

September 30, 2016

**Tax Year 2016
1065-B MeF ATS Scenario 6
ABC Oil & Gas LP
00-2000006**

FORMS REQUIRED: 1065-B, 1125-A, 4797, Schedule K-1 (F1065-B) (20), 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 2016

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: 04/01/2017

Preparer: **Name: Jane Doe**
PTIN: P00000006
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/10/2017
Self Employed: No

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 |
|------------------|----------|

Attachment 5, Form 1065-B, Page 5, Schedule M-1, Line 7 (Itemized Deductions Not Charged Against Books Statement)

| | |
|-------------|----------|
| Survey Cost | \$74,212 |
|-------------|----------|

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 2016, or tax year beginning _____, 2016, and ending _____, 20_____

2016

► 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 | | | | |
| | b Less: depreciation reported on Form 1125-A and elsewhere on return | | 19b | | | 19c | |
| | 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 P00000006 |
| | 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** (2016)

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% (0.30) | | 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 2016, 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 |
| 10 During the partnership's tax year, did the partnership make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)? | | ✓ |

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 | 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) | (iv) Partnership | (v) Exempt organization | (vi) Nominee/Other | | |
| a | General partners | 669,982 | | | | | | |
| b | Limited partners | | 669,983 | | | | | |

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 | | 7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize): | |
| 4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize): | | a Depreciation \$ _____ | |
| a Depreciation \$ _____ | | 8 Add lines 6 and 7 | 74,212 |
| b Travel and entertainment \$ _____ | | 9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5 | 1,339,965 |
| 5 Add lines 1 through 4 | 1,414,177 | | |

Schedule M-2 Analysis of Partners' Capital Accounts

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

(Rev. October 2016)
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.**

| | | |
|-----------------------------------|---|--|
| 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).

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. See the instructions for lines 2 and 7.

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.

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.

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

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 2016 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 | 06/30/2016 | 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 didn't 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**

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 isn't 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 didn't 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 | |

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 2016 Schedule K-1 (Form 1065-B) |
| PARTNERSHIP'S Employer I.D. number 00-2000006 | PARTNER'S identifying number 000-50-0001 | 2 Taxable income (loss) from other activities 6 | 3 Qualified dividends |
| PARTNER'S name Jonathan Walker | | 4a Net capital gain (loss) from passive activities | |
| Street address (including apt. no.) 1657 E Forks Rd | | 5 Net passive AMT adjustment | 6 Net other AMT adjustment |
| City, state, and ZIP code Bay Shore, NY 11706 | | 7 General credits | 8 Low-income housing credit |
| Partner's share of liabilities: | | 9 Other J1 13,370 J2 13,370 | |
| a Nonrecourse \$ 12,554 | | | |
| b Qualified nonrecourse financing \$ | | | |
| c Other \$ | | | |

Partner's Share of Income (Loss) From an Electing Large Partnership

Copy A

For Internal Revenue Service Center

File with Form 1065-B.

For Paperwork Reduction Act Notice and instructions for completing this form, see the **2016 Instructions for Form 1065-B**, U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B)

Cat. No. 25437H

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service

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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 2016 Schedule K-1 (Form 1065-B) |
| PARTNERSHIP'S Employer I.D. number 00-2000006 | PARTNER'S identifying number 000-50-0002 | 2 Taxable income (loss) from other activities 6 | 3 Qualified dividends |
| PARTNER'S name Julius Caesar 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 |
| City, state, and ZIP code Bay Shore, NY 11706 | | 7 General credits | 8 Low-income housing credit |
| Partner's share of liabilities: | | 9 Other | |
| a Nonrecourse \$ 12,054 | | | |
| b Qualified nonrecourse financing \$ | | | |
| c Other \$ | | | |

Partner's Share of Income (Loss) From an Electing Large Partnership

Copy A

For Internal Revenue Service Center

File with Form 1065-B.

For Paperwork Reduction Act Notice and instructions for completing this form, see the **2016 Instructions for Form 1065-B**, U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B)

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