

2006 Partnership Return of Income

565

For calendar year 2006 or fiscal year beginning month _____ day _____ year _____, and ending month _____ day _____ year _____.

A Principal business activity name (same as federal)	Partnership name (place label within block or type or print) _____ Check box if name changed ☐	D FEIN _____
B Principal product or service (same as federal)	DBA _____	
C Principal business activity code (same as federal)	Present address - Number and street, PO Box, rural route, or PMB no. _____ City _____ State _____ ZIP Code _____	
G Check accounting method: ☐ (1) Cash ☐ (2) Accrual ☐ (3) Other (attach explanation)	H Secretary of State (SOS) file number _____	
		E Date business started in California _____ F Enter total assets at end of year. See instructions. \$ _____ I Check applicable box (1) ☐ Initial return (2) ☐ FINAL RETURN (3) ☐ Amended return

Caution: Include **only** trade or business income and expenses on line 1a through line 22 below. See the instructions for more information.

Income	1 a Gross receipts or sales \$ _____ b Less returns and allowances \$ _____ c Balance ●	1c	
	2 Cost of goods sold (Schedule A, line 8)	2	
	3 GROSS PROFIT. Subtract line 2 from line 1c	3	
	4 Total ordinary income from other partnerships and fiduciaries. Attach schedule	4	
	5 Total ordinary loss from other partnerships and fiduciaries. Attach schedule	5	
	6 Total farm profit. Attach federal Schedule F (Form 1040)	6	
	7 Total farm loss. Attach federal Schedule F (Form 1040)	7	
	8 Total gains included on Schedule D-1, Part II, line 17 (gain only)	8	
	9 Total losses included on Schedule D-1, Part II, line 17 (loss only)	9	
	10 Other income. Attach schedule	10	
	11 Other loss. Attach schedule	11	
	12 Total income (loss). Combine line 3 through line 11	12	
Deductions	13 Salaries and wages (other than to partners)	13	
	14 Guaranteed payments to partners	14	
	15 Bad debts	15	
	16 Deductible interest expense not claimed elsewhere on return	16	
	17 a Depreciation and amortization. Attach form FTB 3885P \$ _____ b Less depreciation reported on Schedule A and elsewhere on return \$ _____ c Balance ●	17c	
	18 Depletion. Do not deduct oil and gas depletion	18	
	19 Retirement plans, etc.	19	
	20 Employee benefit programs	20	
	21 Other deductions. Attach schedule	21	
	22 Total deductions. Add line 13 through line 21	22	
	23 Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12	23	
Payments	24 Tax — \$800.00 (limited partnerships, LLPs, and REMICs only). See instructions.	24	
	25 Nonresident withholding credit (\$800 maximum). See instructions	25	
	26 Amount paid with extension of time to file return (form FTB 3538)	26	
	27 Total payments. Add line 25 and line 26	27	
Amount Due or Refund	28 Tax due. If line 24 is more than line 27, subtract line 27 from line 24	28	
	29 Use Tax. See instructions.	29	00
	30 Refund. If the total of line 24 and line 29 is less than line 27, subtract the total from line 27	30	
	31 Penalties and interest.	31	
	32 Total amount due. Add line 24, line 29, and line 31, then subtract line 27 from the result. Make the check or money order payable to the Franchise Tax Board.	32	
	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 taxpayer) is based on all information of which preparer has any knowledge.		
Please Sign Here	Signature of general partner _____ Date _____ Telephone () _____		
Paid Preparer's Use Only	Paid Preparer's signature _____ Date _____ Check if self-employed ☐		Paid Preparer's SSN/PTIN _____
	Firm's name (or yours if self-employed) and address _____ Telephone () _____		FEIN _____

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional IRC Section 263A costs. Attach schedule	4		
5	Other costs. Attach schedule	5		
6	Total. Add line 1 through line 5	6		
7	Inventory at end of year	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Side 1, line 2.	8		

9 a Check all methods used for valuing closing inventory:

(1) ☐ Cost (2) ☐ Lower of cost or market as described in Treas. Reg. Section 1.471-4 (3) ☐ Write down of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) (4) ☐ Other. Specify method used and attach explanation _____

b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970 ☐

c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No

d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

●1 ☐ General partnership
 ●2 ☐ Limited partnership required to pay annual tax (is doing business in California, is registered with SOS, or is organized in California)
 ●3 ☐ Limited partnership, limited liability company (LLC), or other entity NOT required to pay annual tax (is not doing business in California, is not registered with SOS, and is not organized in California)
 ●4 ☐ REMIC
 ●5 ☐ Limited liability partnership
 ●6 ☐ Other (See instructions)

L Is any partner of the partnership related by blood or marriage to any other partner? ●

M Is any partner of the partnership a trust for the benefit of any person related by blood or marriage to any other partner? ●

N Are any partners in this partnership also partnerships or LLCs? ●

O Does the partnership meet all the requirements shown in the instructions for Question O? ●

P Is this partnership a partner in another partnership or LLC? If “Yes,” attach a statement with the name(s) and FEIN(s) of each entity ●

Q Was there a distribution of property or transfer (for example by sale or death) of a partnership interest during the taxable year?
If “Yes,” see the federal instructions concerning an election to adjust the basis of the partnership’s assets under IRC Section 754 ●

R Is this partnership a publicly traded partnership as defined in IRC Section 469(k)(2)? ●

S Is this partnership under audit by the IRS or has it been audited in a prior year? ●

T (1) If this partnership (or any legal entity in which it holds a controlling or majority interest) owned or leased real property in California, was there a change in control or majority ownership of any one of them this year? ●

(2) For this taxable year, did this partnership (or any legal entity in which it holds a controlling or majority interest) acquire control or majority ownership of any other legal entity that owned or leased real property in California? ●

(3) If this partnership (or any legal entity in which it holds a controlling or majority interest) owned or leased real property in California, has more than 50% of the partnership interest cumulatively transferred in one or more transactions since March 1, 1975? ●

(Penalties May Apply – See Instructions.)

U (1) Does the partnership have any foreign nonresident partners? ●

(2) Does the partnership have any nonresident partners? ●

(3) Were Form 592, Form 592-A, and Form 592-B filed for these partners? ●

V Is this an investment partnership? See General Information O, Investment Partnerships, in the instructions. ●

W Is the partnership apportioning income to California using Schedule R? ●

X Has the partnership included a Reportable Transaction, Listed Transaction, or Registered Tax Shelter within this return?
(See instructions for definitions.) If “Yes,” complete and attach federal Form 8886 and/or 8271 for each transaction. ●

Y Did this partnership file the Federal Schedule M-3 (Form 1065)? ●

Z Is this partnership a direct owner of an entity that filed a federal Schedule M-3? ●

AA Does this partnership have a beneficial interest in a trust or is it a grantor of a trust? Attach name, address, and FEIN. ●

[illegible]

Schedule K Partners' Shares of Income, Deductions, Credits, Etc.

		(a) Distributive share items	(b) Amounts from federal K (1065)	(c) California adjustments	(d) Total amounts using California law
Income (Loss)	1	Ordinary income (loss) from trade or business activities (Side 1, line 23) . . .	1	●	
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825 . .	2		
	3 a	Gross income from other rental activities	3a		
	b	Less expenses. Attach schedule	3b		
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c		●
	4	Portfolio income (loss). See instructions:			
	a	Interest income	4a		●
	b	Dividend income	4b		●
	c	Royalty income	4c		●
	d	Net capital gain (loss) Schedule D (565)	4d		
	e	Other portfolio income (loss). Attach schedule	4e		●
5	Guaranteed payments to partners	5		●	
6 a	Total Gain under IRC Section 1231 (other than due to casualty or theft)	6a		●	
b	Total Loss under IRC Section 1231 (other than due to casualty or theft)	6b		●	
7 a	Total other income. Attach schedule	7a			
b	Total other loss. Attach schedule	7b			
Deductions	8	Charitable contributions. See instructions. Attach schedule	8		
	9	Expense deduction for recovery property (R&TC Sections 17267.2, 17267.6, 17268, and IRC Section 179). Attach schedule or worksheet for 179 deductions.	9		
	10	Deductions related to portfolio income	10		
	11	Other deductions. Attach schedule	11		
Investment Interest	12 a	Interest expense on investment debts	12a		●
	b (1)	Investment income included on lines 4a, 4b, 4c, and line 4e above	12b(1)		
	(2)	Investment expenses included on line 10 above.	12b(2)		
Credits	13 a	Withholding on payments to partnership allocated to all partners. . . .	13a		
	b	Low-income housing credit	13b		
	c	Credit(s) other than the credit shown on line 13b related to rental real estate activities. Attach schedule	13c		
	d	Credit(s) related to other rental activities. Attach schedule	13d		
	e	Nonconsenting nonresident members' tax allocated to all partners. . .	13e		
	14	Other credits. See instructions. Attach schedule	14		●
Adjustments and Tax Preference Items	15 a	Depreciation adjustment on property placed in service after 1986 . . .	15a		
	b	Adjusted gain or loss	15b		
	c	Depletion (other than oil and gas)	15c		
	d (1)	Gross income from oil, gas, and geothermal properties.	15d(1)		
	(2)	Deductions allocable to oil, gas, and geothermal properties.	15d(2)		
	e	Other adjustments and tax preference items. Attach schedule.	15e		
Other	16 a	Total expenditures to which IRC Section 59(e) election may apply. Attach schedule	16a		
	b	Type of expenditures	16b		
	17	Tax-exempt interest income	17		
	18	Other tax-exempt income	18		●
	19	Nondeductible expenses	19		
	20	Distributions of money (cash and marketable securities)	20		
	21	Distribution of property other than money	21		
	22	Other items and amounts reported separately to partners. See instructions. Attach schedule	22		
Analy- sis	23 a	Total distributive income/payment items. Combine lines 1, 2, and 3c through 7b. From the result, subtract the sum of lines 8 through 12a and 16a.	23		●
	b	Analysis by type of partner:			

	(a)	(b) Individual		(c) Partnership	(d) Exempt Organization	(e) Nominee/Other
	Corporate	i. Active	ii. Passive			
(1) General partners						
(2) Limited partners						

Schedule L Balance Sheets. See the instructions for Question O before completing Schedules L, M-1, and M-2.

Assets	Beginning of income year		End of income year	
	(a)	(b)	(c)	(d)
1 Cash				
2 a Trade notes and accounts receivable				
b Less allowance for bad debts	()		()	
3 Inventories				●
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets. Attach schedule				●
7 Mortgage and real estate loans				
8 Other investments. Attach schedule.				●
9 a Buildings and other depreciable assets				
b Less accumulated depreciation	()		()	●
10 a Depletable assets				
b Less accumulated depletion	()		()	
11 Land (net of any amortization)				●
12 a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
13 Other assets. Attach schedule				●
14 Total assets				
Liabilities and Capital				
15 Accounts payable				●
16 Mortgages, notes, bonds payable in less than 1 year				●
17 Other current liabilities. Attach schedule				
18 All nonrecourse loans				●
19 Mortgages, notes, bonds payable in 1 year or more				●
20 Other liabilities. Attach schedule				●
21 Partners' capital accounts				●
22 Total liabilities and capital				

Schedule M-1 Reconciliation of Income per Books With Income per Return. Use total amount under California law.

If the partnership completed federal Schedule M-3 (Form 1065), see instructions.

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, line 1 through line 7. Itemize:	
2 Income included on Schedule K, line 1 through line 7, not recorded on books this year. Itemize. ●		a Tax-exempt interest \$	●
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, line 1 through line 12a and line 16a, not charged against book income this year. Itemize:	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 12a and line 16a. Itemize:		a Depreciation \$	●
a Depreciation \$		8 Total of line 6 and line 7	
b Travel and entertainment \$		9 Income (loss) (Schedule K, line 23a). Subtract line 8 from line 5.	
c Limited partnership tax \$ ●			
5 Total of line 1 through line 4			

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year		6 Distributions: a Cash. ●	
2 Capital contributed during year ●		b Property ●	
3 Net income (loss) per books		7 Other decreases. Itemize	
4 Other increases. Itemize			●
		8 Total of line 6 and line 7	
		9 Balance at end of year. Subtract line 8 from line 5.	
5 Total of line 1 through line 4			