Note: The draft you are looking for begins on the next page. Caution: DRAFT—NOT FOR FILING

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Most forms and publications have a page on IRS.gov: IRS.gov/Form1040 for Form 1040; IRS.gov/Pub501 for Pub. 501; IRS.gov/W4 for Form W-4; and IRS.gov/ScheduleA for Schedule A (Form 1040), for example, and similarly for other forms, pubs, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or pubs at IRS.gov/FormsComments. Include "NTF" followed by the form or pub number (for example, "NTF1040", "NTFW4", "NTF501, etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each "NTF" message. If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click here.


## Part II

Complete lines 1-9 if your Schedule K-3 (Form 1065), Part XIII, includes information on lines 1 through 6. Complete lines 1-3 and line 18 if your Schedule K-3 (Form 1065), Part XIII, includes information on line 7.
1 Proceeds/amount realized from the transfer of partnership interest
2 Section 705 outside basis
3 Total outside gain (loss) on transfer of partnership interest. Subtract line 2 from line 1
4 Total outside ordinary gain (loss) that would be recognized on the deemed sale of section 751 property. Enter amount from Schedule K-3 (Form 1065), Part XIII, line 1
5 Total outside capital gain (loss) that would be recognized on the transfer of the partnership interest. Subtract line 4 from line 3
6 Aggregate effectively connected ordinary gain (loss) that would be recognized on the deemed sale of section 751 property. Enter amount from Schedule K-3 (Form 1065), Part XIII, line 2
7 Aggregate effectively connected capital gain (loss) that would be recognized on the deemed sale of non-section 751 property. Enter amount from Schedule K-3 (Form 1065), Part XIII, line 3
8 Recognized effectively connected ordinary gain (loss). Enter the smaller of line 4 or line 6. See instructions
9 Recognized outside effectively connected capital gain (loss). Enter the smaller of line 5 or line 7 . See instructions

Complete lines 10-17 only if the capital gain (loss) on line 5 is long term and an amount was reported on your Schedule K-3 (Form 1065), Part XIII, line 4 or line 5.
10 Total outside collectibles gain that would be recognized on the deemed sale of section $1(\mathrm{~h})(5)$ assets. See instructions
11 Total outside unrecaptured section 1250 gain that would be recognized on the deemed sale of section $1(\mathrm{~h})(6)$ assets. See instructions
12 Total outside look-through capital gains. Add lines 10 and 11
13 Aggregate effectively connected collectibles gain that would be recognized on the deemed sale of section 1(h)(5) assets. Enter amount from Schedule K-3 (Form 1065), Part XIII, line 4
14 Aggregate effectively connected unrecaptured section 1250 gain that would be recognized on the deemed sale of section 1(h)(6) assets. Enter amount from Schedule K-3 (Form 1065), Part XIII, line 5
15 Total aggregate effectively connected look-through capital gains. Add lines 13 and 14 . .
16 If the amount entered on line 9 is from line 5 , then enter the amount from line 12. If the amount entered on line 9 is from line 7, then enter the amount from line 15. See instructions for whether and where to report lines 10 and 11 or lines 13 and 14 on your Form 1040-NR
17 Recognized effectively connected residual long-term capital gain (loss). Subtract line 16 from line 9. Enter this amount on Form 8949, Part II, line 1
18 Capital gain (loss) that would be recognized under section $897(\mathrm{~g})$ on the deemed sale of U.S. real property interests. Enter the amount from Schedule K-3 (Form 1065), Part XIII, line 7. See instructions .


