IRS - OMB REVIEW REQUEST FORM

Request for OMB review of currently approved document:

Date: 08/23/2010

Name: Max Rogel

Office Symbols: SE:W:CAR:MP:T:B:C

Phone Number: 202-622-3878

Summary of Changes

Changes to the 2010 Form 1065:

1. We replaced the "Paid Preparer's Use Only" box with a new "Paid Preparer Use Only" box that does not allow paid preparers to use a social security number as an identifying number.
2. We removed the reference to the Privacy Act from the footer of page 1 of the form.
3. We issued a WRN that stated that the Patient Protection and Affordable Care Act, Pub. L. 111-148, section 9023(e)(5), imposes an increase in tax for the recapture of qualifying therapeutic discovery project grants. Section 9023(e)(5)(A) imposes a tax that applies to pass-through entities at the entity level. A partnership subject to this tax would be required to file Form 4255 (Rev. Oct. 2010), with an entry of other than "0" on line 14, with its Form 1065, will show the tax as a write-in in the margin of Form 1065 below line 22, and pay the tax with its Form 1065. This tax will be processed in the same manner that a 3.5% gross receipts tax for certain publicly traded partnerships is processed. Under section 9023(e)(5)(A) and (B)(i), recapture may be required as early as Oct. 30, 2010. For some fiscal year filers, therefore, Form 4255 (Rev. Oct. 2010) will be filed with 2009 tax returns. Note: See WRN for the 2010 Form 4255 for processing year 2011, dated 07/19/2010, for more detail.

Impact on Approved Collection

Public Law No.	Regulation No.	Other		*Change In IRS Form & Instructions*		
			Code References	No. of Filers	Words	Attachments
SAMPLE: PL 109-567	REG-345675-08	RP 2009-134	+/- 5	+/- 20,000	+/- 500	+/- 1
PL 111-148			1	0	0	1
	REG-134235-08		0	0	0	0

*Please insert how this new (PL, REG, or other), document will affect the currently approved collection.

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Request for OMB review of currently approved document: (Continued)

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Additional Information:

See attached circulation.

2010 Form 1065, U.S. Return of Partnership Income

Purpose: This is the first circulated draft of the 2010 Form 1065 for your review and comment. See below for a discussion of the major changes.

TPCC Meeting: None, but one may be arranged if requested.

Prior Version: The 2009 Form 1065 is available at: http://www.irs.gov/pub/irs-pdf/f1065.pdf.

Instructions: The 2010 Instructions for Form 1065 will be circulated at a later date. The 2009 Instructions for Form 1065 are available at: http://www.irs.gov/pub/irs-pdf/i1065.pdf.

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/Circulations/index.htm.

Comments: Please email, fax, call, or mail any comments to me by **July 2, 2010.** Comments submitted by telephone must be followed up in writing to be considered. Send a copy of any email comments to the form's reviewer, Sharon Dewsbury, at Sharon.A.Dewsbury@irs.gov.

Max Rogel
Tax Forms and Publications
SE:W:CAR:MP:T:B:C
Email: Max.Rogel@irs.gov
Phone: 202-622-3878
Fax: 202-622-3262

Major Changes

Proposed REG-134235-08, which appears on page 596 of IRB 2010-16, addresses the forthcoming change that paid preparers must get PTINs, and must enter their PTIN on a return they are paid to prepare. Paid preparers will no longer be able to enter their Social Security number in the "Paid Preparer's Use Only" section of Form 1065.

Although these are currently proposed regs, there is a project underway to assure that all 2010 forms are properly updated to reflect the fact that paid preparers must have a PTIN and can no longer enter a social security number on a return they are paid to prepare.

To that end, we revised Form 1065 to reflect this change. In the "Paid Preparer's Use Only" section of Form 1065, we deleted "Preparer's SSN or" from the box where the paid preparer enters an identifying number.

Form **1065**
Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2010, or tax year beginning _____, 2010, ending _____, 20_____.
▶ See separate instructions.

OMB No. 1545-0099
2010

A Principal business activity	**Use the IRS label. Otherwise, print or type.**	Name of partnership	**D Employer identification number**
B Principal product or service		Number, street, and room or suite no. If a P.O. box, see the instructions.	**E** Date business started
C Business code number		City or town, state, and ZIP code	**F** Total assets (see the instructions) $

G Check applicable boxes: **(1)** ☐ Initial return **(2)** ☐ Final return **(3)** ☐ Name change **(4)** ☐ Address change **(5)** ☐ Amended return
(6) ☐ Technical termination - also check (1) or (2)

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 ▶

J Check if Schedules C and M-3 are attached . . . . . ☐

Caution. *Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.*

Income	**1a**	Gross receipts or sales	**1a**			
	b	Less returns and allowances	**1b**		**1c**	
	2	Cost of goods sold (Schedule A, line 8)			**2**	
	3	Gross profit. Subtract line 2 from line 1c			**3**	
	4	Ordinary income (loss) from other partnerships, estates, and trusts *(attach statement)*			**4**	
	5	Net farm profit (loss) *(attach Schedule F (Form 1040))*			**5**	
	6	Net gain (loss) from Form 4797, Part II, line 17 *(attach Form 4797)*			**6**	
	7	Other income (loss) *(attach statement)*			**7**	
	8	**Total income (loss).** Combine lines 3 through 7			**8**	
Deductions (see the instructions for limitations)	**9**	Salaries and wages (other than to partners) (less employment credits)			**9**	
	10	Guaranteed payments to partners			**10**	
	11	Repairs and maintenance			**11**	
	12	Bad debts			**12**	
	13	Rent			**13**	
	14	Taxes and licenses			**14**	
	15	Interest			**15**	
	16a	Depreciation (*if required, attach Form 4562*)	**16a**			
	b	Less depreciation reported on Schedule A and elsewhere on return	**16b**		**16c**	
	17	Depletion **(Do not deduct oil and gas depletion.)**			**17**	
	18	Retirement plans, etc.			**18**	
	19	Employee benefit programs			**19**	
	20	Other deductions (*attach statement*)			**20**	
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20			**21**	
	22	**Ordinary business income (loss).** Subtract line 21 from line 8			**22**	

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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.

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

▶ Signature of general partner or limited liability company member manager ▶ Date

Paid Preparer's Use Only

Preparer's signature	Date	Check if self- employed ▶ ☐	PTIN
Firm's name (or yours if self-employed), address, and ZIP code ▶			EIN ▶
			Phone no.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z Form **1065** (2010)

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional section 263A costs (*attach statement*)	4		
5	Other costs (*attach statement*)	5		
6	**Total.** Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ ☐

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

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ **Yes** ☐ **No**

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

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership **b** ☐ Domestic limited partnership		
c	☐ Domestic limited liability company **d** ☐ Domestic limited liability partnership		
e	☐ Foreign partnership **f** ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		

(i) Name of Corporation	**(ii)** Employer Identification Number (if any)	**(iii)** Country of Incorporation	**(iv)** Percentage Owned in Voting Stock

b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		

(i) Name of Entity	**(ii)** Employer Identification Number (if any)	**(iii)** Type of Entity	**(iv)** Country of Organization	**(v)** Maximum Percentage Owned in Profit, Loss, or Capital

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		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		
10	At any time during calendar year 2010, 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 the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country. ▶		
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		

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Designation of Tax Matters Partner (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶		Identifying number of TMP ▶	
If the TMP is an entity, name of TMP representative ▶		Phone number of TMP ▶	
Address of designated TMP ▶			

Schedule K	Partners' Distributive Share Items			Total amount
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)		1
	2	Net rental real estate income (loss) (*attach Form 8825*)		2
	3a	Other gross rental income (loss)	3a	
	b	Expenses from other rental activities (*attach statement*)	3b	
	c	Other net rental income (loss). Subtract line 3b from line 3a		3c
	4	Guaranteed payments		4
	5	Interest income		5
	6	Dividends: a Ordinary dividends		6a
		b Qualified dividends	6b	
	7	Royalties		7
	8	Net short-term capital gain (loss) (*attach Schedule D (Form 1065)*)		8
	9a	Net long-term capital gain (loss) (*attach Schedule D (Form 1065)*)		9a
	b	Collectibles (28%) gain (loss)	9b	
	c	Unrecaptured section 1250 gain (*attach statement*)	9c	
	10	Net section 1231 gain (loss) (*attach Form 4797*)		10
	11	Other income (loss) (*see instructions*) Type ▶		11
Deductions	12	Section 179 deduction (*attach Form 4562*)		12
	13a	Contributions		13a
	b	Investment interest expense		13b
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶		13c(2)
	d	Other deductions (*see instructions*) Type ▶		13d
Self-Employment	14a	Net earnings (loss) from self-employment		14a
	b	Gross farming or fishing income		14b
	c	Gross nonfarm income		14c
Credits	15a	Low-income housing credit (section 42(j)(5))		15a
	b	Low-income housing credit (other)		15b
	c	Qualified rehabilitation expenditures (rental real estate) (*attach Form 3468*)		15c
	d	Other rental real estate credits (*see instructions*) Type ▶		15d
	e	Other rental credits (*see instructions*) Type ▶		15e
	f	Other credits (*see instructions*) Type ▶		15f
Foreign Transactions	16a	Name of country or U.S. possession ▶		
	b	Gross income from all sources		16b
	c	Gross income sourced at partner level		16c
		Foreign gross income sourced at partnership level		
	d	Passive category ▶ e General category ▶ f Other ▶		16f
		Deductions allocated and apportioned at partner level		
	g	Interest expense ▶ h Other ▶		16h
		Deductions allocated and apportioned at partnership level to foreign source income		
	i	Passive category ▶ j General category ▶ k Other ▶		16k
	l	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐		16l
	m	Reduction in taxes available for credit (*attach statement*)		16m
	n	Other foreign tax information (*attach statement*)		
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment		17a
	b	Adjusted gain or loss		17b
	c	Depletion (other than oil and gas)		17c
	d	Oil, gas, and geothermal properties—gross income		17d
	e	Oil, gas, and geothermal properties—deductions		17e
	f	Other AMT items (*attach statement*)		17f
Other Information	18a	Tax-exempt interest income		18a
	b	Other tax-exempt income		18b
	c	Nondeductible expenses		18c
	19a	Distributions of cash and marketable securities		19a
	b	Distributions of other property		19b
	20a	Investment income		20a
	b	Investment expenses		20b
	c	Other items and amounts (*attach statement*)		

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Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l	1	

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						

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash				
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*)				
7	Mortgage and real estate loans				
8	Other investments (*attach statement*)				
9a	Buildings and other depreciable assets				
b	Less accumulated depreciation				
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (*attach statement*)				
14	Total assets				
	Liabilities and Capital				
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (*attach statement*)				
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (*attach statement*)				
21	Partners' capital accounts				
22	Total liabilities and capital				

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

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books		6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize): a Tax-exempt interest $	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize): a Depreciation $	
3	Guaranteed payments (other than health insurance)		8	Add lines 6 and 7	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize): a Depreciation $ b Travel and entertainment $		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		6	Distributions: a Cash	
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books				
4	Other increases (itemize):		8	Add lines 6 and 7	
5	Add lines 1 through 4		9	Balance at end of year. Subtract line 8 from line 5	