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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

**Schedule K-1
(Form 8865)**

2006

Department of the Treasury
Internal Revenue Service

For calendar year 2006, or tax
year beginning _____, 2006
ending _____, 20____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership																										
A	Partnership's employer identification number																									
B	Partnership's name, address, city, state, and ZIP code																									
Part II Information About the Partner																										
C	Partner's identifying number																									
D	Partner's name, address, city, state, and ZIP code																									
E	Partner's share of profit, loss, capital, and deductions: <table style="width:100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Beginning</th> <th style="width: 5%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Ending</th> <th style="width: 5%;"></th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">Profit</td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;"> </td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;">%</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Loss</td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;"> </td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;">%</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Capital</td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;"> </td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;">%</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Deductions</td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;"> </td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> <td style="border-bottom: 1px solid black;">%</td> </tr> </tbody> </table>		Beginning		Ending		Profit	%		%	%	Loss	%		%	%	Capital	%		%	%	Deductions	%		%	%
	Beginning		Ending																							
Profit	%		%	%																						
Loss	%		%	%																						
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Deductions	%		%	%																						
F	Partner's capital account analysis: <table style="width:100%; margin-top: 5px;"> <tr> <td style="width: 15%;">Beginning capital account</td> <td style="width: 5%;">\$</td> <td style="width: 15%; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Capital contributed during the year</td> <td>\$</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Current year increase (decrease)</td> <td>\$</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Withdrawals & distributions</td> <td>\$</td> <td style="border-bottom: 1px solid black;">()</td> </tr> <tr> <td>Ending capital account</td> <td>\$</td> <td style="border-bottom: 1px solid black;"></td> </tr> </table> <div style="margin-top: 5px;"> <input type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain) </div>	Beginning capital account	\$		Capital contributed during the year	\$		Current year increase (decrease)	\$		Withdrawals & distributions	\$	()	Ending capital account	\$											
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For IRS Use Only	<div style="border: 1px solid black; height: 150px; width: 100%;"></div>																									

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Guaranteed payments		
5	Interest income	16	Foreign transactions
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)		
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	17	Alternative minimum tax (AMT) items
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction		18
13	Other deductions		19
14	Self-employment earnings (loss)		20
			Tax-exempt income and nondeductible expenses
			Distributions
			Other information
*See attached statement for additional information.			

This list identifies the codes used on Schedule K-1 for partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the Partner's Instructions for Schedule K-1 (Form 1065) and the instructions for your income tax return.

1. **Ordinary business income (loss).** You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:

Passive loss	See Partner's Instr. (Form 1065)
Passive income	Schedule E, line 28, column (g)
Nonpassive loss	Schedule E, line 28, column (h)
Nonpassive income	Schedule E, line 28, column (j)

2. **Net rental real estate income (loss)** See Partner's Instr. (Form 1065)

3. **Other net rental income (loss)**
 Net income Schedule E, line 28, column (g)
 Net loss See Partner's Instr. (Form 1065)

4. **Guaranteed payments** Schedule E, line 28, column (j)

5. **Interest income** Form 1040, line 8a

6a. **Ordinary dividends** Form 1040, line 9a

6b. **Qualified dividends** Form 1040, line 9b

7. **Royalties** Schedule E, line 4

8. **Net short-term capital gain (loss)** Schedule D, line 5, column (f)

9a. **Net long-term capital gain (loss)** Schedule D, line 12, column (f)

9b. **Collectibles (28%) gain (loss)** 28% Rate Gain Worksheet, line 4 (Schedule D Instructions)

9c. **Unrecaptured section 1250 gain** See Partner's Instr. (Form 1065)

10. **Net section 1231 gain (loss)** See Partner's Instr. (Form 1065)

11. **Other income (loss)**

<i>Code</i>	
A Other portfolio income (loss)	See Partner's Instr. (Form 1065)
B Involuntary conversions	See Partner's Instr. (Form 1065)
C Sec. 1256 contracts & straddles	Form 6781, line 1
D Mining exploration costs recapture	See Pub. 535
E Cancellation of debt	Form 1040, line 21 or Form 982
F Other income (loss)	See Partner's Instr. (Form 1065)

12. **Section 179 deduction** See Partner's Instr. (Form 1065)

13. **Other deductions**

A Cash contributions (50%)	} See Partner's Instr. (Form 1065)
B Cash contributions (30%)	
C Noncash contributions (50%)	
D Noncash contributions (30%)	
E Capital gain property to a 50% organization (30%)	
F Capital gain property (20%)	
G Investment interest expense	Form 4952, line 1
H Deductions—royalty income	Schedule E, line 18
I Section 59(e)(2) expenditures	See Partner's Instr. (Form 1065)
J Deductions—portfolio (2% floor)	Schedule A, line 22
K Deductions—portfolio (other)	Schedule A, line 27
L Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29
M Educational assistance benefits	See Partner's Instr. (Form 1065)
N Dependent care benefits	Form 2441, line 12
O Preproductive period expenses	See Partner's Instr. (Form 1065)
P Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions
Q Pensions and IRAs	See Partner's Instr. (Form 1065)
R Reforestation expense deduction	See Partner's Instr. (Form 1065)
S Domestic production activities information	See Form 8903 instructions
T Qualified production activities income	Form 8903, line 7
U Employer's W-2 wages	Form 8903, line 13
V Other deductions	See Partner's Instr. (Form 1065)

14. **Self-employment earnings (loss)**

Note: If you have a section 179 deduction or any partner-level deductions, see the Partner's Instr. (Form 1065) before completing Schedule SE.

A Net earnings (loss) from self-employment	Schedule SE, Section A or B
B Gross farming or fishing income	See Partner's Instr. (Form 1065)
C Gross non-farm income	See Partner's Instr. (Form 1065)

15. **Credits**

A Low-income housing credit (section 42(j)(5))	} See Partner's Instr. (Form 1065)
B Low-income housing credit (other)	
C Qualified rehabilitation expenditures (rental real estate)	
D Other rental real estate credits	
E Other rental credits	
F Undistributed capital gains credit	
G Credit for alcohol used as fuel	Form 1040, line 70; check box a See Partner's Instr. (Form 1065)

Code *Report on*

H Work opportunity credit
 I Welfare-to-work credit
 J Disabled access credit } See Partner's Instr. (Form 1065)

K Empowerment zone and renewal community employment credit } Form 8844, line 3

L Credit for increasing research activities } See Partner's Instr. (Form 1065)

M New markets credit
 N Credit for employer social security and Medicare taxes } See Partner's Instr. (Form 1065)

O Backup withholding } Form 1040, line 64

P Other credits } See Partner's Instr. (Form 1065)

16. **Foreign transactions**

A Name of country or U.S. possession } Form 1116, Part I

B Gross income from all sources } Form 1116, Part I

C Gross income sourced at partner level } Form 1116, Part I

Foreign gross income sourced at partnership level

D Passive } Form 1116, Part I

E Listed categories } Form 1116, Part I

F General limitation } Form 1116, Part I

Deductions allocated and apportioned at partner level

G Interest expense } Form 1116, Part I

H Other } Form 1116, Part I

Deductions allocated and apportioned at partnership level to foreign source income

I Passive } Form 1116, Part I

J Listed categories } Form 1116, Part I

K General limitation } Form 1116, Part I

Other information

L Total foreign taxes paid } Form 1116, Part II

M Total foreign taxes accrued } Form 1116, Part II

N Reduction in taxes available for credit } Form 1116, line 12

O Foreign trading gross receipts } Form 8873

P Extraterritorial income exclusion } Form 8873

Q Other foreign transactions } See Partner's Instr. (Form 1065)

17. **Alternative minimum tax (AMT) items**

A Post-1986 depreciation adjustment } See Partner's Instr. (Form 1065) and the Instructions for Form 6251

B Adjusted gain or loss } See Partner's Instr. (Form 1065) and the Instructions for Form 6251

C Depletion (other than oil & gas) } See Partner's Instr. (Form 1065) and the Instructions for Form 6251

D Oil, gas, & geothermal—gross income } See Partner's Instr. (Form 1065) and the Instructions for Form 6251

E Oil, gas, & geothermal—deductions } See Partner's Instr. (Form 1065) and the Instructions for Form 6251

F Other AMT items } See Partner's Instr. (Form 1065) and the Instructions for Form 6251

18. **Tax-exempt income and nondeductible expenses**

A Tax-exempt interest income } Form 1040, line 8b

B Other tax-exempt income } See Partner's Instr. (Form 1065)

C Nondeductible expenses } See Partner's Instr. (Form 1065)

19. **Distributions**

A Cash and marketable securities } See Partner's Instr. (Form 1065)

B Other property } See Partner's Instr. (Form 1065)

20. **Other information**

A Investment income } Form 4952, line 4a

B Investment expenses } Form 4952, line 5

C Fuel tax credit information } Form 4136

D Qualified rehabilitation expenditures (other than rental real estate) } See Partner's Instr. (Form 1065)

E Basis of energy property } See Partner's Instr. (Form 1065)

F Recapture of low-income housing credit (section 42(j)(5)) } Form 8611, line 8

G Recapture of low-income housing credit (other) } Form 8611, line 8

H Recapture of investment credit } See Form 4255

I Recapture of other credits } See Partner's Instr. (Form 1065)

J Look-back interest—completed long-term contracts } Form 8697

K Look-back interest—income forecast method } Form 8866

L Dispositions of property with section 179 deductions } See Partner's Instr. (Form 1065)

M Recapture of section 179 deduction } See Partner's Instr. (Form 1065)

N Special basis adjustments } See Partner's Instr. (Form 1065)

O Section 453(l)(3) information } See Partner's Instr. (Form 1065)

P Section 453A(c) information } See Partner's Instr. (Form 1065)

Q Section 1260(b) information } See Partner's Instr. (Form 1065)

R Interest allocable to production expenditures } See Partner's Instr. (Form 1065)

S CCF nonqualified withdrawals } See Partner's Instr. (Form 1065)

T Information needed to figure depletion—oil and gas } See Partner's Instr. (Form 1065)

U Amortization of reforestation costs } See Partner's Instr. (Form 1065)

V Unrelated business taxable income } See Partner's Instr. (Form 1065)

W Other information } See Partner's Instr. (Form 1065)