

**MINI-CHECKLIST**  
**PARTNERSHIP RETURN OF INCOME**  
**2013 – FORM 1065**

Client Name and Number: \_\_\_\_\_

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_ Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

	<u>Done</u>	<u>N/A</u>		<u>Done</u>	<u>N/A</u>
<b>GENERAL INFORMATION</b>					
1. Consider if conflict(s) of interest exist between the entity and its owners.	___	___	22. Determine if there were partnership ownership changes. Consider § 754 election. Consider Form 8308.	___	___
2. Consider obtaining signed engagement letter/privilege engagement letter, power of attorney in addition to “check box” option.	___	___	23. Determine if § 704(c) regulations have been applied to contributions by a partner.	___	___
3. Review prior year returns, workpapers, correspondence, audit results and amendments to the partnership agreement.	___	___	<b>INCOME</b>		
4. Review and update the partnership’s and partners’ information including names, address, fiscal year and business code.	___	___	1. Compare sources of portfolio income with prior year.	___	___ <input type="checkbox"/>
5. Review proforma/organizer for accuracy.	___	___	2. Segregate qualified dividends.	___	___
6. Update carryforward schedules, including effect of prior year audits.	___	___	3. Include only trade or business income on page 1, Form 1065.	___	___
7. Review methods of accounting. (Rev. Proc. 2011-14, as modified by Rev. Proc. 2012-20).	___	___	4. Calculate gains, losses and recaptures on dispositions of property.	___	___
8. Consider election to apply new repair vs. capitalization regulations prior to January 1, 2014 (T.D. 9636, September 13, 2013).	___	___	5. Consider:		
9. Consider below-market-rate loan rules.	___	___	Advance payments	___	___
10. Review financial statements and footnotes for relevant information.	___	___	Deferred income/expenses	___	___
11. Consider filing power of attorney in addition to “check-box” option.	___	___	Disaster relief provisions	___	___
12. Determine state and local filing requirements and necessary partner information.	___	___	Discharge of indebtedness	___	___
13. Consider federal and state e-filing requirements.	___	___	Economic accrual of rent	___	___
14. Consider if disaster relief provisions apply.	___	___	Installment sales and related interest charge on deferred tax (See Installment Sales Checklist)	___	___
15. Consider if Form(s) 5471, 8621, 8858, 8865, and/or 8886 are required.	___	___	Involuntary conversions in qualified disaster areas, including livestock (§§ 1033(e) and (f) and Notices 2006-82, 2007-80, 2008-86, 2009-81, 2010-64, 2011-79, 2012-62, and 2013-62)	___	___
16. Determine if the partnership is a limited partnership.	___	___	Lease inclusion for luxury autos	___	___
17. Determine if the entity is a Limited Liability Company (See LLE Checklist).	___	___	Like-kind exchanges	___	___
18. Determine if the partnership agreement complies with the 704(b) regulations.	___	___	Ordinary income on market discount bonds and deferral of related interest expense	___	___
19. Determine if there has been a technical termination of the partnership.	___	___	Passive activities (See Passive Activity Checklist)	___	___
20. Determine if the partnership is on the required year end.	___	___	Review pro forma/organizer for accuracy.	___	___
21. Determine if the partnership is an “electing large partnership.”	___	___	Sales or exchanges with a partner or other related parties	___	___
			Timing differences	___	___
			Wash sales	___	___
			Worthless securities	___	___
			<b>DEDUCTIONS</b>		
			1. Consider the uniform capitalization rules (See Uniform Capitalization Checklist).	___	___
			2. For charitable contributions consider:		
			If Form 8283 is required for non-cash charitable contributions.	___	___
			If adequate contemporaneous documentation was obtained for charitable contributions (Note receipts required for all cash donations).	___	___
			Basis adjustment rules for donations of appreciated property.	___	___
			Limits on donations of property disposed of within three years.	___	___

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	<u>Done</u>	<u>N/A</u>		<u>Done</u>	<u>N/A</u>
3. Determine if there were guaranteed payments to partners.	___	___	2. Consider amending returns to elect and/or revoke § 179 election.	___	___
4. Determine that fringe benefits (including Health Savings Accounts) for partners are properly included in guaranteed payments.	___	___	3. Compute AMT and ACE depreciation.	___	___
5. Determine applicability of 2½ -month deferred comp. rule for nonpartner employees and independent contractors.	___	___	4. Compute state depreciation if different.	___	___
6. Determine deductibility of vacation pay accrual.	___	___	<b>PARTNER DATA - SCHEDULE K-1</b>		
7. Inquire if travel and entertainment expenses are substantiated by adequate records. See Vehicle Related Guides.	___	___	1. Verify correctness of partner name, address and identification number.	___	___
8. Consider limitations on deductibility of:			2. Complete the analysis of distributive items at the bottom of Schedule K.	___	___
Bad debts.	___	___	3. Consider the at-risk rules.	___	___
Casualty losses.	___	___	4. Report pre-1987 installment sale as passive (See Passive Activity Checklist).	___	___
Club dues.	___	___	5. Reconcile partners' capital per Schedule L to Schedule M-2.	___	___
Lobbying expenses/association dues.	___	___	6. Complete each partner's reconciliation of capital.	___	___
Organization expenses.	___	___	7. Allocate partner debt pursuant to § 752.	___	___
Split-dollar insurance.	___	___	8. Consider separate reporting of passive activities and disclosure statement for grouping of activities on K-1 Schedules (See Passive Activity Checklist).	___	___
Start-up expenditures.	___	___	9. Consider reporting requirements for property contributions made during the year.	___	___
State taxes.	___	___	10. Allocate each item on Schedule K to the partners per the partnership agreement and § 704(b).	___	___
9. Allocate interest expense among expenditures and/or distributions.	___	___	11. Determine whether the partners' distributive shares of partnership items take into account the partners' varying interests in the partnership during the year as required under § 706 (See prop. regs., REG-144689-04 [April 14, 2009]).	___	___
10. Consider limitation on personal use of business aircraft for entertainment purposes by officers, directors, and > 10% owners.	___	___	12. Allocate losses to deceased partners pursuant to § 706.	___	___
11. Consider deduction for energy-efficient commercial building property for property placed in service after December 31, 2005 and before January 1, 2014.	___	___	13. Provide information for all items that affect partner's tax liability. Note:	___	___
12. Review amount and timeliness of retirement plan contributions.	___	___	Reporting requirements for dividends	___	___
13. Determine if specific charge-off method is used for bad debts.	___	___	Rules for charitable donations of patents and other intellectual property	___	___
14. Consider the deduction for domestic production activities (Form 8903).	___	___	Rules for deductibility of motor vehicles	___	___
15. Properly report expenses allocable to portfolio income on Schedules K and K-1 and not deducted on page 1, Form 1065.	___	___	Reporting UBTI data for tax-exempt partners	___	___
16. Determine if § 409A deferred compensation rules apply to compensation arrangements.	___	___	List of codes included with the current year Schedule K-1 for potential additional items.	___	___
17. Consider basis limitations.	___	___	<b>OTHER REQUIREMENTS</b>		
18. Consider deduction for energy-efficient commercial building property for property placed in service after December 31, 2005 and before January 1, 2014.	___	___	1. Consider tax credits. See Section 500 of Long Form checklist for more details.	___	___
<b>DEPRECIATION/AMORTIZATION</b>			2. Compute net earnings from self-employment.	___	___
1. Consider the following:			3. Consider economic performance rules and recurring item exception.	___	___
§ 179 election (ATRA 2012).	___	___	4. Consider elections and statements such as:	___	___
§ 179D election.	___	___	Amortize and/or expense organization costs (T.D. 9542).	___	___
Methods and lives (ATRA 2012).	___	___	Cash vs. accrual accounting method.	___	___
Listed property.	___	___		___	___
Amortizable items, including goodwill, are written off over the correct periods.	___	___		___	___
Additional first-year depreciation	___	___		___	___
Capitalization of leased property	___	___		___	___
Like-kind exchange and involuntary conversion property rules	___	___		___	___

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	<u>Done</u>	<u>N/A</u>
Expense intangible drilling costs, mining development costs and circulation costs.	___	___
Expense/amortize business startup costs (T.D. 9542).	___	___
Exception from economic performance for recurring items and 3½-month rule	___	___
Method for valuation of inventory.	___	___
Research and experimental costs.	___	___
Ratable accrual of real property taxes (first year only).	___	___
Step-up in basis and mandatory basis adjustments.	___	___
Treatment as a large partnership.	___	___
5. Change in accounting method application/approval. See Form 3115 or Form 1128 instructions and note requirement to file copies with IRS Offices as well as with tax return.	___	___
6. Determine if requirements for avoiding penalties for improper disclosure or use of taxpayer information by tax return preparers imposed under §§ 6713 and 7216 have been met. Note state requirements may differ.	___	___
7. Determine if the partnership was a party to “applicable asset acquisition” (Form 8594).	___	___
8. Consider § 6698 penalty for failure to file timely the partnership return or failure to contain information required under §6031.	___	___
9. Inquire if all information returns have been filed. Note increased penalties for failure to timely file.	___	___
10. Consider accuracy-related penalty (§ 6662).	___	___
11. Determine if there was any § 751 gain (unrealized receivables) to existing partners due to admission of new partners.	___	___
12. Consider new approaches to determining § 751(b) gains or losses recognized by partners on certain current and liquidating partnership distributions (Notice 2006-14).	___	___
13. Inquire if foreign financial accounts exist. Note reporting requirements and June 30 filing deadline for Form TD F 90-22.1 and increased IRS scrutiny in this area.	___	___
14. Determine whether the partnership has any reportable transactions that should be disclosed on Form 8886.	___	___
15. Compare taxable income to projections for reasonableness.	___	___
16. Consider whether Schedule M-3 and Form 8916A are required.	___	___
17. Attach extension requests.	___	___
18. If the partnership purchased life insurance on employees after 8/17/06, consider whether the partnership satisfied the notification and annual information reporting requirements (Form 8925) (§§ 101(j) and 6039I).	___	___
19. Consider disclosure requirements for written tax advice under Circular 230.	___	___
20. Note tax planning/additional service suggestions.	___	___
21. Consider preparer penalties. Consider filing Form 8275 or 8275R to avoid penalties for non-shelter and non-reportable transactions.	___	___