

# DOMESTIC GENERAL FORM 1065 — U.S. RETURN OF PARTNERSHIP INCOME

**Partnership:** [PARTNERSHIP NAME] **EIN:** [EIN] **Tax Year:** through **Filing Date:** **Entity Type:** Domestic Partnership

*This is a compliance workbook and cover document for Form 1065. It does not replace the IRS return itself. Use this document alongside the official IRS Form 1065 (and its schedules) and file electronically through an IRS-approved provider or tax professional. Every figure shown below must be transcribed to the corresponding line of the official form.*

**Due date reminder.** Form 1065 is due on the 15th day of the 3rd month after the tax year ends (March 15 for calendar-year partnerships). If that date falls on a weekend or federal holiday, the deadline rolls to the next business day. For the 2025 tax year, the due date is Monday, March 16, 2026, because March 15, 2026 is a Sunday. A 6-month extension to September 15 is available via Form 7004, filed on or before the original due date.

## Part I — Entity Identification

| Field | Value | |---|---| | Partnership legal name | [PARTNERSHIP NAME] | | EIN | [EIN] | | Principal business address | [PRINCIPAL BUSINESS ADDRESS] | | Principal business activity | [PRINCIPAL BUSINESS ACTIVITY] | | NAICS / business activity code | [NAICS BUSINESS ACTIVITY CODE] | | Date business started | | | Tax year | to | | Accounting method | Cash | | Total assets at year end | \$0.00 | | Return type | Initial |

**Form 1065 header checkboxes (Item G).** Confirm which of the following apply and check the corresponding box on the official return: G(1) Initial return · G(2) Final return · G(3) Name change · G(4) Address change · G(5) Amended return · G(6) Technical termination.

**First-year filer notice.** Check box G(1) "Initial return" on Form 1065. If the partnership incurred organizational or startup expenditures, the partnership is deemed to have elected to amortize them under IRC §§195 and 709 unless the partnership affirmatively elects to capitalize. Up to \$5,000 of organizational costs and \$5,000 of startup costs are immediately deductible (subject to reduction dollar-for-dollar for expenditures exceeding \$50,000), with the remainder amortized over 180 months beginning the month the partnership begins business.

**Spousal qualified joint venture exception.** A business owned solely by a married couple filing a joint return may, under IRC §761(f), elect *not* to be treated as a partnership and instead file two Schedule C forms (one per spouse). Community-property-state spouses may also rely on Rev. Proc. 2002-69. If either treatment is claimed, Form 1065 is **not** the correct filing.

## Part II — Partners (Drives K-1 Obligations)

- **Total number of partners:** 2
- **Schedule K-1 obligation:** One Schedule K-1 per partner, delivered by the Form 1065 due date (March 15 for calendar-year partnerships, or next business day, plus any extension to September 15 via Form 7004).

**Standard domestic partnership.** The partnership is a pass-through entity under IRC §701 and does not pay federal income tax at the entity level. Aggregate income, gains, losses, deductions, and credits are reported on Form 1065 and allocated to partners via Schedule K-1.

## Part III — Income, Deductions, and Ordinary Business Income (Page 1)

| Line | Item | Amount | |---|---|---| | 1a | Gross receipts or sales | \$0.00 | | 1b | Returns and allowances | (\$0.00) | | 1c | Net receipts | | | 2 | Cost of goods sold (Form 1125-A) | (\$0.00) | | 3 | Gross profit | | | 4–7 | Other income | \$0.00 | | **8 | Total income** | \*\*\*\* | | 9 | Salaries and wages | \$0.00 | | 10 | Guaranteed payments to partners (IRC §707(c)) | \$0.00 | | 11–20 | Other deductions | \$0.00 | | **21 | Total deductions** | \*\*\*\* | | **22 | Ordinary business income (loss)** | \*\*\*\* |

### Attachment triggers for deductions claimed.

- **Form 4562 (Depreciation and Amortization)** — required if the partnership claims depreciation on property placed in service during the tax year, §179 expensing, listed-property depreciation, or any amortization.
- **IRC §163(j) business-interest limitation** — partnerships that are not small-business taxpayers (average annual gross receipts > the §448(c) threshold, \$30M for 2024 / adjusted annually) must limit business interest deduction to 30% of adjusted taxable income plus business interest income plus floor-plan financing. File **Form 8990**; excess business interest expense is allocated to partners on K-1 Box 13, code K (and tracked at the partner level).
- **Form 8825** — required for rental real estate income/expense in lieu of reporting on page 1.

## Part IIIa — Tax and Payment (Lines 24–32)

For partnerships without entity-level tax liability, lines 24–32 will reflect zero. Entity-level tax applies in the following circumstances:

| Line | Item | Amount | |---|---|---| | 24 | Interest due under look-back method (Form 8697 / Form 8866) | \$0.00 | | 25 | BBA imputed underpayment (IRC §6225) | \$0.00 | | 26 | Other taxes | \$0.00 | | **27 | Total**

**balance due** | \$0.00 | | 28 | Payment (if any) | \$0.00 | | 29 | Amount owed | \$0.00 | | 30 | Overpayment | \$0.00 |

**BBA imputed underpayment (line 25).** Applies only if the partnership has received a Final Partnership Adjustment (FPA) and did not make a timely push-out election under IRC §6226 within 45 days. Computed at the highest applicable federal rate on the net non-favorable adjustment, subject to modification under IRC §6225(c). Most partnerships will report zero on line 25.

## Part IV — Schedule B Gateway Questions

### BBA Default Regime

The partnership is subject to the Bipartisan Budget Act of 2015 Centralized Partnership Audit Regime (IRC §§6221–6241). On audit, the IRS will assess any imputed underpayment at the entity level unless the partnership makes a push-out election under IRC §6226 within 45 days of the final partnership adjustment (FPA). Amended returns should be filed as Administrative Adjustment Requests (AARs) under IRC §6227.

## Part V — Schedules L / M-1 / M-2 / M-3 Determination

**Schedules L, M-1, M-2 not required.** The partnership qualifies for the small-partnership exception (receipts below \$250,000 and total assets below \$1,000,000, with timely K-1 delivery and no Schedule M-3 obligation). Complete only the income and deduction sections.

### Tax-Basis Partner Capital Account Summary (feeds Schedule M-2 and K-1 Item L)

Item   Amount	---	---	Beginning capital (tax basis)   \$0.00	Capital contributed during year   \$0.00
Net income (loss) per return			Distributions to partners   (\$0.00)	<b>Ending capital (tax basis)   ****  </b>

**Tax-basis reporting mandate.** Beginning with the 2020 tax year, the IRS requires partner capital accounts on Schedule M-2 and Schedule K-1, Part II, Item L to be reported on a **tax basis** — not GAAP, §704(b) book basis, or any other method. Transition rules and computational guidance are in the 2020 IRS FAQ on tax-basis capital and subsequent form instructions.

## Part VI — Partnership Representative (IRC §6223)

For all tax years subject to the BBA centralized audit regime, the partnership designates the following **Partnership Representative** with sole authority to act on behalf of the partnership in all IRS matters:

- **Name:** [PARTNERSHIP REPRESENTATIVE NAME IRC 6223]
- **TIN:** [PARTNERSHIP REPRESENTATIVE TIN SSN OR EIN]

The Partnership Representative need not be a partner. If the Partnership Representative is an entity, a "designated individual" must be named. If no Partnership Representative is designated, the IRS may appoint one under IRC §6223(a). The PR has **sole authority** to bind the partnership and all partners to audit outcomes; state-law limitations in the partnership agreement do not restrict federal authority.

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## Part VII — State Compliance Checklist

**Primary state of operation:** [STATE]

### Pass-Through Entity Tax (PTET) Planning Flag

Many states (CA, NY, IL, MA, and 30+ others) permit partnerships to elect to pay state income tax at the entity level. Because the SALT deduction cap under the Tax Cuts and Jobs Act (\$10,000 individual limit under IRC §164(b)(6)) does **not** apply to state taxes paid by a partnership as a business expense, PTET elections can produce material federal tax savings for partners subject to the cap. Elections are generally annual and often due by the original Form 1065 due date (March 15). **Consult a CPA before making or relying on a PTET election — rates, eligibility, and mechanics vary by state and change annually.**

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## Part VIII — Top Compliance Reminders

1. **EIN required before filing.** Obtain via Form SS-4 before the return is prepared.
2. **K-1 delivery deadline.** One Schedule K-1 per partner, delivered by March 15 (or the extended deadline). Late K-1s subject the partnership to IRC §6722 penalties and cause downstream partner filing problems.
3. **Late-filing penalty (IRC §6698).** Per-partner-per-month penalty for up to 12 months of late filing. The penalty amount is indexed annually for inflation (for 2024 returns the amount was **\$245 per partner per month**; confirm the 2025-return figure in the current Form 1065 instructions before relying on it).
4. **Tax-basis capital reporting.** Mandatory on Schedule M-2 and K-1 Item L since 2020; GAAP and §704(b) book basis are not acceptable.
5. **Annual K-3 request protocol.** Partners must request K-3 each year; automatic delivery may be elected after the first request.
6. **State nexus analysis.** File in every state where the partnership has nexus — physical, employee, property, or economic.
7. **Corporate Transparency Act / FinCEN BOI.** Partnerships (including LPs and MMLLCs) are generally "reporting companies" subject to Beneficial Ownership Information reporting, separate from Form 1065. Confirm current filing obligations with counsel; the regulatory landscape has been in flux.

8. **Form 4562 / §163(j) / Form 8825 triggers.** Confirm whether depreciation, business-interest limitation, or rental real estate require a supporting form before finalizing the return.

### Part IX — Schedule K-1 Recipient Companion (Plain-Language Guide for Partners)

Each partner will receive one Schedule K-1 (Form 1065). Partners should note the following when preparing their own returns:

- **Box 1 — Ordinary business income (loss):** Reported on Schedule E of the partner's Form 1040 (or on the corporate return for entity partners). Subject to self-employment tax for general partners and active LLC members; generally not for limited partners.
- **Box 2 — Net rental real estate income:** Generally passive under IRC §469 — deductible only against passive income unless the partner qualifies as a real estate professional.
- **Box 4 — Guaranteed payments:** Always ordinary income, always subject to self-employment tax for the recipient.
- **Box 13 — Other deductions; Box 15 — Credits; Box 20 — Other information:** Each code requires separate treatment on the partner's return; attach a copy of the K-1 and its statements.
- **Item L — Partner's capital account:** Reported on a tax basis. A negative ending capital account may indicate distributions in excess of basis, potentially triggering gain recognition under IRC §731.
- **Schedule K-3:** International items; must be requested annually.
- **If the K-1 is late or appears incorrect:** Contact the Partnership Representative. The partner may file Form 8082 (Notice of Inconsistent Treatment or Administrative Adjustment Request) if the partner disagrees with the partnership's treatment.

### Part X — Certification and Signature

Under penalties of perjury, the undersigned declares that this Form 1065 cover workbook and the information provided herein have been examined by the undersigned, and to the best of the undersigned's knowledge and belief, are true, correct, and complete. Declaration of preparer (other than a partner or member) is based on all information of which preparer has any knowledge.

#### General Partner / LLC Member-Manager

\_\_\_\_\_ PRINTED NAME

\_\_\_\_\_ SIGNATURE

\_\_\_\_\_ DATE

**Partnership Representative (IRC §6223)**

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PRINTED NAME

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SIGNATURE

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DATE

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*This document is a compliance workbook prepared by Document.com. It does not constitute legal or tax advice. Partnerships should consult a qualified tax professional or CPA before filing Form 1065 with the IRS and any required state returns.*