



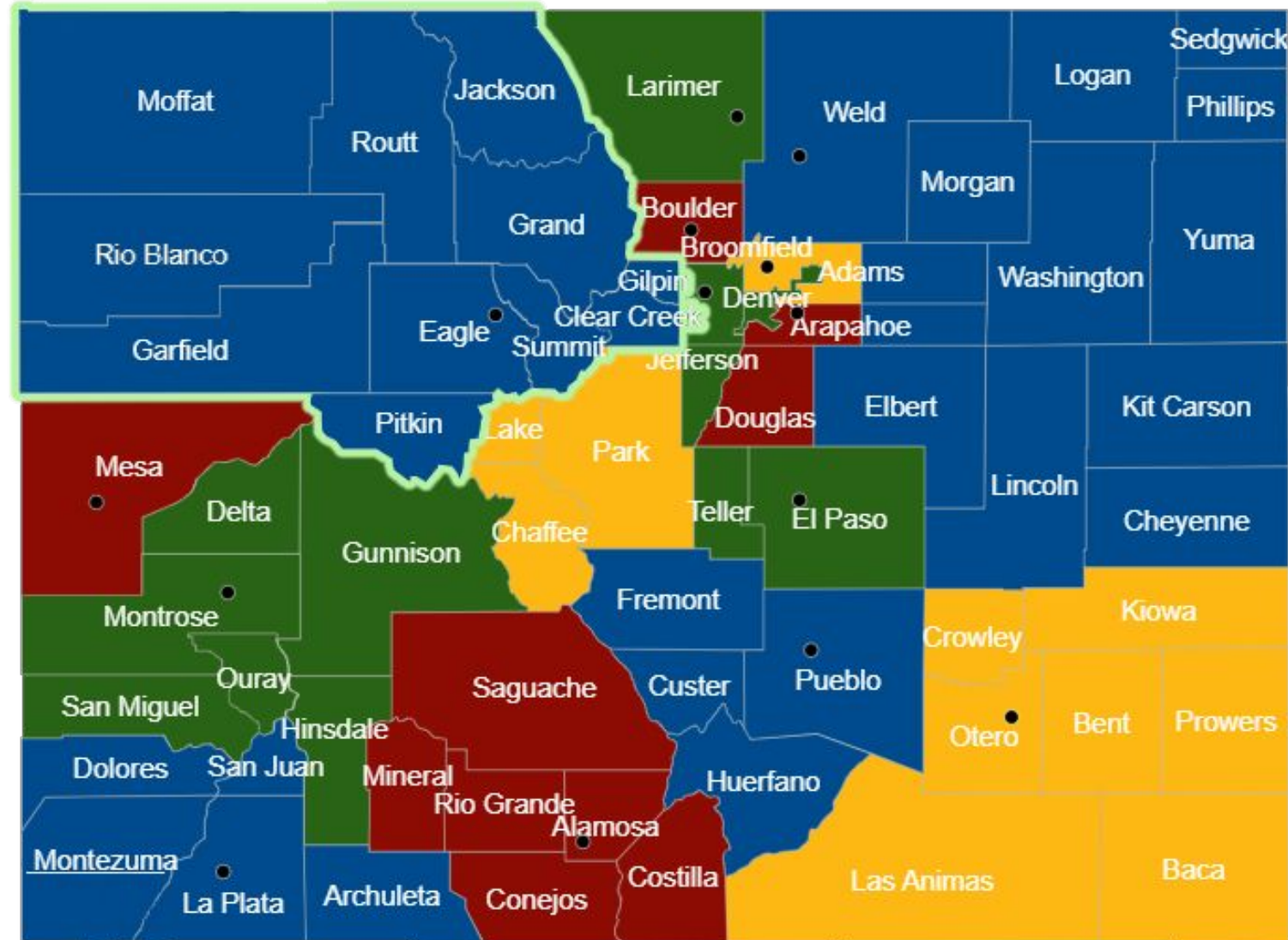
Partnership Tax Form 1065 Overview

FEBRUARY 13, 2025



No-cost 1:1
advising

No-to-low cost
training



Disclaimer

**This presentation is for informational purposes only.
For specific tax guidance, please consult a
certified public accountant (CPA),
bookkeeper, or tax preparer.**

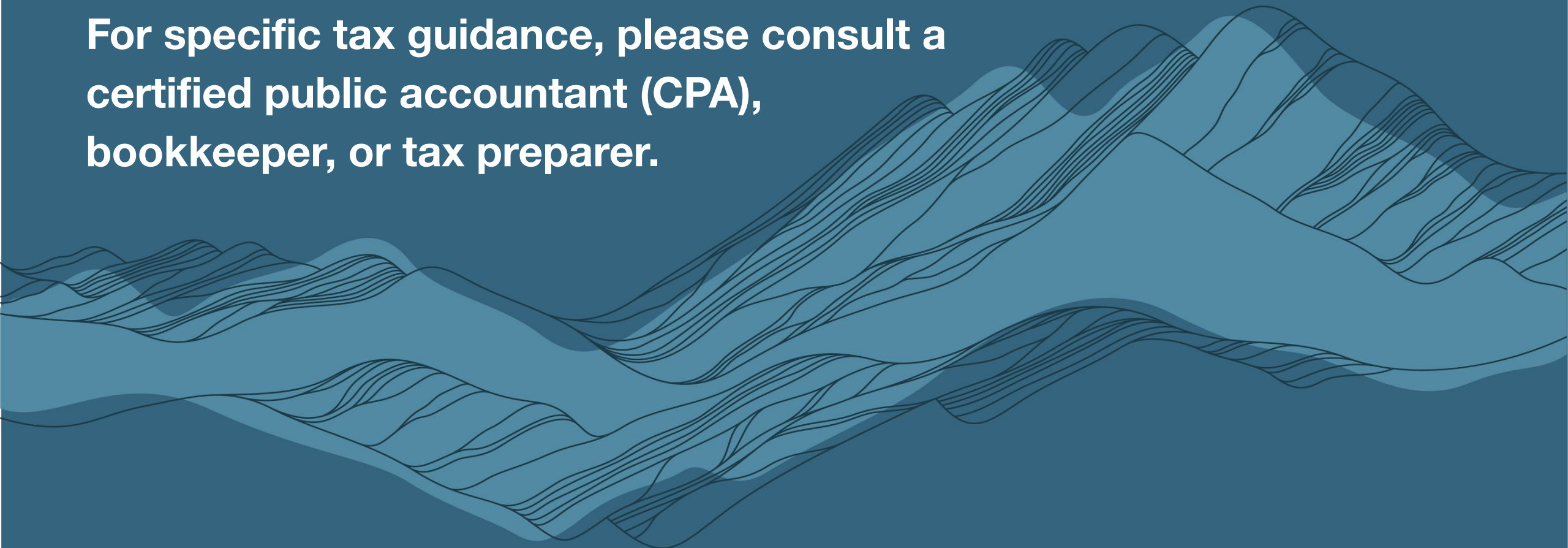
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WHO is 1065 for?

PARTNERSHIPS WITH 2 OR MORE PARTNERS

- does NOT have to be incorporated
- foreign partnerships (*some exceptions*)
- exception available to married partners (*Qualified Joint Venture*)

EXCLUDES

- domestic partnerships electing S-corp
- joint ventures for sharing expenses

WHAT is 1065 for?

- 1065 **reports income** items such as profit or loss and other financial information.
- These "**pass through**" to the partners according to their share, and are included by them on their individual tax returns.
- A **K-1 form** is created for each partner and will affect income and self-employment tax due for the recipient.

DUE 15th day of 3rd month following the end of the tax year (*usually March 15*).

Financial penalties apply!

Other Potential Forms

SCHEDULE B1, or C & M-3

info on 50%+ partner(s)

SCHEDULE F

farming

FORM 8825

rental real estate

SCHEDULE D

investments

FORM 4562

depreciation

FORM 4797/8949

sale of business property

FORM 1125-A

cost of goods sold

FORM 8941

small employer health insurance

Form Header

Form 1065 Department of the Treasury Internal Revenue Service		U.S. Return of Partnership Income For calendar year 2024, or tax year beginning _____, 2024, ending _____, 20____. Go to www.irs.gov/Form1065 for instructions and the latest information.		OMB No. 1545-0123 2024
A Principal business activity	Type or Print	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 instructions. MAILING, NOT PHYSICAL ADDRESS	E Date business started	
C Business code number NAICS CODE		City or town, state or province, country, and ZIP or foreign postal code SEE INSTRUCTIONS		
G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return				
H Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> 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 <input type="checkbox"/>				
K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes				

NAICS is the North American Industry Classification System

Income & Deductions (Expenses)

Caution: Include **only** trade or business income and expenses on lines 1a through 23 below. See instructions for more information.

	1a	Gross receipts or sales	b	Less returns and allowances	c	Balance	1c	
Income	2	Cost of goods sold (attach Form 1125-A)	2				2	
	3	Gross profit. Subtract line 2 from line 1c	3				3	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	4				4	
	5	Net farm profit (loss) (attach Schedule F (Form 1040))	5				5	
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6				6	
	7	Other income (loss) (attach statement)	7				7	
	8	Total income (loss). Combine lines 3 through 7	8				8	
	Deductions <small>(see instructions for limitations)</small>	9	Salaries and wages (other than to partners) (less employment credits)	9				9
10		Guaranteed payments to partners	10				10	
11		Repairs and maintenance	11				11	
12		Bad debts	12				12	
13		Rent	13				13	
14		Taxes and licenses	14				14	
15		Interest (see instructions)	15				15	
16a		Depreciation (if required, attach Form 4562)	16a					
b		Less depreciation reported on Form 1125-A and elsewhere on return	16b				16c	
17		Depletion (Do not deduct oil and gas depletion.)	17				17	
18		Retirement plans, etc.	18				18	
19		Employee benefit programs	19				19	
20		Energy efficient commercial buildings deduction (attach Form 7205)	20				20	
21		Other deductions (attach statement)	21				21	
22		Total deductions. Add the amounts shown in the far right column for lines 9 through 21	22				22	
23	Ordinary business income (loss). Subtract line 22 from line 8	23				23		



SEE FORM INSTRUCTIONS

Tax & Payment

BEYOND TODAY'S SCOPE - CONSULT A CPA

Tax and Payment	24	Interest due under the look-back method—completed long-term contracts (attach Form 8697)	24	
	25	Interest due under the look-back method—income forecast method (attach Form 8866)	25	
	26	BBA AAR imputed underpayment (see instructions)	26	
	27	Other taxes (see instructions)	27	
	28	Total balance due. Add lines 24 through 27	28	
	29	Elective payment election amount from Form 3800	29	
	30	Payment (see instructions)	30	
	31	Amount owed. If the sum of line 29 and line 30 is smaller than line 28, enter amount owed	31	
	32	Overpayment. If the sum of line 29 and line 30 is larger than line 28, enter overpayment	32	
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 partner or limited liability company member) is based on all information of which preparer has any knowledge.			
	_____ Signature of partner or limited liability company member		_____ Date	
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date
				Check <input type="checkbox"/> if self-employed
	Firm's name		Firm's EIN	
Firm's address		Phone no.		

May the IRS discuss this return with the preparer shown below?
See instructions. Yes No

Schedule B | Pages 2-4 (33 questions)

THE IRS WANTS TO KNOW:

- entity type
- any owner with $\geq 50\%$ interest
- if the business owns $\geq 20\%$ of another entity
- whether receipts and assets exceed certain thresholds
- if the business is publicly traded (*shares on securities exchange*)
- if the business has interest in a foreign account or trust, or other foreign assets
- whether basis adjustments were needed
- foreign partners, if any
- about crypto transactions
- and more!

Schedule B | Pages 2-4 (33 questions)

Form 1065 (2024) Page **2**

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:

<p>a <input type="checkbox"/> Domestic general partnership</p> <p>c <input type="checkbox"/> Domestic limited liability company</p> <p>e <input type="checkbox"/> Foreign partnership</p>	<p>b <input type="checkbox"/> Domestic limited partnership</p> <p>d <input type="checkbox"/> Domestic limited liability partnership</p> <p>f <input type="checkbox"/> Other:</p>		Yes	No
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2 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, or any foreign government 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

3 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

4 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.

5 Is this partnership a publicly traded partnership, as defined in section 469(k)(2)?

6 During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?

7 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?

8 At any time during calendar year 2024, 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 instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country

9 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

10a Is the partnership making, or had it previously made (and not revoked), a section 754 election? If "Yes," enter the effective date of the election
See instructions for details regarding a section 754 election.

b For this tax year, did the partnership make an optional basis adjustment under section 743(b)? If "Yes," enter the total aggregate net positive amount \$ and the total aggregate net negative amount \$ (.....) of such section 743(b) adjustments for all partners made in the tax year. The partnership must also attach a statement showing the computation and allocation of each basis adjustment. See instructions

Form **1065** (2024)

Schedule K | Page 5 (*partners' add'l share items*)

NONBUSINESS INCOME

- guaranteed payments
- real estate & investment
- interest
- dividends

Net earnings from self employment will affect each partner's self-employment tax.

Worksheet in instructions.

OTHER DEDUCTIONS

- certain deductions related to asset purchases
- deductible charitable contributions
- investment interest expense
- medical expenses for partners
- retirement expenses for partners

CREDITS

ITEMS BEYOND TODAY'S SCOPE

Schedule K | Page 5 (partners' add'l share items)

Form 1065 (2024) Page 5

Schedule K Partners' Distributions		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 23)	1
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	3b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Guaranteed payments: a Services 4a b Capital 4b	4c
	c Total. Add lines 4a and 4b	4c
	5 Interest income	5
	6 Dividends and dividend equivalents: a Ordinary dividends	6a
	b Qualified dividends 6b c Dividend equivalents 6c	6c
	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 Cash contributions	13a
	b Noncash contributions	13b
	c Investment interest expense	13c
	d Section 59(e)(2) expenditures: (1) Type:	13d(2)
e Other deductions (see instructions) Type:	13e	
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, if applicable)	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
International	16 Attach Schedule K-2 (Form 1065), Partners' Distributions—International, and check this box to indicate that you are reporting items of international tax relevance <input type="checkbox"/>	
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)		
21 Total foreign taxes paid or accrued	21	

Form 1065 (2024)

Schedule L | Page 6 (*balance sheet*)

NOT REQUIRED IF:

- total receipts less than \$250,000
- total assets less than \$1 million
- schedules K-1 filed with return and given to partners on time
- not required or not opting to file schedule M-3 Net Income (Loss) Reconciliation
 - M-3 required if an entity that owns $\geq 50\%$ interest has assets \geq \$10 million or total receipts \geq \$35 million

Schedule M-2 | Page 6 (*partners' capital accts*)

FIGURES THE PARTNERS' BASIS IN THE BUSINESS:

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) (see instructions)				
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	

Changes to each partner's **basis** affects things like their personal loss limitations, gain at sale of assets, etc.

Schedule K-1 Deliverable

ITEMS OF INCOME & DEDUCTION

CARRY TO EACH K-1:

OPERATING AGREEMENT

overall management and decision-making processes

PARTNERSHIP AGREEMENT

rights and responsibilities of each partner

Schedule K-1 (Form 1065) 2024
 Department of the Treasury Internal Revenue Service
 For calendar year 2024, or tax year beginning / / 2024 ending / /

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

1	Ordinary business income (loss)	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	19	Distributions
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
22	<input type="checkbox"/> More than one activity for at-risk purposes*		
23	<input type="checkbox"/> More than one activity for passive activity purposes*		
*See attached statement for additional information.			

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:
 Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G General partner or LLC member-manager Limited partner or other LLC member

H1 Domestic partner Foreign partner

H2 If the partner is a disregarded entity (DE), enter the partner's:
 TIN _____ Name _____

I1 What type of entity is this partner?

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

Check if decrease is due to:
 Sale or Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$	\$

K2 Check this box if item K1 includes liability amounts from lower-tier partnerships

K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions.

L Partner's Capital Account Analysis

Beginning capital account	\$
Capital contributed during the year	\$
Current year net income (loss)	\$
Other increase (decrease) (attach explanation)	\$
Withdrawals and distributions	\$()
Ending capital account	\$

M Did the partner contribute property with a built-in gain (loss)?
 Yes No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

For IRS Use Only

OMB No. 1545-0123
 Final K-1 Amended K-1

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Cat. No. 11394R Schedule K-1 (Form 1065) 2024

Schedule K-1 Deliverable

- The partners are liable for tax on their shares of the partnership **business income, whether or not it was distributed.**
- They are also individually liable for tax on **other types of income** such as guaranteed payments, payments for services, or health insurance premiums, or dividends paid to the business.

Schedule K-1 Deliverable

J Partner's share of profit, loss, and capital (see instructions):

	Beginning		Ending	
Profit		%		%
Loss		%		%
Capital		%		%

Check if decrease is due to:

Sale or Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse . . . \$		\$
Qualified nonrecourse financing . . . \$		\$
Recourse . . . \$		\$

K2 Check this box if item K1 includes liability amounts from lower-tier partnerships

K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions . . .

L Partner's Capital Account Analysis

Beginning capital account . . . \$	
Capital contributed during the year . . . \$	
Current year net income (loss) . . . \$	
Other increase (decrease) (attach explanation) \$	
Withdrawals and distributions . . . \$ ()	
Ending capital account . . . \$	

M Did the partner contribute property with a built-in gain (loss)?

Yes No If "Yes," attach statement. See instructions.

Reporting Your K-1 Information

EACH PARTNER'S SITUATION IS UNIQUE, CONSULT YOUR CPA OR TAX PREPARER:

- passive vs active income
- material participation
- at-risk rules and personal loss limitations (*carry forward amounts*)
- unreimbursed partnership expenses (*per partnership agreement*)
- other, non-partnership income
- personal deductions & credits
- personal tax brackets

Other Small Business Concerns

- BENEFICIAL OWNERSHIP REPORTING
- SALES AND EMPLOYMENT TAXES
- SCHEDULE E FOR INDIVIDUAL PARTNERS
 - Vehicle or home office expense (*per partnership agreement*)



Thank you!

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1:1 advising at:

coloradosbdc.org

northwestsbdc.org

