

## **2010 Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc.**

**Purpose:** This is the first circulated draft of the 2010 Schedule K-1 (Form 1065) for your review and comment. The major changes are described below.

**TPCC Meeting:** None, but can be arranged if requested.

**Prior Version:** The 2009 Schedule K-1 (Form 1065) is available at:  
<http://www.irs.gov/pub/irs-pdf/f1065sk1.pdf>.

**Instructions:** The 2010 Instructions for Schedule K-1 (Form 1065) will be circulated at a later date. The 2009 Instructions for Schedule K-1 (Form 1065) are available at:  
<http://www.irs.gov/pub/irs-pdf/i1065sk1.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 **June 24, 2010**. Comments submitted by telephone must be followed up in writing to be considered. Send a copy of any email comment to the form's reviewer, Sharon Dewsbury, at [Sharon.A.Dewsbury@irs.gov](mailto:Sharon.A.Dewsbury@irs.gov).

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### **Major Changes**

- On page 2, Box 13, code O, we changed the reference from "line 14" to "line 12" to reflect the Form 2441 WRN of 3/19/2010.
- On page 2, Box 13, code U, we changed the reference from "line 7" to "line 7b" to reflect the Form 8903 WRN of 4/1/2010. (The instructions will request a new attachment for code U if the amount for code U includes oil-related qualified production activities income to be reported on the Form 8903, line 7a.)
- On page 2, Box 13, code V, we changed the reference from "line 15" to "line 16" to reflect the Form 8903 WRN of 4/1/2010.
- On page 2, Box 15, code H, we changed the reference from "line 70" to "line 71" to reflect the Form 1040 WRN of 4/27/2010.
- We did not remove the following expired codes because we expect extenders legislation to extend the underlying provisions. (If extenders legislation is not passed, we may need to remove or "reserve" these codes.):

--On page 2, Box 13, code G is being retained (see section 131 of House-passed and section 114 of Senate-passed extenders bill (H.R. 4213)).

--On page 2, Box 13, code Q is being retained (see section 202 of the House-passed and section 159 of the Senate-passed extenders bill (H.R. 4213)).

--On page 2, Box 15, code L is being retained (see section 201 of the House-passed and section 157 of the Senate-passed extenders bill (H.R. 4213)).

--On page 2, Box 15, code M is being retained (see section 111 of the House-passed and section 131 of the Senate-passed extenders bill (H.R. 4213)).

Schedule K-1 (Form 1065)

2010

Department of the Treasury Internal Revenue Service

For calendar year 2010, or tax year beginning \_\_\_\_\_, 2010 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
C IRS Center where partnership filed return
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
F Partner's name, address, city, state, and ZIP code
G General partner or LLC member-manager / Limited partner or other LLC member
H Domestic partner / Foreign partner
I What type of entity is this partner?
J Partner's share of profit, loss, and capital (see instructions):
K Partner's share of liabilities at year end:
L Partner's capital account analysis:
M Did the partner contribute property with a built-in gain or loss?

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Column number, and Other items. Rows include Ordinary business income (loss), Net rental real estate income (loss), Other net rental income (loss), Guaranteed payments, Interest income, Ordinary dividends, Qualified dividends, Royalties, Net short-term capital gain (loss), Net long-term capital gain (loss), Collectibles (28%) gain (loss), Unrecaptured section 1250 gain, Net section 1231 gain (loss), Other income (loss), Section 179 deduction, Other deductions, Self-employment earnings (loss), Distributions, and Other information.

\*See attached statement for additional information. For IRS Use Only

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

	<i>Code</i>	<i>Report on</i>
<b>1. Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
Passive loss		See the Partner's Instructions
Passive income		Schedule E, line 28, column (g)
Nonpassive loss		Schedule E, line 28, column (h)
Nonpassive income		Schedule E, line 28, column (j)
<b>2. Net rental real estate income (loss)</b>		See the Partner's Instructions
<b>3. Other net rental income (loss)</b>		
Net income		Schedule E, line 28, column (g)
Net loss		See the Partner's Instructions
<b>4. Guaranteed payments</b>		Schedule E, line 28, column (j)
<b>5. Interest income</b>		Form 1040, line 8a
<b>6a. Ordinary dividends</b>		Form 1040, line 9a
<b>6b. Qualified dividends</b>		Form 1040, line 9b
<b>7. Royalties</b>		Schedule E, line 4
<b>8. Net short-term capital gain (loss)</b>		Schedule D, line 5, column (f)
<b>9a. Net long-term capital gain (loss)</b>		Schedule D, line 12, column (f)
<b>9b. Collectibles (28%) gain (loss)</b>		28% Rate Gain Worksheet, line 4 (Schedule D instructions)
<b>9c. Unrecaptured section 1250 gain</b>		See the Partner's Instructions
<b>10. Net section 1231 gain (loss)</b>		See the Partner's Instructions
<b>11. Other income (loss)</b>		
<i>Code</i>		
<b>A</b> Other portfolio income (loss)		See the Partner's Instructions
<b>B</b> Involuntary conversions		See the Partner's Instructions
<b>C</b> Sec. 1256 contracts & straddles		Form 6781, line 1
<b>D</b> Mining exploration costs recapture		See Pub. 535
<b>E</b> Cancellation of debt		Form 1040, line 21 or Form 982
<b>F</b> Other income (loss)		See the Partner's Instructions
<b>12. Section 179 deduction</b>		See the Partner's Instructions
<b>13. Other deductions</b>		
<b>A</b> Cash contributions (50%)	} See the Partner's Instructions	
<b>B</b> Cash contributions (30%)		
<b>C</b> Noncash contributions (50%)		
<b>D</b> Noncash contributions (30%)		
<b>E</b> Capital gain property to a 50% organization (30%)		
<b>F</b> Capital gain property (20%)		
<b>G</b> Contributions (100%)		
<b>H</b> Investment interest expense		Form 4952, line 1
<b>I</b> Deductions—royalty income		Schedule E, line 18
<b>J</b> Section 59(e)(2) expenditures		See the Partner's Instructions
<b>K</b> Deductions—portfolio (2% floor)		Schedule A, line 23
<b>L</b> Deductions—portfolio (other)		Schedule A, line 28
<b>M</b> Amounts paid for medical insurance		Schedule A, line 1 or Form 1040, line 29
<b>N</b> Educational assistance benefits		See the Partner's Instructions
<b>O</b> Dependent care benefits		Form 2441, line 12
<b>P</b> Preproductive period expenses		See the Partner's Instructions
<b>Q</b> Commercial revitalization deduction from rental real estate activities		See Form 8582 instructions
<b>R</b> Pensions and IRAs		See the Partner's Instructions
<b>S</b> Reforestation expense deduction		See the Partner's Instructions
<b>T</b> Domestic production activities information		See Form 8903 instructions
<b>U</b> Qualified production activities income		Form 8903, line 7b
<b>V</b> Employer's Form W-2 wages		Form 8903, line 16
<b>W</b> Other deductions		See the Partner's Instructions
<b>14. Self-employment earnings (loss)</b>		
<b>Note.</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
<b>A</b> Net earnings (loss) from self-employment		Schedule SE, Section A or B
<b>B</b> Gross farming or fishing income		See the Partner's Instructions
<b>C</b> Gross non-farm income		See the Partner's Instructions
<b>15. Credits</b>		
<b>A</b> Low-income housing credit (section 42(j)(5)) from pre-2008 buildings		See the Partner's Instructions
<b>B</b> Low-income housing credit (other) from pre-2008 buildings		See the Partner's Instructions
<b>C</b> Low-income housing credit (section 42(j)(5)) from post-2007 buildings		Form 8586, line 11
<b>D</b> Low-income housing credit (other) from post-2007 buildings		Form 8586, line 11
<b>E</b> Qualified rehabilitation expenditures (rental real estate)	} See the Partner's Instructions	
<b>F</b> Other rental real estate credits		
<b>G</b> Other rental credits		
<b>H</b> Undistributed capital gains credit		Form 1040, line 71; check box 4
<b>I</b> Alcohol and cellulosic biofuel fuels credit		Form 6478, line 7
<b>J</b> Work opportunity credit		Form 5884, line 3
<b>K</b> Disabled access credit		See the Partner's Instructions
<b>L</b> Empowerment zone and renewal community employment credit		Form 8844, line 3
<b>M</b> Credit for increasing research activities		See the Partner's Instructions
<b>N</b> Credit for employer social security and Medicare taxes		Form 8846, line 5
<b>O</b> Backup withholding		Form 1040, line 61
<b>P</b> Other credits		See the Partner's Instructions
<b>16. Foreign transactions</b>		
<b>A</b> Name of country or U.S. possession	} Form 1116, Part I	
<b>B</b> Gross income from all sources		
<b>C</b> Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
<b>D</b> Passive category	} Form 1116, Part I	
<b>E</b> General category		
<b>F</b> Other		
<i>Deductions allocated and apportioned at partner level</i>		
<b>G</b> Interest expense		Form 1116, Part I
<b>H</b> Other		Form 1116, Part I
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
<b>I</b> Passive category	} Form 1116, Part I	
<b>J</b> General category		
<b>K</b> Other		
<i>Other information</i>		
<b>L</b> Total foreign taxes paid		Form 1116, Part II
<b>M</b> Total foreign taxes accrued		Form 1116, Part II
<b>N</b> Reduction in taxes available for credit		Form 1116, line 12
<b>O</b> Foreign trading gross receipts		Form 8873
<b>P</b> Extraterritorial income exclusion		Form 8873
<b>Q</b> Other foreign transactions		See the Partner's Instructions
<b>17. Alternative minimum tax (AMT) items</b>		
<b>A</b> Post-1986 depreciation adjustment	} See the Partner's Instructions and the Instructions for Form 6251	
<b>B</b> Adjusted gain or loss		
<b>C</b> Depletion (other than oil & gas)		
<b>D</b> Oil, gas, & geothermal—gross income		
<b>E</b> Oil, gas, & geothermal—deductions		
<b>F</b> Other AMT items		
<b>18. Tax-exempt income and nondeductible expenses</b>		
<b>A</b> Tax-exempt interest income		Form 1040, line 8b
<b>B</b> Other tax-exempt income		See the Partner's Instructions
<b>C</b> Nondeductible expenses		See the Partner's Instructions
<b>19. Distributions</b>		
<b>A</b> Cash and marketable securities	} See the Partner's Instructions	
<b>B</b> Distribution subject to section 737		
<b>C</b> Other property		
<b>20. Other information</b>		
<b>A</b> Investment income		Form 4952, line 4a
<b>B</b> Investment expenses		Form 4952, line 5
<b>C</b> Fuel tax credit information		Form 4136
<b>D</b> Qualified rehabilitation expenditures (other than rental real estate)		See the Partner's Instructions
<b>E</b> Basis of energy property		See the Partner's Instructions
<b>F</b> Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8
<b>G</b> Recapture of low-income housing credit (other)		Form 8611, line 8
<b>H</b> Recapture of investment credit		See Form 4255
<b>I</b> Recapture of other credits		See the Partner's Instructions
<b>J</b> Look-back interest—completed long-term contracts		See Form 8697
<b>K</b> Look-back interest—income forecast method		See Form 8866
<b>L</b> Dispositions of property with section 179 deductions	} See the Partner's Instructions	
<b>M</b> Recapture of section 179 deduction		
<b>N</b> Interest expense for corporate partners		
<b>O</b> Section 453(l)(3) information		
<b>P</b> Section 453A(c) information		
<b>Q</b> Section 1260(b) information		
<b>R</b> Interest allocable to production expenditures		
<b>S</b> CCF nonqualified withdrawals		
<b>T</b> Depletion information—oil and gas		
<b>U</b> Amortization of reforestation costs		
<b>V</b> Unrelated business taxable income		
<b>W</b> Precontribution gain (loss)		
<b>X</b> Section 108(i) information		
<b>Y</b> Other information		