

Business Questionnaire

(Partnerships)

Company Information				
Checklist Items	Yes	No	Not Required	Comments
<u>Company Name</u>	<u>Phone Number</u>			<u>Company Address</u>
1) Did the company name, phone number, or address change since your prior year return?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please place an (*) asterisk next to what changed above.
2) Please provide the type of entity.	Domestic General Partnership <input type="checkbox"/>	Domestic Limited Liability Company <input type="checkbox"/>	Other <input type="checkbox"/>	Other - Please describe the type of partnership of this company.
3) Please provide the accounting method for this company.	Cash <input type="checkbox"/>	Accrual <input type="checkbox"/>	Other <input type="checkbox"/>	Other - Please describe what method of accounting is used by the company.
4) Did the company have any new investments, accounts, lines of credit, credit cards, or loans for this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide details along with the statement, promissory note, etc.
Assets				
5) Did the company purchase any new assets this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide details on what new assets were purchased this year (include date, description of asset, and amount paid).
6) Did the company improve, adapt, or restore any assets owned by the partnership this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide details on what was improved, adapted, or restored of this year.
7) Did the company sell or dispose of any assets this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide details on what was sold or disposed of this year.
8) Did the company's business asset usage drop below 50 % for any company asset this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide details on what asset usage dropped below 50% this year.

Client Notes

Auto Mileage and Auto Expenses					
	Checklist Items	Yes	No	Not Required	Comments
9)	Did the company document it's auto mileage for business miles driven this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide beginning mileage, ending mileage, and business miles driven. No - Please skip next question and go to next section Business Credits.
10)	Did the company maintain a written log or ledger for business miles driven this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Auto mileage must be written and documented to be deductible.
Business Credits					
11)	Did the company have any disabled access expenditures this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details and these expenditures.
12)	Did the company have any childcare facility and resource and referral expenditures this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details and these expenditures.
13)	Did the company conduct any research and/or development this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on these activities for this year.
14)	Did the company provide health care coverage to employees this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please go to our website or click here and complete the Health Care Coverage Credit Worksheet . We will need this information to figure the amount of your 2012 health care coverage credit.
15)	Did the company employ an individual of Native American descent living on or near an Indian Reservation this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details about individual including tribe documentation.
16)	Did the company purchase any electric or energy efficient assets this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on electric or energy efficient assets purchased this year.
17)	Did the company have any startup costs for a small employer pension plan this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on startup cost for small employer pension plan for this year.
18)	Did the company pay wages to an employee for any period the employee is on active duty performing services of the United States Armed Forces this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on wages paid for employee.
19)	Did company hire any employees that qualified for the Work Opportunity Tax Credit? <i>(Must file Form 8850 and ETA form with the state workforce agency's WOTC Coordinator within 28 days after hire date)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on employee and a copy of the forms filed with the state workforce agency's WOTC Coordinator.
20)	<i>(Residential Rental)</i> Did company place into service any qualified low-income buildings this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on qualified low-income building(s) placed into service this year.
21)	<i>(Eligible contractors)</i> Did the company sell or lease to another person a qualified energy efficient home this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on home efficiency standards for each house that qualifies for this credit.
22)	<i>(Food and Beverage Establishments)</i> Did the company pay social security and medicare tax on employees' tips this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on total wages paid, total tips, hours worked, and hourly rate.

Client Notes

Contributions and Donations

Checklist Items	Yes	No	Not Required	Comments
23) Did the company pay for or donate to a lobbying organization this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of donation for this year.
24) Did the company donate to any charitable organizations this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide a copy of the receipt provided by the organization this year. (We will need this to apply the proper charitable deduction allowed to each partner's K-1.)
25) <i>(Food Industry Only)</i> Did the company donate wholesome food inventory this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of this donation for this year.

Dues, Meals & Entertainment

26) Did the company pay any membership dues or meals and entertainment for a club organized primarily for pleasure, recreation, amusement, or other social purposes (i.e. Country Club Dues, Yacht Club Dues, Gym Membership) this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of what was paid along with transaction (include the amount and where this was included in the company's general ledger account).
--	--------------------------	--------------------------	--------------------------	---

Employee Expenses

27) Did the company have any profit-sharing, pension plans, or any other deferred compensation plans this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on the profit-sharing, pension plan, or other deferred compensation plan for this year (include description, company policy, and how this is included in the company's general ledger for this year).
---	--------------------------	--------------------------	--------------------------	---

Foreign Currency Transactions

28) Did the company receive any amounts (income or any other funds) from foreign sources this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of the transaction.
29) Did the company have any foreign partners at any time during this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of the foreign partner or shareholder.
30) At any time during this calendar year, did the company 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)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of the account along with amounts, description, country, etc.
31) At any time during the tax year, did the company receive a distribution from, or was it the grantor of, or transferor to, a foreign trust?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of the transaction.

Fringe Benefits

32) Did the company pay any fringe benefits for any partners this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of what fringe benefits were provided. No – Please skip next question and go to next section Gifts.
33) Did the company properly include all required fringe benefits to the partner's guaranteed payments this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Some types of fringe benefits must be properly included in the partners income to be deductible by the company.

Client Notes

Gifts				
Checklist Items	Yes	No	Not Required	Comments
34) Did the company give gifts in excess of \$25 to any individual this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of each individual, the amount, and where the company included the transaction in the general ledger.
Improvements				
35) Did the company expense any amounts in repairs and maintenance (or any other expense account) that improved, extended, adapted, or restored an asset this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide a list with details of what was done, the amount, and what account these amounts were recorded in the company's general ledger.
Income				
36) Did the company have any long-term customer contracts this year (contracts that exceed one year)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on the contract and the percent of completion on contract.
37) Did the company receive a Form 1099-K for this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide the Form 1099-K for this year.
38) Did the company have any installment sale income for this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details installment sale (include the asset sold, contract, etc.).
39) Did the company make an election under IRC 108(i) to defer income from debt cancellation in a prior year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of amount deferred what was included in prior year.
40) During the tax year, did the company or any of its partners have any debt that was cancelled, forgiven, or had the terms modified so as to reduce the principal amount of the debt?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details of debt that was cancelled, forgiven, or modified.
Insurance				
41) Did the company purchase or pay for any insurance policies on employees this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on the insurance contract, the employee, policy owner(s), and the beneficiaries.
42) Did the company receive any insurance reimbursements or payments this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on what the reimbursement or payment was for and if any replacement property was purchased.
Interest Income and Expense				
43) Did the company pay or receive any interest income or interest expense that needs to be reclassified this year (Interest Charged on loans to or from Partner, Partner personal interest, Rental or Real Property Interest, Portfolio Interest, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on any amounts that are required to be classified or stated separately on the partners K-1; or payments that must be moved to partner distributions (i.e. personal interest).

Client Notes

Inventory

Checklist Items	Yes	No	Not Required	Comments
44) Did the company maintain any inventory this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please go to next question. No - Skip remaining inventory questions and go to next section Material Participation.
45) Did the company count all inventory as of the last day of this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide ending balance on your inventory. No - Skip remaining inventory questions and go to next section Material Participation.
46) What method did the company use to calculate the year-end inventory this year?	Cost <input type="checkbox"/>	Lower of Cost or Market <input type="checkbox"/>	LIFO <input type="checkbox"/>	Other - Please describe details if not listed.
47) Did the company write down any subnormal goods in inventory this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide details on method used to write down subnormal goods.
48) Did the company make any changes in determining quantities, cost, or values between closing and opening inventory this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please provide details of changes.

Material Participation

49) Did all the partners materially participate in the company's operation this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please go to next question. No - Please provide details on which partners did not materially participate.
---	--------------------------	--------------------------	--------------------------	--

IRS Material Participation - Definition

- The taxpayer works 500 hours or more during the year in the activity.
- The taxpayer does substantially all the work in the activity.
- The taxpayer works more than 100 hours in the activity during the year and no one else works more than the taxpayer.
- The activity is a significant participation activity (SPA), and the sum of SPAs in which the taxpayer works 100-500 hours exceeds 500 hours for the year.
- The taxpayer materially participated in the activity in *any* 5 of the prior 10 years.
- The activity is a personal service activity and the taxpayer materially participated in that activity in *any* 3 prior years.
- Based on all of the facts and circumstances, the taxpayer participates in the activity on a regular, continuous, and substantial basis during such year. However, this test only applies if the taxpayer works at least 100 hours in the activity, no one else works more hours than the taxpayer in the activity, and no one else receives compensation for managing the activity.

Client Notes

Partner Changes				
Checklist Items	Yes	No	Not Required	Comments
50) Please provide us with the number of partners in the partnership for this year.	-----			Please provide us with Tax Id, Name, and Address of any new partners for this year.
51) Did the company partners percentages change in the current year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide a list with current year changes (include general or limited partner), dates of changes, and details of transaction (i.e. amounts received, etc).
52) Did the company partners names and/or addresses changed in the current year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide a list with current year changes.
53) Did any of the company partners contribute any capital to the company in the current year (<i>property, debt, or cash</i>) ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on contribution (include description of the property, debt, or cash).
54) Did the company distribute to any partners any distributions in the current year (<i>property, debt, or cash</i>) ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on distribution (include description of the property, debt, or cash).
55) At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership, a trust, an S corporation, or an estate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide us the names and type of entity of this (or these) partner(s).
56) Did the company or it's partners directly or indirectly own 20 % or more of a domestic or foreign corporation, partnership, trust, or estate this year (<i>either individually or as a group</i>) ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide a list with tax identification number, type of entity, name of entity, and country established or of individual's citizenship.
Partnership Elections				
57) Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on election.
58) Is this partnership a publicly traded partnership as defined in section 469(k)(2)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details.
59) Is the partnership making, or had it previously made (<i>and not revoked</i>), a section 754 election?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on election.
60) Is the partnership required to adjust the basis of partnership assets because of a substantial built-in loss or a substantial basis reduction (<i>amounts in excess of \$250,000</i>) ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on election.
61) Did the partnership during the current or prior tax year, distribute any property received in a like-kind exchange or contribute such property to another entity (<i>other than disregarded entities wholly-owned by the partnership throughout the tax year</i>) ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on distribution.
62) At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on distribution.

Client Notes

Rental and Lease Expense

Checklist Items		Yes	No	Not Required	Comments
63)	Did the company pay for any rent or lease expense that was actually used personally by an individual or another entity this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on amount paid, description, and what account the transaction appears in the company's general ledger.

Reportable Transactions and Transactions of Interest

64)	Did the company have any transactions or was it involved in or associated with any reportable transaction this year (see descriptions below)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Yes – Please provide details of transaction and <u>answer next two questions in this section (Reportable Transactions and Transactions of Interest).</u></p> <p>No - Please answer next question and complete remaining questionnaire.</p>
-----	--	--------------------------	--------------------------	--------------------------	---

Confidential Transactions - Definition

A transaction that is offered under the condition of confidentiality for a minimum fee of \$250,000 for corporations or partnerships and \$50,000 for all others.

Transaction with Contractual Protection - Definition

A transaction that has contractual protection against bearing any tax consequences (i.e. right to a refund of fees or investments if the transaction's intended tax consequences do not occur).

Loss Transactions - Definition

Corporations/Partnership

A loss of \$10 million or more in a single taxable year or a loss of \$20 million or more in any combination of taxable years.

All Others

A loss of \$2 million or more in a single taxable year or a loss of \$4 million or more in any combination of taxable years.

Foreign Currency Transactions

A loss of \$50,000 or more in any single taxable year for an individual or a trust.

65)	Did the company have any transactions or was it involved in or associated with any transaction of interest or listed transactions this year (see description below)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Yes – Please provide details of transaction and <u>answer last question in this section (Reportable Transactions and Transactions of Interest).</u></p> <p>No - Please skip last question and go to next section Subcontractors.</p>
-----	---	--------------------------	--------------------------	--------------------------	---

Transactions of Interest - Definition

Charitable Remainder Trust Sale • Charitable Contribution of LLC Successor Membership •
Toggling Grantor Trust • Domestic Partnership used to defer immediate taxation of Foreign Income

Listed Transactions - Definition

Backdated Retirement Plan Contributions • Purported Multiple Employer Welfare Benefit Funds • ASA Investorings Partnerships • Short-term Charitable Remainder Trusts • "BOSS" (Bonds-and-Option Sales Strategy) • Fast-pay Stock Arrangements • Bull & Bear Note Transactions • Son of BOSS • Improper Use of a Subsidiary to Satisfy Parent's Stock-based Compensation Obligations • Guam Trusts • Intermediary Transactions • Abusive Section 351 Transfers Using Contingent, Unmatured Liabilities • Foreign Leverage Investment Portfolio (FLIP) & Offshore Portfolio Investment Strategy (OPIS) • Abusive Basis-shifting Devices Using Loan Assumption Agreements (CARDS) • Abusive Notional Principal Contract • Abusive Straddles • Lease-in/Lease-out (LILLO) Transactions • Abusive ESOP/S Corporation Arrangements • Abusive Offshore Employee Leasing Arrangements • Abusive Collectively Bargained Welfare Benefit Funds • Abusive Option Sales to Family Limited Partnerships (FLPs)/Related Parties • Lease-stripping • Contested Liability Acceleration Strategies (CLAS) • Abusive Offsetting Foreign Currency Option Contract Transactions • Abusive Roth IRA Transactions • Abusive Use of ESOP/S Corporation Ownership • Abusive Section 412(i) Plans with Excessive Life Insurance • Abusive Foreign Tax Credit Transactions • Abusive S Corporation Income Shifting Arrangements (SC2) • Abusive Partnership Intercompany Financings • Sale-in/Lease-out Arrangements • Loss Importation Transactions • Abusive Trust Arrangements Utilizing Cash Value Life Insurance Policies Purportedly to Provide Welfare Benefits • Distressed Asset Trust Transactions

[Go to http://kellytaxservice.com/Listed_Trans.htm](http://kellytaxservice.com/Listed_Trans.htm) for more information about each of these Listed Transactions.

66)	Did the company file Form 8886 this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Yes - Please go to next section Subcontractors.</p> <p>No - Please explain why Form 8886 was not filed.</p>
-----	--	--------------------------	--------------------------	--------------------------	--

Client Notes

Subcontractors

Checklist Items	Yes	No	Not Required	Comments
67) Did the company make any payments during this year that would require it to file Form(s) 1099?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please go to next question. No – Skip remaining subcontractor questions and go to next section Taxes.
68) If yes, did the company file all required Form 1099's this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide copy of Form 1096 and 1099 filed for this year. No - Please provide details on why the forms were not filed.

Taxes

69) Did the company pay any penalties to any local, state, or federal government entity this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on penalties paid (include amounts and what general ledger account these amounts were included in).
--	--------------------------	--------------------------	--------------------------	---

Telephone Expense

70) Did the company pay for any cellular phone service to provide a cellular phone to any employee(s) or partner(s) this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details. No - Skip next question and go to next section Travel Expenses.
71) Did these employees or partners pay for their own cellular phone for personal use this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes - Please go to next question. No - Please provide details on company's policy for cellular phone and personal use. Personal use should be determined each year so any personal use is included in the employee or partner's personal income annually.

Travel Expenses

72) Did the company pay for any travel expenses that were for an individual that is a non-employee or non-partner of the company this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on amounts and what general ledger account these amounts were included in.
73) Did the company pay for any travel expenses that were for a non-business purpose this year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes – Please provide details on amounts and what general ledger account these amounts were included in.

Client Notes

This information is complete and accurate to the best of my knowledge.

Print Name

Title

Signature

Date

Email