Books Not On Schedule K Statement
Itemized Deductions Not Charged Against Books Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

HEADER INFO:

Tax Period: Calendar Year 2014

Preparer Firm: Electronic Tax Filers, Inc. 00-2000098
1065 Efile Drive
Anytown, TX 79001

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select
Type: Self-select
Practitioner PIN: None
PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065-B

Filer: EIN: 00-2000006
Name: ABC Oil and Gas L P
Name Control: ABCO
Address: 28 Oil Rig Rd
Anytown, TX 79001

Partner: Name: Jonathan Walker
Title: Chief Executive Officer
Taxpayer PIN: N/A
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed: 04/01/2015

Preparer: Name: Jane Doe
PTIN: P00000006
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/10/2015
Self Employed: No

Form 1065-B Test Scenario 6

IRS PAYMENT: N/A

Details for attachments to Form

Attachment 1, Form 1065-B, Page 1, Line 23 (Itemized Other Deductions Schedule)

Type	Amount
Survey Costs	\$150,750
Permits	\$27,250
Professional Fees	\$46,140
Bank Fees	\$2,600

Attachment 2, Form 1125-A, Page 1, Line 5 (Inventoriable Costs Paid Schedule)

Type	Amount
Other Costs	\$576,000

Attachment 3, Form 1065-B, Page 5, Schedule L, Line 6 (Schedule L Other Current Assets Statement)

Type	BOY Amount	EOY Amount
Prepaid Insurance	\$260,000	\$280,001
Other	\$1,600,720	\$1,630,110

Attachment 4, Form 1065-B, Page 5, Schedule M-1, Line 4 (Income Expenses Recorded On Books Not On Schedule K Statement)

Professional Fee	\$57,140
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Attachment 5, Form 1065-B, Page 5, Schedule M-1, Line 7 (Itemized Deductions Not Charged Against Books Statement)

Survey Cost	\$74,212
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Form 1065-B Test Scenario 6

Form **1065-B**

U.S. Return of Income for Electing Large Partnerships

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

For calendar year 2014, or tax year beginning _____, 2014, and ending _____, 20_____

2014

► Information about Form 1065-B and its separate instructions is at www.irs.gov/form1065b.

A Principal business activity Mining	TYPE or PRINT	Name of partnership ABC Oil and Gas LP	D Employer identification number 00-2000006
B Principal product or service Oil & Gas		Number, street, and room or suite no. If a P.O. box, see instructions. 28 Oil Rig Rd	E Date business started 11/08/1999
C Business code no. (see instructions) 211110		City or town, state or province, country, and ZIP or foreign postal code Anytown, TX 79001	F Total assets (see instructions) \$ 5,617,088

- G** Check applicable boxes: (1) Final return (2) Name change (3) Address change (4) Amended return
- H** Check accounting method: (1) Cash (2) Accrual (3) Other (specify) ► _____
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 100
- J** Check if Schedule M-3 (Form 1065) is attached ►

Part I Taxable Income or Loss From Passive Loss Limitation Activities

Income	1a Gross receipts or sales	2,512,000	b Less returns and allowances		c Bal ►	1c	2,512,000
	2 Cost of goods sold (attach Form 1125-A)					2	576,000
	3 Gross profit. Subtract line 2 from line 1c					3	1,936,000
	4 Net rental real estate income (loss) (attach Form 8825)					4	
	5 Net income (loss) from other rental activities (attach statement)					5	
	6 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)					6	
	7 Net farm profit (loss) (attach Schedule F (Form 1040))					7	
	8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 20)					8	
	9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	
	10 Other income (loss) (see instructions) (attach statement)					10	
	11 Total income (loss). Combine lines 3 through 10					11	1,936,000
Deductions	12 Salaries and wages (other than to partners) (less employment credits)					12	
	13 Guaranteed payments to partners					13	
	14 Repairs and maintenance					14	224,165
	15 Bad debts					15	
	16 Rent					16	
	17 Taxes and licenses					17	
	18 Interest					18	
	19a Depreciation and section 179 expense deduction (see instructions)	19a				19c	
	b Less: depreciation reported on Form 1125-A and elsewhere on return	19b					
	20 Depletion					20	148,180
	21 Retirement plans, etc.					21	
	22 Employee benefit programs					22	
	23 Other deductions (attach statement)					23	226,740
	24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23					24	599,085
25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11					25	1,336,915	
Tax and Payments	26 Tax (see instructions). Check if from: a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611					26	
	27 Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136					27	
	28 Amount owed. Enter the excess of line 26 over line 27					28	
	29 Overpayment. Enter the excess of line 27 over line 26					29	

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P0000006
	Firm's name ► Electronic Tax Filers INC			Firm's EIN ►	69-0000098
	Firm's address ► 1065 e-filer Dr. Anytown, TX 79001			Phone no.	(555) 631-5555

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 26265H

Form **1065-B** (2014)

Form 1065-B Test Scenario 6

Part II Taxable Income or Loss From Other Activities			
1	Interest	1	550
2a	Total ordinary dividends	2a	
b	Qualified dividends	2b	
c	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 23)	4	
5	Other income (loss) (see instructions) (attach statement)	5	
6	Total income (loss). Add lines 1, 2c, 3, 4, and 5	6	550
7	Interest expense on investment debts (attach Form 4952)	7	
8	State and local income taxes (see instructions)	8	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
10a	Total miscellaneous itemized deductions	10a	
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach statement)	11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	550

Schedule B Other Information (see instructions)		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input type="checkbox"/> Domestic general partnership		
b	<input checked="" type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶ _____		
2	Are any partners in this partnership also partnerships?		✓
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		✓
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		✓
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✓
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓
7	At any time during calendar year 2014, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ▶ _____		✓
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		✓
9	Enter the number of Forms 8865 , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
	0		

Form 1065-B Test Scenario 6

Schedule D Capital Gains and Losses (Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.)

Part I—Short-Term Capital Gains and Losses—Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below.
This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37				4
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824				5
6 Partnership's share of net short-term capital gain (loss) from other partnerships, estates, and trusts				6
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h)				7

Part II—Long-Term Capital Gains and Losses—Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below.
This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				
11 Enter gain from Form 4797, Part I				11 2,500
12 Long-term capital gain from installment sales from Form 6252, line 26 or 37				12
13 Long-term capital gain or (loss) from like-kind exchanges from Form 8824				13
14 Partnership's share of net long-term capital gain (loss) from other partnerships, estates, and trusts				14
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h)				15 2,500

Part III—Summary of Parts I and II

16 Combine lines 7 and 15 and enter the net gain (loss)	16	2,500
17 Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 15)	17	
18 Net capital gain or (loss). Subtract line 17 from line 16	18	2,500

Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities

19 Redetermine the amount on line 17 by taking into account only gains and losses from passive loss limitation activities	19	
20 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 17 or line 19. Enter here and on page 1, Part I, line 8	20	
21 Redetermine the amount on line 18 by taking into account only gains and losses from passive loss limitation activities	21	
22 Net capital gain or (loss) from passive loss limitation activities. If lines 18 and 21 are both positive or both negative, enter the smaller of line 18 or line 21. Otherwise, enter -0-. Enter here and on Schedule K, line 4a	22	

Note. When figuring whether line 18 or line 21 is **smaller**, treat both numbers as positive.

Part V—Net Capital Gain (Loss) From Other Activities

23 Excess of net short-term capital gain over net long-term capital loss. Subtract line 20 from line 17. Enter here and on page 2, Part II, line 4	23	
24 Net capital gain or (loss) from other activities. Subtract line 22 from line 18. Enter here and on Schedule K, line 4b	24	2,500

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

(a) Distributive share items		(b) Total amount	
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)	1a	1,336,915
b	Amount on line 1a allocated to general partners as:		
	(1) Taxable income (loss) from trade or business activities	1b(1)	668,458
	(2) Taxable income (loss) from rental real estate activities	1b(2)	
	(3) Taxable income (loss) from other rental activities	1b(3)	
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)	1c	668,458
d	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)	1d	668,457
2	Taxable income (loss) from other activities (Part II, line 13)	2	550
3	Qualified dividends from other activities (Part II, line 2b)	3	
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 22)	4a	
b	Net capital gain (loss) from other activities (Schedule D, line 24)	4b	2,500
5	Net passive alternative minimum tax adjustment	5	
6	Net other alternative minimum tax adjustment	6	
7	Guaranteed payments	7	
8	Income from discharge of indebtedness	8	
9	Tax-exempt interest income	9	
10	General credits (see instructions)	10	
11	Low-income housing credit (see instructions)	11	
12	Rehabilitation credit from rental real estate activities (attach Form 3468, if applicable)	12	
13a	Net earnings (loss) from self-employment	13a	668,458
b	Gross nonfarm income	13b	668,458
14a	Name of foreign country or U.S. possession ▶		
b	Gross income from all sources	14b	
c	Gross income sourced at partner level (attach statement)	14c	
d	Foreign gross income sourced at partnership level:		
	(1) Passive category	14d(1)	
	(2) General category	14d(2)	
	(3) Other (attach statement)	14d(3)	
e	Deductions allocated and apportioned at partner level:		
	(1) Interest expense	14e(1)	
	(2) Other	14e(2)	
f	Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive category	14f(1)	
	(2) General category	14f(2)	
	(3) Other (attach statement)	14f(3)	
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	14g	
h	Reduction in taxes available for credit (attach statement)	14h	
15	Other items and amounts required to be reported separately to partners (attach statement)		

Analysis of Net Income (Loss)

1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g	1	1,339,965
2	Analysis by partner type:		
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)
a	General partners	669,982	
b	Limited partners		669,983
	(iv) Partnership		(v) Exempt organization
			(vi) Nominee/Other

Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		565,010		1,090,037
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)		1,860,720		1,910,111
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets				
b Less accumulated depreciation				
10a Depletable assets	3,140,260		3,140,260	
b Less accumulated depletion	375,140	2,765,120	523,320	2,616,940
11 Land (net of any amortization)		10,000		
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 Total assets		5,200,850		5,617,088
Liabilities and Capital				
15 Accounts payable		470,588		205,366
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)				
18 All nonrecourse loans		2,254,137		1,205,380
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach statement)				
21 Partners' capital accounts		2,476,125		4,206,342
22 Total liabilities and capital		5,200,850		5,617,088

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

Note. The partnership may be required to file Schedule M-3 (see instructions).

1 Net income (loss) per books	1,357,037	6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments			
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$			
			74,212
	57,140	8 Add lines 6 and 7	742,212
5 Add lines 1 through 4	1,414,177	9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	1,339,965

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	2,476,125	6 Distributions:	a Cash	
2 Capital contributed:			b Property	
a Cash	373,180			
b Property		7 Other decreases (itemize):		
3 Net income (loss) per books	1,357,037			
4 Other increases (itemize):		8 Add lines 6 and 7		0
		9 Balance at end of year. Subtract line 8 from line 5		4,206,342
5 Add lines 1 through 4	4,206,342			

Form 1065-B Test Scenario 6

Form **1125-A**

Cost of Goods Sold

(December 2012)
Department of the Treasury
Internal Revenue Service

OMB No. 1545-2225

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.**
▶ **Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.**

Name ABC Oil and Gas LP		Employer identification number 00-2000006	
1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	576,000
6	Total. Add lines 1 through 5	6	576,000
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	576,000
9a	Check all methods used for valuing closing inventory: (i) <input type="checkbox"/> Cost (ii) <input type="checkbox"/> Lower of cost or market (iii) <input type="checkbox"/> Other (Specify method used and attach explanation.) ▶		
b	Check if there was a writedown of subnormal goods		<input type="checkbox"/>
c	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		<input type="checkbox"/>
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	9d	
e	If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)?		<input type="checkbox"/> Yes <input type="checkbox"/> No
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation		<input type="checkbox"/> Yes <input type="checkbox"/> No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Form 1065-B Test Scenario 6

Form **4797**

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2014

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

Attachment
Sequence No. **27**

Name(s) shown on return ABC Oil and Gas LP	Identifying number 00-2000006
--	---

1 Enter the gross proceeds from sales or exchanges reported to you for 2014 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	Land	07/01/2000	06/30/2014	12,500		10,000	2,500

3 Gain, if any, from Form 4684, line 39 **3**

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 **4**

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 **5**

6 Gain, if any, from line 32, from other than casualty or theft. **6**

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **7** 2,500

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions) **8**

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) **9**

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11 Loss, if any, from line 7 **11** ()

12 Gain, if any, from line 7 or amount from line 8, if applicable **12**

13 Gain, if any, from line 31 **13**

14 Net gain or (loss) from Form 4684, lines 31 and 38a **14**

15 Ordinary gain from installment sales from Form 6252, line 25 or 36 **15**

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824. **16**

17 Combine lines 10 through 16 **17**

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions **18a**

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 **18b**

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 130861

Form **4797** (2014)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
	These columns relate to the properties on lines 19A through 19D. ▶	Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale	21	
22	Depreciation (or depletion) allowed or allowable	22	
23	Adjusted basis. Subtract line 22 from line 21.	23	
24	Total gain. Subtract line 23 from line 20	24	
25	If section 1245 property:		
	a Depreciation allowed or allowable from line 22	25a	
	b Enter the smaller of line 24 or 25a	25b	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
	a Additional depreciation after 1975 (see instructions)	26a	
	b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b	
	c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c	
	d Additional depreciation after 1969 and before 1976.	26d	
	e Enter the smaller of line 26c or 26d	26e	
	f Section 291 amount (corporations only)	26f	
	g Add lines 26b, 26e, and 26f.	26g	
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).		
	a Soil, water, and land clearing expenses	27a	
	b Line 27a multiplied by applicable percentage (see instructions)	27b	
	c Enter the smaller of line 24 or 27b	27c	
28	If section 1254 property:		
	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a	
	b Enter the smaller of line 24 or 28a	28b	
29	If section 1255 property:		
	a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a	
	b Enter the smaller of line 24 or 29a (see instructions)	29b	

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years.	33
34	Recomputed depreciation (see instructions)	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

Form 1065-B Test Scenario 6

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC Oil and Gas LP 28 Oil Rig Rd Anytown, TX 79001		1 Taxable income (loss) from passive activities 13,370	OMB No. 1545-0123 2014	Partner's Share of Income (Loss) From an Electing Large Partnership
		2 Taxable income (loss) from other activities 6	Schedule K-1 (Form 1065-B)	
PARTNERSHIP'S Employer I.D. number 00-2000006	PARTNER'S identifying number 000-50-0001	3 Qualified dividends		Copy C For Electing Large Partnership For Paperwork Reduction Act Notice and instructions for completing this form, see the 2014 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
PARTNER'S name Jonathan Walker		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities 25	
Street address (including apt. no.) 1657 E Forks Rd		5 Net passive AMT adjustment	6 Net other AMT adjustment	
		7 General credits	8 Low-income housing credit	
City, state, and ZIP code Bay Shore, NY 11706		9 Other J1 13,370 J2 13,370		
Partner's share of liabilities:				
a Nonrecourse \$ 12,554				
b Qualified nonrecourse financing \$				
c Other \$				

Schedule K-1 (Form 1065-B)

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Department of the Treasury - Internal Revenue Service

Form 1065-B Test Scenario 6

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC Oil and Gas LP 28 Oil Rig Rd Anytown, TX 79001		1 Taxable income (loss) from passive activities <p align="right">13,370</p>	OMB No. 1545-0123 <h1 style="font-size: 2em; margin: 0;">2014</h1>	Partner's Share of Income (Loss) From an Electing Large Partnership								
		2 Taxable income (loss) from other activities <p align="right">6</p>	Schedule K-1 (Form 1065-B)									
PARTNERSHIP'S Employer I.D. number <p align="center">00-2000006</p>	PARTNER'S identifying number <p align="center">000-50-0002</p>	3 Qualified dividends		Copy C For Electing Large Partnership For Paperwork Reduction Act Notice and instructions for completing this form, see the 2014 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.								
PARTNER'S name Julius Caesar Walker		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities <p align="right">25</p>									
Street address (including apt. no.) 1657 E Forks Rd		5 Net passive AMT adjustment	6 Net other AMT adjustment									
		7 General credits	8 Low-income housing credit									
City, state, and ZIP code Bay Shore, NY 11706		9 Other										
Partner's share of liabilities:												
<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:80%;">a Nonrecourse</td> <td style="width:5%; text-align: center;">\$</td> <td style="width:15%; text-align: right;">12,054</td> </tr> <tr> <td>b Qualified nonrecourse financing</td> <td style="text-align: center;">\$</td> <td style="text-align: right;">-----</td> </tr> <tr> <td>c Other</td> <td style="text-align: center;">\$</td> <td style="text-align: right;">-----</td> </tr> </table>		a Nonrecourse	\$	12,054	b Qualified nonrecourse financing	\$	-----	c Other	\$	-----		
a Nonrecourse	\$	12,054										
b Qualified nonrecourse financing	\$	-----										
c Other	\$	-----										

Schedule K-1 (Form 1065-B)

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Department of the Treasury - Internal Revenue Service

Form 1065-B Test Scenario 7

TEST SCENARIO 7

FORMS REQUIRED: 1065-B, 1125-A, 4562 (2), 8825, Schedule C (F1065), Schedule K-1 (F1065-B) (100), Schedule M-3 (F1065), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Miscellaneous Item Statement
Qualified Nonrecourse Financing Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

HEADER INFO:

Tax Period: Calendar Year 2014

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, WV 25001

Multiple Software Packages Used: Yes or No

Originator: **EFIN:** Self-select
Type: ERO
Practitioner PIN: None
PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065-B

Filer: **EIN:** 00-2000007
Name: ABC Cement Manufacturing
Name Control: ABCC
Address: 100 Concrete Ln.
Anytown, MN 55001

Partner: **Name:** John Macbeth
Title: President
Taxpayer PIN: N/A
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed 04/06/2015

Preparer: **Name:** Jane Jones
PTIN: P00000007
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/12/2015
Self Employed: No

IRS PAYMENT: N/A

Form 1065-B Test Scenario 7

Details for attachments to Form

Attachment 1, Form 1065-B, Page 1, Line 23 (Itemized Other Deductions Schedule)

Type	Amount
Professional Fees	\$528,000
Permits	\$125,000
Insurance	\$325,000
Others	\$544,700

Attachment 2, Schedule K-1 (Form 1065-B), (Miscellaneous Items Statement)

Code Number	Type	Code Name	Amount
A1		General Partners	\$3,477,193
B1		N/A	\$242,500

Attachment 3, Schedule K-1 (Form 1065-B) (Qualified Nonrecourse Financing Statement)

Explanation of Qualified Nonrecourse Financing
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Form 1065-B Test Scenario 7

Form **1065-B**

U.S. Return of Income for Electing Large Partnerships

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

For calendar year 2014, or tax year beginning _____, 2014, and ending _____, 20_____

2014

► Information about Form 1065-B and its separate instructions is at www.irs.gov/form1065b.

A Principal business activity Cement Manufacturing	TYPE or PRINT	Name of partnership ABC Cement Manufacturing	D Employer identification number 00-2000007
B Principal product or service Cement		Number, street, and room or suite no. If a P.O. box, see instructions. 100 Concrete Ln	E Date business started 01/19/1998
C Business code no. (see instructions) 327300		City or town, state or province, country, and ZIP or foreign postal code Anytown, TX 55001	F Total assets (see instructions) \$ 17,565,232

- G** Check applicable boxes: (1) Final return (2) Name change (3) Address change (4) Amended return
- H** Check accounting method: (1) Cash (2) Accrual (3) Other (specify) ► _____
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 100
- J** Check if Schedule M-3 (Form 1065) is attached

Part I Taxable Income or Loss From Passive Loss Limitation Activities

Income	1a Gross receipts or sales	41,175,200	b Less returns and allowances		c Bal ►	1c	41,175,200
	2 Cost of goods sold (attach Form 1125-A)					2	26,954,578
	3 Gross profit. Subtract line 2 from line 1c					3	14,220,622
	4 Net rental real estate income (loss) (attach Form 8825)					4	485,000
	5 Net income (loss) from other rental activities (attach statement)					5	
	6 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)					6	
	7 Net farm profit (loss) (attach Schedule F (Form 1040))					7	
	8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 20)					8	
	9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	
	10 Other income (loss) (see instructions) (attach statement)					10	
	11 Total income (loss). Combine lines 3 through 10					11	14,705,622
Deductions	12 Salaries and wages (other than to partners) (less employment credits)					12	1,937,201
	13 Guaranteed payments to partners					13	
	14 Repairs and maintenance					14	1,036,752
	15 Bad debts					15	
	16 Rent					16	
	17 Taxes and licenses					17	1,414,186
	18 Interest					18	
	19a Depreciation and section 179 expense deduction (see instructions)		19a				
	b Less: depreciation reported on Form 1125-A and elsewhere on return		19b			19c	421,217
	20 Depletion					20	
	21 Retirement plans, etc.					21	148,180
	22 Employee benefit programs					22	786,000
	23 Other deductions (attach statement)					23	1,522,700
	24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23					24	7,266,236
25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11					25	7,439,386	
Tax and Payments	26 Tax (see instructions). Check if from: a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611					26	
	27 Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136					27	
	28 Amount owed. Enter the excess of line 26 over line 27					28	
	29 Overpayment. Enter the excess of line 27 over line 26					29	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P0000007
Firm's name ► Electronic Tax Filers INC			Firm's EIN ►	69-000098
Firm's address ► 1065 e-filer Dr. Anytown, TX 79001			Phone no.	(555) 631-5555

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 26265H

Form **1065-B** (2014)

Form 1065-B Test Scenario 7

Part II Taxable Income or Loss From Other Activities			
1	Interest	1	37,412
2a	Total ordinary dividends	2a	
b	Qualified dividends	2b	
c	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 23)	4	
5	Other income (loss) (see instructions) (attach statement)	5	
6	Total income (loss). Add lines 1, 2c, 3, 4, and 5	6	37,412
7	Interest expense on investment debts (attach Form 4952)	7	
8	State and local income taxes (see instructions)	8	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
10a	Total miscellaneous itemized deductions	10a	
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach statement)	11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	37,412

Schedule B Other Information (see instructions)		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input checked="" type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶ _____		
2	Are any partners in this partnership also partnerships?		✓
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		✓
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		✓
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✓
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓
7	At any time during calendar year 2014, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ▶ _____		✓
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		✓
9	Enter the number of Forms 8865 , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
	0		

Form 1065-B Test Scenario 7

Schedule D Capital Gains and Losses (Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.)

Part I—Short-Term Capital Gains and Losses—Assets Held One Year or Less

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.				
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37				4
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824				5
6 Partnership's share of net short-term capital gain (loss) from other partnerships, estates, and trusts				6
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h)				7

Part II—Long-Term Capital Gains and Losses—Assets Held More Than One Year

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.				
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				
11 Enter gain from Form 4797, Part I				11
12 Long-term capital gain from installment sales from Form 6252, line 26 or 37				12
13 Long-term capital gain or (loss) from like-kind exchanges from Form 8824				13
14 Partnership's share of net long-term capital gain (loss) from other partnerships, estates, and trusts				14
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h)				15

Part III—Summary of Parts I and II

16 Combine lines 7 and 15 and enter the net gain (loss)	16		
17 Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 15)	17		
18 Net capital gain or (loss). Subtract line 17 from line 16	18		

Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities

19 Redetermine the amount on line 17 by taking into account only gains and losses from passive loss limitation activities	19		
20 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 17 or line 19. Enter here and on page 1, Part I, line 8	20		
21 Redetermine the amount on line 18 by taking into account only gains and losses from passive loss limitation activities	21		
22 Net capital gain or (loss) from passive loss limitation activities. If lines 18 and 21 are both positive or both negative, enter the smaller of line 18 or line 21. Otherwise, enter -0-. Enter here and on Schedule K, line 4a	22		
Note. When figuring whether line 18 or line 21 is smaller , treat both numbers as positive.			

Part V—Net Capital Gain (Loss) From Other Activities

23 Excess of net short-term capital gain over net long-term capital loss. Subtract line 20 from line 17. Enter here and on page 2, Part II, line 4	23		
24 Net capital gain or (loss) from other activities. Subtract line 22 from line 18. Enter here and on Schedule K, line 4b	24		

Form 1065-B Test Scenario 7

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

(a) Distributive share items		(b) Total amount	
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)	1a	7,439,386
b	Amount on line 1a allocated to general partners as:		
	(1) Taxable income (loss) from trade or business activities	1b(1)	3,477,193
	(2) Taxable income (loss) from rental real estate activities	1b(2)	242,500
	(3) Taxable income (loss) from other rental activities	1b(3)	
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)	1c	3,719,693
d	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)	1d	3,719,693
2	Taxable income (loss) from other activities (Part II, line 13)	2	37,412
3	Qualified dividends from other activities (Part II, line 2b)	3	
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 22)	4a	
b	Net capital gain (loss) from other activities (Schedule D, line 24)	4b	
5	Net passive alternative minimum tax adjustment	5	
6	Net other alternative minimum tax adjustment	6	
7	Guaranteed payments	7	
8	Income from discharge of indebtedness	8	
9	Tax-exempt interest income	9	
10	General credits (see instructions)	10	
11	Low-income housing credit (see instructions)	11	
12	Rehabilitation credit from rental real estate activities (attach Form 3468, if applicable)	12	
13a	Net earnings (loss) from self-employment	13a	3,719,693
b	Gross nonfarm income	13b	3,719,693
14a	Name of foreign country or U.S. possession ▶		
b	Gross income from all sources	14b	
c	Gross income sourced at partner level (attach statement)	14c	
d	Foreign gross income sourced at partnership level:		
	(1) Passive category	14d(1)	
	(2) General category	14d(2)	
	(3) Other (attach statement)	14d(3)	
e	Deductions allocated and apportioned at partner level:		
	(1) Interest expense	14e(1)	
	(2) Other	14e(2)	
f	Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive category	14f(1)	
	(2) General category	14f(2)	
	(3) Other (attach statement)	14f(3)	
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	14g	
h	Reduction in taxes available for credit (attach statement)	14h	
15	Other items and amounts required to be reported separately to partners (attach statement)		

Analysis of Net Income (Loss)

1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g	1	7,476,798
2	Analysis by partner type:		
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)
a	General partners	3,738,399	
b	Limited partners		3,738,399
	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other

Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		1,565,000		4,791,818
2a Trade notes and accounts receivable	3,525,697		3,100,000	
b Less allowance for bad debts		3,325,697	200,000	2,900,000
3 Inventories		3,211,146		2,816,414
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)				
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets	7,500,000		7,957,000	
b Less accumulated depreciation	1,500,000	6,000,000	19,000,000	6,057,000
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		1,000,000		1,000,000
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 Total assets		15,101,843		5,617,088
Liabilities and Capital				
15 Accounts payable		944,231		205,366
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)				
18 All nonrecourse loans		12,000,000		6,000,000
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach statement)				
21 Partners' capital accounts		2,157,612		11,407,612
22 Total liabilities and capital		15,101,843		17,565,232

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

Note. The partnership may be required to file Schedule M-3 (see instructions).

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments			
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$			
		8 Add lines 6 and 7	
		9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	
5 Add lines 1 through 4			

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	2,157,612	6 Distributions:	
2 Capital contributed:		a Cash	
a Cash	2,000,000	b Property	
b Property			
3 Net income (loss) per books	7,250,000	7 Other decreases (itemize):	
4 Other increases (itemize):			
		8 Add lines 6 and 7	0
		9 Balance at end of year. Subtract line 8 from line 5	11,407,612
5 Add lines 1 through 4	11,407,612		

Form 1065-B Test Scenario 7

Form **1125-A**

Cost of Goods Sold

(December 2012)
Department of the Treasury
Internal Revenue Service

OMB No. 1545-2225

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.**
▶ **Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.**

Name ABC Cement Manufacturing		Employer identification number 00-2000007	
1	Inventory at beginning of year	1	3,211,146
2	Purchases	2	22,247,630
3	Cost of labor	3	4,312,216
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	29,770,992
7	Inventory at end of year	7	2,816,414
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	26,954,578

9a Check all methods used for valuing closing inventory:

(i) Cost

(ii) Lower of cost or market

(iii) Other (Specify method used and attach explanation.) ▶ _____

b Check if there was a writedown of subnormal goods ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d** _____

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? . . . Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Form 1065-B Test Scenario 7

Form **4562**

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2014
Attachment
Sequence No. **179**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Name(s) shown on return ABC Cement Manufacturing	Business or activity to which this form relates Cement Manufacturing	Identifying number 00-2000007
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Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	25,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2013 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2015. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2014	17	26,438
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	26,438
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2014)

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%			S/L-			
		%			S/L-			
		%			S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 .								29

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2014 tax year (see instructions):					
43 Amortization of costs that began before your 2014 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form 1065-B Test Scenario 7

Form **4562**

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2014
Attachment
Sequence No. **179**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Name(s) shown on return ABC Cement Manufacturing	Business or activity to which this form relates Cement Manufacturing	Identifying number 00-2000007
---	---	----------------------------------

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	25,000
2	Total cost of section 179 property placed in service (see instructions)	2	80,500
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	25,000
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	Dump Truck	80,500	80,500
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	80,500
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	25,000
10	Carryover of disallowed deduction from line 13 of your 2013 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	25,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	25,000
13	Carryover of disallowed deduction to 2015. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2014	17	335,563
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		120,000	5	HY	200 DB	24,000
c 7-year property		256,500	7	HY	200 DB	36,654
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	421,217
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2014)

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%			S/L-			
		%			S/L-			
		%			S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2014 tax year (see instructions):					
43 Amortization of costs that began before your 2014 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form 1065-B Test Scenario 7

Form **8825**
 (Rev. December 2010)
 Department of the Treasury
 Internal Revenue Service

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

▶ See instructions on back.
 ▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name **ABC Cement Manufacturing** Employer identification number **00-2000007**

1	Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.			
	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
A	Warehouse 200 Metamorphic Rd., Anytown MN 55001	8	366	
B				
C				
D				

		Properties					
		A	B	C	D		
2	Rental Real Estate Income Gross rents	2	615,000				
3	Rental Real Estate Expenses Advertising	3	24,000				
4	Auto and travel	4					
5	Cleaning and maintenance	5					
6	Commissions	6					
7	Insurance	7	26,500				
8	Legal and other professional fees	8					
9	Interest	9	42,312				
10	Repairs	10					
11	Taxes	11	10,750				
12	Utilities	12					
13	Wages and salaries	13					
14	Depreciation (see instructions)	14	26,438				
15	Other (list) ▶	15					
16	Total expenses for each property. Add lines 3 through 15	16	130,000				
17	Income or (Loss) from each property. Subtract line 16 from line 2	17	485,000				
18a	Total gross rents. Add gross rents from line 2, columns A through H	18a				615,000	
18b	Total expenses. Add total expenses from line 16, columns A through H	18b				(130,000)	
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19					
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a					
20b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:						
	(1) Name	(2) Employer identification number					
	_____	_____					
	_____	_____					
21	Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4	21				485,000	

Form 1065-B Test Scenario 7

1	Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions.			
	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
E	.....	.....	.....	.....
F	.....	.....	.....	.....
G	.....	.....	.....	.....
H	.....	.....	.....	.....

		Properties			
		E	F	G	H
Rental Real Estate Income					
2 Gross rents	2				
Rental Real Estate Expenses					
3 Advertising	3				
4 Auto and travel	4				
5 Cleaning and maintenance	5				
6 Commissions	6				
7 Insurance	7				
8 Legal and other professional fees	8				
9 Interest	9				
10 Repairs	10				
11 Taxes	11				
12 Utilities	12				
13 Wages and salaries	13				
14 Depreciation (see instructions)	14				
15 Other (list) ▶	15				
.....					
.....					
Total expenses for each property.					
16 Add lines 3 through 15	16				
Income or (Loss) from each					
17 property. Subtract line 16 from line 2	17				

Allowable Codes for Type of Property

- 1—Single Family Residence
- 2—Multi-Family Residence
- 3—Vacation or Short-Term Rental
- 4—Commercial
- 5—Land
- 6—Royalties
- 7—Self-Rental
- 8—Other (include description with the code on Form 8825 or on a separate statement)

Form 1065-B Test Scenario 7

**SCHEDULE C
(Form 1065)**

(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

▶ Attach to Form 1065. See separate instructions.

▶ Information about Schedule C (Form 1065) and its instructions is at www.irs.gov/form1065.

OMB No. 1545-0123

Name of partnership

ABC Cement Manufacturing

Employer identification number

00-2000007

	Yes	No
1 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		✓
2 Does any amount reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in that partnership or its ratio for sharing other items of that partnership?		✓
3 At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to a related person as defined in sections 267(b) and 707(b)(1)?		✓
4 At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related person as defined in sections 267(b) and 707(b)(1)?		✓
5 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle		✓
6 At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income tax purposes?		✓

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2014)

Form 1065-B Test Scenario 7

SCHEDULE M-3
(Form 1065)

Net Income (Loss) Reconciliation
for Certain Partnerships

OMB No. 1545-0123

2014

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1065 or Form 1065-B.

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

Name of partnership

ABC Cement Manufacturing

Employer identification number

00-2000007

This Schedule M-3 is being filed because (check all that apply):

- A The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B The amount of the partnership's adjusted total assets for the tax year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year 17,565,232.
- C The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year 41,827,612.
- D An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

E Voluntary Filer.

Part I Financial Information and Net Income (Loss) Reconciliation

- 1a Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
 - Yes. Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.
 - No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
 - b Did the partnership prepare a certified audited non-tax-basis income statement for that period?
 - Yes. Skip line 1c and complete lines 2 through 11 with respect to that income statement.
 - No. Go to line 1c.
 - c Did the partnership prepare a non-tax-basis income statement for that period?
 - Yes. Complete lines 2 through 11 with respect to that income statement.
 - No. Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.
- 2 Enter the income statement period: Beginning 01 / 01 / 2014 Ending 12 / 31 / 2014

- 3a Has the partnership's income statement been restated for the income statement period on line 2?
 - Yes. (If "Yes," attach a statement and the amount of each item restated.)
 - No.
- b Has the partnership's income statement been restated for any of the five income statement periods immediately preceding the period on line 2?
 - Yes. (If "Yes," attach a statement and the amount of each item restated.)
 - No.

4a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	
b Indicate accounting standard used for line 4a (see instructions):		
1 <input checked="" type="checkbox"/> GAAP	2 <input type="checkbox"/> IFRS	3 <input type="checkbox"/> 704(b)
4 <input type="checkbox"/> Tax-basis	5 <input type="checkbox"/> Other: (Specify) ▶	
5a Net income from nonincludible foreign entities (attach statement)	5a	()
b Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	5b	
6a Net income from nonincludible U.S. entities (attach statement)	6a	()
b Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7a Net income (loss) of other foreign disregarded entities (attach statement)	7a	
b Net income (loss) of other U.S. disregarded entities (attach statement)	7b	
8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9 Adjustment to reconcile income statement period to tax year (attach statement)	9	
10 Other adjustments to reconcile to amount on line 11 (attach statement)	10	
11 Net income (loss) per income statement of the partnership. Combine lines 4a through 10	11	7,250,000

Note. Part I, line 11, must equal Part II, line 26, column (a) or Schedule M-1, line 1 (see instructions).

12 Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
a Included on Part I, line 4	17,565,232	6,157,620
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Form 1065-B Test Scenario 7

Name of partnership

Employer identification number

ABC Cement Manufacturing

00-2000007

Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach statements for lines 1 through 10)				
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Gross foreign distributions previously taxed				
5 Income (loss) from equity method U.S. corporations				
6 U.S. dividends				
7 Income (loss) from U.S. partnerships				
8 Income (loss) from foreign partnerships				
9 Income (loss) from other pass-through entities				
10 Items relating to reportable transactions				
11 Interest income (see instructions)				
12 Total accrual to cash adjustment				
13 Hedging transactions				
14 Mark-to-market income (loss)				
15 Cost of goods sold (see instructions)	()			()
16 Sale versus lease (for sellers and/or lessors)				
17 Section 481(a) adjustments				
18 Unearned/deferred revenue				
19 Income recognition from long-term contracts				
20 Original issue discount and other imputed interest				
21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
22 Other income (loss) items with differences (attach statement)				
23 Total income (loss) items. Combine lines 1 through 22				
24 Total expense/deduction items. (from Part III, line 31) (see instructions)	(737,801)	163,450	63,438	(511,003)
25 Other items with no differences	7,987,801			7,987,801
26 Reconciliation totals. Combine lines 23 through 25	7,250,000	163,450	63,348	7,476,798

Note. Line 26, column (a), must equal Part I, line 11, and column (d) must equal Form 1065, Analysis of Net Income (Loss), line 1.

Form 1065-B Test Scenario 7

Name of partnership

ABC Cement Manufacturing

Employer identification number

00-2000007

Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense				
2 State and local deferred income tax expense				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment	126,696		(63,348)	63,348
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs				
9 Guaranteed payments				
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property				
15 Organizational expenses as per Regulations section 1.709-2(a)				
16 Syndication expenses as per Regulations section 1.709-2(b)				
17 Current year acquisition/reorganization investment banking fees				
18 Current year acquisition/reorganization legal and accounting fees				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs				
22 Reserved				
23a Depletion—Oil & Gas				
b Depletion—Other than Oil & Gas				
24 Intangible drilling & development costs				
25 Depreciation	611,105	(163,450)		447,655
26 Bad debt expense				
27 Interest expense (see instructions)				
28 Purchase versus lease (for purchasers and/ or lessees)				
29 Research and development costs				
30 Other expense/deduction items with differences (attach statement)				
31 Total expense/deduction items. Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	737,801	(163,450)	(63,348)	511,003

Form 1065-B Test Scenario 7

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC Cement Manufacturing 100 Concrete Ln Anytown, MN 55001		1 Taxable income (loss) from passive activities 74,394	OMB No. 1545-0123 2014	Partner's Share of Income (Loss) From an Electing Large Partnership
		2 Taxable income (loss) from other activities 374	Schedule K-1 (Form 1065-B)	
PARTNERSHIP'S Employer I.D. number 00-2000007	PARTNER'S identifying number 000-60-0001	3 Qualified dividends		Copy C For Electing Large Partnership
PARTNER'S name John MacBeth		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 1168 Beech St		5 Net passive AMT adjustment	6 Net other AMT adjustment	For Paperwork Reduction Act Notice and instructions for completing this form, see the 2014 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		7 General credits	8 Low-income housing credit	
City, state, and ZIP code Central Islip, NY 11722		9 Other J1 74,394 J2 74,394		
Partner's share of liabilities:				
a Nonrecourse \$				
b Qualified nonrecourse financing \$ 60,000				
c Other \$				

Schedule K-1 (Form 1065-B)

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service

Form 1065-B Test Scenario 7

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC Cement Manufacturing 100 Concrete Ln Anytown, MN 55001		1 Taxable income (loss) from passive activities 74,394	OMB No. 1545-0123 2014	Partner's Share of Income (Loss) From an Electing Large Partnership
		2 Taxable income (loss) from other activities 374	Schedule K-1 (Form 1065-B)	
PARTNERSHIP'S Employer I.D. number 00-2000007	PARTNER'S identifying number 000-60-0002	3 Qualified dividends		Copy C For Electing Large Partnership
PARTNER'S name John Capulet		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 1175 Beech St		5 Net passive AMT adjustment	6 Net other AMT adjustment	For Paperwork Reduction Act Notice and instructions for completing this form, see the 2014 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		7 General credits	8 Low-income housing credit	
City, state, and ZIP code Central Islip, NY 11722		9 Other		
Partner's share of liabilities:				
a Nonrecourse \$				
b Qualified nonrecourse financing \$ 60,000				
c Other \$				

Schedule K-1 (Form 1065-B)

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Department of the Treasury - Internal Revenue Service

Form 1065-B Test Scenario 8

TEST SCENARIO 8

FORMS REQUIRED: 1065-B, 1125-A, 8308, Schedule C (F1065), Schedule K-1 (F1065-B) (100), Schedule M-3 (F1065), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule

BINARY ATTACHMENTS: None

HEADER INFO:

Tax Period: Calendar Year 2014

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, WV 25001

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select
Type: ERO
Practitioner PIN:
EFIN: Self-select
PIN: Self-select
PIN Entered by – ERO

Signature Option: PIN Number

Return Type: 1065-B

Filer: EIN: 00-2000008
Name: Black Coal Industries LLC
Name Control: BLAC
Address: 100 Main St
Anytown, WV 55001

Partner: Name: Bubba Christmas
Title: Chief Executive Officer
Taxpayer PIN: 0200
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed: 03/15/2015

Preparer: Name: John Dark
PTIN: P00000008
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/01/2015
Self Employed: No

IRS PAYMENT: N/A

Form 1065-B Test Scenario 8

Details for attachments to Form

Attachment 1, Form 1065-B, Page 1, Line 23 (Itemized Other Deductions Schedule)

Type	Amount
Engineering	\$2,168,140
Permits	\$1,400,000
Legal and Accounting	\$1,600,320
Consulting	\$385,914

Form **1065-B**

U.S. Return of Income for Electing Large Partnerships

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

For calendar year 2014, or tax year beginning _____, 2014, and ending _____, 20_____

2014

► Information about Form 1065-B and its separate instructions is at www.irs.gov/form1065b.

A Principal business activity Mining	TYPE or PRINT	Name of partnership Black Coal Industries LLC	D Employer identification number 00-2000008
B Principal product or service Coal		Number, street, and room or suite no. If a P.O. box, see instructions. 100 Main St	E Date business started 08/03/1998
C Business code no. (see instructions) 212110		City or town, state or province, country, and ZIP or foreign postal code Anytown, TX 25001	F Total assets (see instructions) \$ 20,440,320

- G** Check applicable boxes: (1) Final return (2) Name change (3) Address change (4) Amended return
- H** Check accounting method: (1) Cash (2) Accrual (3) Other (specify) ► _____
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 100
- J** Check if Schedule M-3 (Form 1065) is attached

Part I Taxable Income or Loss From Passive Loss Limitation Activities

Income	1a Gross receipts or sales	101,256,342	b Less returns and allowances		c Bal ►	1c	101,256,342
	2 Cost of goods sold (attach Form 1125-A)					2	58,332,511
	3 Gross profit. Subtract line 2 from line 1c					3	42,923,831
	4 Net rental real estate income (loss) (attach Form 8825)					4	
	5 Net income (loss) from other rental activities (attach statement)					5	
	6 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)					6	
	7 Net farm profit (loss) (attach Schedule F (Form 1040))					7	
	8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 20)					8	
	9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	
	10 Other income (loss) (see instructions) (attach statement)					10	
	11 Total income (loss). Combine lines 3 through 10					11	42,923,831
Deductions	12 Salaries and wages (other than to partners) (less employment credits)					12	12,487,136
	13 Guaranteed payments to partners					13	
	14 Repairs and maintenance					14	4,842,657
	15 Bad debts					15	
	16 Rent					16	1,720,000
	17 Taxes and licenses					17	4,106,315
	18 Interest					18	
	19a Depreciation and section 179 expense deduction (see instructions)	19a				19c	
	b Less: depreciation reported on Form 1125-A and elsewhere on return	19b					
	20 Depletion					20	1,520,108
	21 Retirement plans, etc.					21	
	22 Employee benefit programs					22	1,218,412
	23 Other deductions (attach statement)					23	5,554,374
	24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23					24	31,449,002
25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11					25	11,474,829	
Tax and Payments	26 Tax (see instructions). Check if from: a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611					26	
	27 Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136					27	
	28 Amount owed. Enter the excess of line 26 over line 27					28	
	29 Overpayment. Enter the excess of line 27 over line 26					29	

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P0000008
	Firm's name ► Electronic Tax Filers INC			Firm's EIN ►	69-000098
	Firm's address ► 1065 e-filer Dr. Anytown, TX 25001			Phone no.	(555) 631-1212

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 26265H

Form **1065-B** (2014)

Part II Taxable Income or Loss From Other Activities			
1	Interest	1	357,610
2a	Total ordinary dividends	2a	
b	Qualified dividends	2b	
c	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	1,569,721
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 23)	4	
5	Other income (loss) (see instructions) (attach statement)	5	
6	Total income (loss). Add lines 1, 2c, 3, 4, and 5	6	1,927,331
7	Interest expense on investment debts (attach Form 4952)	7	
8	State and local income taxes (see instructions)	8	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
10a	Total miscellaneous itemized deductions	10a	
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach statement)	11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	1,927,331

Schedule B Other Information (see instructions)		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input checked="" type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶ _____		
2	Are any partners in this partnership also partnerships?		✓
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		✓
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		✓
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✓
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓
7	At any time during calendar year 2014, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ▶ _____		✓
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		✓
9	Enter the number of Forms 8865 , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶ <u>0</u>		

Form 1065-B Test Scenario 8

Schedule D Capital Gains and Losses (Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.)

Part I—Short-Term Capital Gains and Losses—Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37				4
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824				5
6 Partnership's share of net short-term capital gain (loss) from other partnerships, estates, and trusts				6
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h)				7

Part II—Long-Term Capital Gains and Losses—Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				
11 Enter gain from Form 4797, Part I				11
12 Long-term capital gain from installment sales from Form 6252, line 26 or 37				12
13 Long-term capital gain or (loss) from like-kind exchanges from Form 8824				13
14 Partnership's share of net long-term capital gain (loss) from other partnerships, estates, and trusts				14
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h)				15

Part III—Summary of Parts I and II

16 Combine lines 7 and 15 and enter the net gain (loss)	16		
17 Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 15)	17		
18 Net capital gain or (loss). Subtract line 17 from line 16	18		

Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities

19 Redetermine the amount on line 17 by taking into account only gains and losses from passive loss limitation activities	19		
20 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 17 or line 19. Enter here and on page 1, Part I, line 8	20		
21 Redetermine the amount on line 18 by taking into account only gains and losses from passive loss limitation activities	21		
22 Net capital gain or (loss) from passive loss limitation activities. If lines 18 and 21 are both positive or both negative, enter the smaller of line 18 or line 21. Otherwise, enter -0-. Enter here and on Schedule K, line 4a	22		

Note. When figuring whether line 18 or line 21 is **smaller**, treat both numbers as positive.

Part V—Net Capital Gain (Loss) From Other Activities

23 Excess of net short-term capital gain over net long-term capital loss. Subtract line 20 from line 17. Enter here and on page 2, Part II, line 4	23		
24 Net capital gain or (loss) from other activities. Subtract line 22 from line 18. Enter here and on Schedule K, line 4b	24		

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

(a) Distributive share items				(b) Total amount	
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)			1a	11,474,829
b	Amount on line 1a allocated to general partners as:				
	(1) Taxable income (loss) from trade or business activities	1b(1)			
	(2) Taxable income (loss) from rental real estate activities	1b(2)	0		
	(3) Taxable income (loss) from other rental activities	1b(3)			
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)			1c	
d	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)			1d	11,474,829
2	Taxable income (loss) from other activities (Part II, line 13)			2	1,927,331
3	Qualified dividends from other activities (Part II, line 2b)			3	
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 22)			4a	
b	Net capital gain (loss) from other activities (Schedule D, line 24)			4b	
5	Net passive alternative minimum tax adjustment			5	
6	Net other alternative minimum tax adjustment			6	
7	Guaranteed payments			7	
8	Income from discharge of indebtedness			8	
9	Tax-exempt interest income			9	
10	General credits (see instructions)			10	
11	Low-income housing credit (see instructions)			11	
12	Rehabilitation credit from rental real estate activities (attach Form 3468, if applicable)			12	
13a	Net earnings (loss) from self-employment			13a	3,719,693
b	Gross nonfarm income			13b	3,719,693
14a	Name of foreign country or U.S. possession ▶				
b	Gross income from all sources			14b	
c	Gross income sourced at partner level (attach statement)			14c	
d	Foreign gross income sourced at partnership level:				
	(1) Passive category			14d(1)	
	(2) General category			14d(2)	
	(3) Other (attach statement)			14d(3)	
e	Deductions allocated and apportioned at partner level:				
	(1) Interest expense			14e(1)	
	(2) Other			14e(2)	
f	Deductions allocated and apportioned at partnership level to foreign source income:				
	(1) Passive category			14f(1)	
	(2) General category			14f(2)	
	(3) Other (attach statement)			14f(3)	
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>			14g	
h	Reduction in taxes available for credit (attach statement)			14h	
15	Other items and amounts required to be reported separately to partners (attach statement)				

Analysis of Net Income (Loss)

1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g				1	13,402,160	
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners						
b	Limited partners			13,402,160			

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		2,468,821		2,612,147
2a	Trade notes and accounts receivable			3,100,000	
b	Less allowance for bad debts			200,000	
3	Inventories		5,650,225		6,222,163
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets			7,957,000	
b	Less accumulated depreciation			1,900,000	
10a	Depletable assets	4,227,116			
b	Less accumulated depletion	1,392,032	2,835,084		4,385,600
11	Land (net of any amortization)		7,220,410		7,220,410
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		18,174,540		20,440,320
Liabilities and Capital					
15	Accounts payable		2,147,882		2,110,320
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans		10,376,658		5,263,460
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		5,650,000		13,066,540
22	Total liabilities and capital		18,174,540		20,440,320

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

Note. The partnership may be required to file Schedule M-3 (see instructions).

1	Net income (loss) per books		6	Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2	Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments				
4	Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7	Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$				
			8	Add lines 6 and 7	
			9	Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	
5	Add lines 1 through 4				

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	5,650,000	6	Distributions:	
2	Capital contributed:		a	Cash	5,000,000
a	Cash		b	Property	
b	Property				
3	Net income (loss) per books	12,416,540	7	Other decreases (itemize):	
4	Other increases (itemize):				
			8	Add lines 6 and 7	5,000,000
5	Add lines 1 through 4	18,066,540	9	Balance at end of year. Subtract line 8 from line 5	13,066,540

Form 1065-B Test Scenario 8

Form **1125-A**

Cost of Goods Sold

(December 2012)
Department of the Treasury
Internal Revenue Service

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.**
▶ **Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.**

OMB No. 1545-2225

Name Black Coal Industries LLC		Employer identification number 00-2000008	
1	Inventory at beginning of year	1	5,650,225
2	Purchases	2	57,478,827
3	Cost of labor	3	1,425,622
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	64,554,674
7	Inventory at end of year	7	6,222,163
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	58,332,511

9a Check all methods used for valuing closing inventory:

(i) Cost

(ii) Lower of cost or market

(iii) Other (Specify method used and attach explanation.) ▶ _____

b Check if there was a writedown of subnormal goods ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d** _____

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? . . . Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

Qualifying taxpayer. A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

Qualifying small business taxpayer. A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Form 1065-B Test Scenario 8

Form **8308**
(Rev. October 2005)
Department of the Treasury
Internal Revenue Service

**Report of a Sale or Exchange of
Certain Partnership Interests**

OMB No. 1545-0941

▶ Please print or type.

Name of partnership Black Coal Industries	Telephone number (555) 555-5555	Employer identification number 00-2000008
---	--	---

Number, street, and room or suite no. If a P.O. box, see instructions.

100 Main St

City or town, state, and ZIP code

Anytown, WV 25001

Part I **Transferor Information** (Beneficial owner of the partnership interest immediately before the transfer of that interest)

Name Bronco Juno	Identifying number 000-70-0002
----------------------------	--

Number and street (including apt. no.)

300 Main St

City or town, state, and ZIP code

Anytown, WV 25001

Notice to Transferors: The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships.

Statement by Transferor: The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details.

Part II **Transferee Information** (Beneficial owner of the partnership interest immediately after the transfer of that interest)

Name Bubba Christmas	Identifying number 000-70-0001
--------------------------------	--

Number and street (including apt. no.)

200 Main St

City or town, state, and ZIP code

Anytown, WV 25001

Part III **Date of Sale or Exchange of Partnership Interest** ▶ **06 / 30 / 2014**

**Sign Here Only if You
Are Filing This Form by
Itself and Not With Form
1065 or Form 1065-B**

Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

▶ _____ Signature of general partner or limited liability company member	▶ _____ Date
---	-----------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form. Form 8308 is filed by a partnership to report the sale or exchange by a partner of all or part of a partnership interest where any money or other property received in exchange for the interest is attributable to unrealized receivables or inventory items (that is, where there has been a section 751(a) exchange).

Who Must File. A partnership must file a separate Form 8308 for each section 751(a) exchange of an interest in such partnership. See Regulations section 1.6050K-1.

Note: Form 8308 does not have to be filed if, under section 6045, Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, is required to be filed with respect to the sale or exchange.

A partnership must file Form 8308 once the partnership has notice of the section 751(a) exchange. The partnership has such notice when either:

1. The partnership receives written notification of the exchange from the transferor that includes the names and addresses of both parties to the exchange, the identifying numbers of the transferor and (if known) of the transferee, and the date of the exchange; or

2. The partnership has knowledge that there has been a transfer of a partnership interest and, at the time of the transfer, the partnership had any unrealized receivables or inventory items.

No returns or statements are required under section 6050K if the transfer was not a section 751(a) exchange. For example, a transfer which in its entirety constitutes a gift for federal income tax purposes is not a section 751(a) exchange.

A partnership may rely on a written statement from the transferor that the transfer was not a section 751(a) exchange unless the partnership has knowledge to the contrary. If a partnership is in doubt whether partnership property constitutes unrealized receivables or inventory items or whether a transfer constitutes a section 751(a) exchange, the partnership may file Form 8308 to avoid the risk of incurring a penalty for failure to file.

When To File. Generally, file Form 8308 as an attachment to Form 1065 or Form 1065-B for the tax year of the partnership that includes the last day of the calendar year in which the section 751(a) exchange took place. Form 8308 is due at the time for filing the partnership return, including extensions.

If, however, a partnership is notified of a section 751(a) exchange after it has filed its partnership return, file Form 8308 separately, within 30 days of notification, with the service center where Form 1065 or Form 1065-B was filed.

Copies of Form 8308 To Be Furnished to Transferor and Transferee. All partnerships required to file Form 8308 must furnish a copy of the form to each transferor and transferee by January 31 of the year following the calendar year in which the section 751(a) exchange occurred or, if later, 30 days after the partnership has notice of the exchange.

If the partnership does not know the identity of the beneficial owner of an interest in the partnership, the record holder of the interest is treated as the transferor or transferee.

Form 1065-B Test Scenario 8

**SCHEDULE C
(Form 1065)**

(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

▶ **Attach to Form 1065. See separate instructions.**

▶ **Information about Schedule C (Form 1065) and its instructions is at www.irs.gov/form1065.**

OMB No. 1545-0123

Name of partnership

Black Coal Industries

Employer identification number

00-2000008

- | | Yes | No |
|--|-----|----|
| 1 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8? | | ✓ |
| 2 Does any amount reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in that partnership or its ratio for sharing other items of that partnership? | | ✓ |
| 3 At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to a related person as defined in sections 267(b) and 707(b)(1)? | | ✓ |
| 4 At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related person as defined in sections 267(b) and 707(b)(1)? | | ✓ |
| 5 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle | | ✓ |
| 6 At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income tax purposes? | | ✓ |

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2014)

**SCHEDULE M-3
(Form 1065)**

**Net Income (Loss) Reconciliation
for Certain Partnerships**

OMB No. 1545-0123

2014

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1065 or Form 1065-B.

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

Name of partnership

Black Coal Industries, LLC

Employer identification number

00-2000008

This Schedule M-3 is being filed because (check all that apply):

- A** The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B** The amount of the partnership's adjusted total assets for the tax year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year 25,440,320.
- C** The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year 103,183,673.
- D** An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

E Voluntary Filer.

Part I Financial Information and Net Income (Loss) Reconciliation

- 1a** Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
 - Yes.** Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.
 - No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b** Did the partnership prepare a certified audited non-tax-basis income statement for that period?
 - Yes.** Skip line 1c and complete lines 2 through 11 with respect to that income statement.
 - No.** Go to line 1c.
- c** Did the partnership prepare a non-tax-basis income statement for that period?
 - Yes.** Complete lines 2 through 11 with respect to that income statement.
 - No.** Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.
- 2** Enter the income statement period: Beginning 01 / 01 / 2014 Ending 12 / 31 / 2014
- 3a** Has the partnership's income statement been restated for the income statement period on line 2?
 - Yes.** (If "Yes," attach a statement and the amount of each item restated.)
 - No.**
- b** Has the partnership's income statement been restated for any of the five income statement periods immediately preceding the period on line 2?
 - Yes.** (If "Yes," attach a statement and the amount of each item restated.)
 - No.**

4a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	12,416,540
b Indicate accounting standard used for line 4a (see instructions):		
1 <input checked="" type="checkbox"/> GAAP 2 <input type="checkbox"/> IFRS 3 <input type="checkbox"/> 704(b)		
4 <input type="checkbox"/> Tax-basis 5 <input type="checkbox"/> Other: (Specify) ▶ _____		
5a Net income from nonincludible foreign entities (attach statement)	5a	()
b Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	5b	
6a Net income from nonincludible U.S. entities (attach statement)	6a	()
b Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7a Net income (loss) of other foreign disregarded entities (attach statement)	7a	
b Net income (loss) of other U.S. disregarded entities (attach statement)	7b	
8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9 Adjustment to reconcile income statement period to tax year (attach statement)	9	
10 Other adjustments to reconcile to amount on line 11 (attach statement)	10	
11 Net income (loss) per income statement of the partnership. Combine lines 4a through 10	11	12,416,540

Note. Part I, line 11, must equal Part II, line 26, column (a) or Schedule M-1, line 1 (see instructions).

12 Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
a Included on Part I, line 4	20,440,320	7,373,780
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Form 1065-B Test Scenario 8

Name of partnership

Black Coal Industries, LLC

Employer identification number

00-2000008

Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach statements for lines 1 through 10)				
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Gross foreign distributions previously taxed				
5 Income (loss) from equity method U.S. corporations				
6 U.S. dividends				
7 Income (loss) from U.S. partnerships				
8 Income (loss) from foreign partnerships				
9 Income (loss) from other pass-through entities				
10 Items relating to reportable transactions				
11 Interest income (see instructions)				
12 Total accrual to cash adjustment				
13 Hedging transactions				
14 Mark-to-market income (loss)				
15 Cost of goods sold (see instructions)	()			()
16 Sale versus lease (for sellers and/or lessors)				
17 Section 481(a) adjustments				
18 Unearned/deferred revenue				
19 Income recognition from long-term contracts				
20 Original issue discount and other imputed interest				
21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
22 Other income (loss) items with differences (attach statement)				
23 Total income (loss) items. Combine lines 1 through 22				
24 Total expense/deduction items. (from Part III, line 31) (see instructions)	(3,491,348)		985,620	(2,505,728)
25 Other items with no differences	15,907,888			15,907,888
26 Reconciliation totals. Combine lines 23 through 25	12,416,540		985,620	13,402,160

Note. Line 26, column (a), must equal Part I, line 11, and column (d) must equal Form 1065, Analysis of Net Income (Loss), line 1.

Form 1065-B Test Scenario 8

Name of partnership

Black Coal Industries, LLC

Employer identification number

00-2000008

Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense				
2 State and local deferred income tax expense				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment				
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs				
9 Guaranteed payments				
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property				
15 Organizational expenses as per Regulations section 1.709-2(a)				
16 Syndication expenses as per Regulations section 1.709-2(b)				
17 Current year acquisition/reorganization investment banking fees				
18 Current year acquisition/reorganization legal and accounting fees				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs				
22 Reserved				
23a Depletion—Oil & Gas				
b Depletion—Other than Oil & Gas				
24 Intangible drilling & development costs				
25 Depreciation				
26 Bad debt expense				
27 Interest expense (see instructions)				
28 Purchase versus lease (for purchasers and/ or lessees)				
29 Research and development costs				
30 Other expense/deduction items with differences (attach statement)				
31 Total expense/deduction items. Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive				

Form 1065-B Test Scenario 8

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. Black Coal Industries LLC 100 Main St Anytown, WV 25001		1 Taxable income (loss) from passive activities 52,635	OMB No. 1545-0123 2014 Schedule K-1 (Form 1065-B)	<p align="center">Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p align="center">Copy C</p> <p align="center">For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2014 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 00-2000008	PARTNER'S identifying number 000-70-0001	2 Taxable income (loss) from other activities 19,274	3 Qualified dividends	
PARTNER'S name Bubba Christmas		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 200 Main St		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code Anytown, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities:		9 Other		
a Nonrecourse \$ 52,635 b Qualified nonrecourse financing \$ _____ c Other \$ _____				

Schedule K-1 (Form 1065-B)

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service

Form 1065-B Test Scenario 8

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. Black Coal Industries LLC 100 Main St Anytown, WV 25001		1 Taxable income (loss) from passive activities 52,635	OMB No. 1545-0123 2014 Schedule K-1 (Form 1065-B)	<p align="center">Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p align="center">Copy C</p> <p align="center">For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2014 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 00-2000008	PARTNER'S identifying number 000-70-0001	2 Taxable income (loss) from other activities 19,274	3 Qualified dividends	
PARTNER'S name Bubba Christmas		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 200 Main St		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code Anytown, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities:		9 Other		
a Nonrecourse \$ 52,635 b Qualified nonrecourse financing \$ _____ c Other \$ _____				

Schedule K-1 (Form 1065-B)

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service

Form 1065-B Test Scenario 8

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. Black Coal Industries LLC 100 Main St Anytown, WV 25001		1 Taxable income (loss) from passive activities 114,749	OMB No. 1545-0123 2014 Schedule K-1 (Form 1065-B)	<p>Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p>Copy C</p> <p>For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2014 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 00-2000008		PARTNER'S identifying number 000-70-0002	3 Qualified dividends	
PARTNER'S name Bronco Juno		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 300 Main St		5 Net passive AMT adjustment	6 Net other AMT adjustment	
		7 General credits	8 Low-income housing credit	
City, state, and ZIP code Anytown, WV 25001		9 Other		
Partner's share of liabilities:				
a Nonrecourse \$ 52,635				
b Qualified nonrecourse financing \$				
c Other \$				

Schedule K-1 (Form 1065-B)

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service