

If you are reporting only one type of deduction under code V, enter code V with an asterisk (V*) and the dollar amount in the entry space in box 13 and attach a statement that shows the box number, code, and type of deduction. If you are reporting multiple types of deductions under code V, enter the code with an asterisk (V*), enter "STMT" in the dollar amount entry space in box 13, and attach a statement that shows the box number, code, and the dollar amount of each type of deduction.

If the partnership has more than one trade or business activity, identify on an attachment to Schedule K-1 the amount for each separate activity. See *Passive Activity Reporting Requirements* on page 13.

Self-Employment

Note. If the partnership is an options dealer or a commodities dealer, see section 1402(i) before completing lines 14a, 14b, and 14c, to determine the amount of any adjustment that may have to be made to the amounts shown on the *Worksheet for Figuring Net Earnings (Loss) From Self-Employment* below. If the partnership is engaged solely in the operation of a group investment program, earnings from the operation are not self-employment earnings for either general or limited partners.

General partners. General partners' net earnings (loss) from self-employment do not include:

- Dividends on any shares of stock and interest on any bonds, debentures, notes, etc., unless the dividends or interest are received in the course of a trade or business, such as a dealer in stocks or securities or interest on notes or accounts receivable.
- Rentals from real estate, except rentals of real estate held for sale to customers in the course of a trade or business as a real estate dealer or payments for rooms or space when significant services are provided.

- Royalty income, except royalty income received in the course of a trade or business.

See the instructions for Schedule SE (Form 1040), Self-Employment Tax, for more information.

Limited partners. Generally, a limited partner's share of partnership income (loss) is not included in net earnings (loss) from self-employment. Limited partners treat as self-employment earnings only guaranteed payments for services they actually rendered to, or on behalf of, the partnership to the extent that those payments are payment for those services.

Line 14a. Net Earnings (Loss) From Self-Employment

Schedule K. Enter on line 14a the amount from line 5 of the worksheet.

Schedule K-1. Do not complete this line for any partner that is an estate, trust, corporation, exempt organization, or individual retirement arrangement (IRA).

Enter in box 14 of Schedule K-1 each individual general partner's share of the amount shown on line 5 of the worksheet and each individual limited partner's share of the amount shown on line 4c of the worksheet, using code A.

Line 14b. Gross Farming or Fishing Income

Enter on line 14b the partnership's gross farming or fishing income from self-employment. Individual partners need this amount to figure net earnings from self-employment under the farm optional method in Section B, Part II of Schedule SE (Form 1040). Enter each individual partner's distributive share in box 14 of Schedule K-1 using code B.

Line 14c. Gross Nonfarm Income

Enter on line 14c the partnership's gross nonfarm income from self-employment. Individual partners need this amount to figure net earnings from self-employment

under the nonfarm optional method in Section B, Part II of Schedule SE (Form 1040). Enter each individual partner's share in box 14 of Schedule K-1 using code C.

Worksheet Instructions

Line 1b. Include on line 1b any part of the net income (loss) from rental real estate activities from Schedule K, line 2, that is from:

1. Rentals of real estate held for sale to customers in the course of a trade or business as a real estate dealer or
2. Rentals for which services were rendered to the occupants (other than services usually or customarily rendered for the rental of space for occupancy only). The supplying of maid service is such a service; but the furnishing of heat and light, the cleaning of public entrances, exits, stairways and lobbies, trash collection, etc., are not considered services rendered to the occupants.

Lines 3b and 4b. Allocate the amounts on these lines in the same way Form 1065, page 1, line 22, is allocated to these particular partners.

Line 4a. Include in the amount on line 4a any guaranteed payments to partners reported on Schedule K, line 4, and Schedule K-1, box 4, and derived from a trade or business as defined in section 1402(c). Also include other ordinary business income and expense items (other than expense items subject to separate limitations at the partner level, such as the section 179 expense deduction) reported on Schedules K and K-1 that are used to figure self-employment earnings under section 1402.

Credits

Note. Do not attach Form 3800, General Business Credit, to Form 1065.

Worksheet for Figuring Net Earnings (Loss) From Self-Employment

1a	Ordinary business income (loss) (Schedule K, line 1)	1a		
b	Net income (loss) from certain rental real estate activities (see instructions)	1b		
c	Other net rental income (loss) (Schedule K, line 3c)	1c		
d	Net loss from Form 4797, Part II, line 17, included on line 1a above. Enter as a positive amount . . .	1d		
e	Combine lines 1a through 1d	1e		
2	Net gain from Form 4797, Part II, line 17, included on line 1a above	2		
3a	Subtract line 2 from line 1e. If line 1e is a loss, increase the loss on line 1e by the amount on line 2	3a		
b	Part of line 3a allocated to limited partners, estates, trusts, corporations, exempt organizations, and IRAs	3b		
c	Subtract line 3b from line 3a. If line 3a is a loss, reduce the loss on line 3a by the amount on line 3b. Include each individual general partner's share in box 14 of Schedule K-1, using code A			3c
4a	Guaranteed payments to partners (Schedule K, line 4) derived from a trade or business as defined in section 1402(c) (see instructions)	4a		
b	Part of line 4a allocated to individual limited partners for other than services and to estates, trusts, corporations, exempt organizations, and IRAs	4b		
c	Subtract line 4b from line 4a. Include each individual general partner's share and each individual limited partner's share in box 14 of Schedule K-1, using code A			4c
5	Net earnings (loss) from self-employment. Combine lines 3c and 4c. Enter here and on Schedule K, line 14a			5