PARTNERSHIP RETURN OF INCOME

with Instructions and Form IT-565B Apportionment of Income Schedule

Contributing to a better quality of life

Instructions for Completing Form IT-565 Partnership Return of Income

Louisiana Department of Revenue
P. O. Box 3440
Baton Rouge, LA 70821-3440

Partnerships not required to file a return

A partnership return is not required if all partners are natural persons who are residents of Louisiana (R.S. 47:201).

Partnerships that must file a return

Any partnership doing business in Louisiana or deriving any income from sources therein, regardless of the amount and regardless of the residence of the partners, must file a return of income on Form IT-565 if any partner is a nonresident of Louisiana or if any partner is not a natural person. If the partnership has income that is derived from sources partly within and partly outside of Louisiana, Form IT-565B must be filed with Form IT-565. The term "partnership" includes syndicates, groups, pools, joint ventures, or other unincorporated organizations, through or by means of which any business, financial operation, or venture is carried on, and that are not trusts, estates, or corporations within the meaning of the Louisiana Income Tax Law.

Income tax returns of partners

Each partner that is a natural person must include on his individual return, his distributive share, whether or not such share is distributed to or withdrawn by the partner, the net income of the partnership during the partnership's accounting period (whether fiscal or calendar year), that ended during his taxable year (whether fiscal or calendar year). Form IT-540 is for resident individuals. A nonresident member of a partnership who does not have a valid agreement on file with LDR must be included in a Composite Partnership Return (Form R-6922). Nonresident partners who have a valid agreement or who have other income derived from Louisiana sources, must include all income derived from Louisiana sources on Form IT-540B.

Individuals should use the information reported on the federal partnership return instead of the amounts shown in the partners' allocation schedule. Corporations should refer to LRS-47:287.93(A)(5).

When and where the return must be filed

Returns for a calendar year must be filed with the Department of Revenue, Box 3440, Baton Rouge, LA 70821-3440, on or before May 15 of the year following the close of the calendar year. Returns for fiscal years must be filed on or before the 15th day of the fifth month after the close of the fiscal period.

Period to be covered by return

The return must be filed for a calendar year, or for a fiscal year of 12 months, ending on the last day of any month other than December, or for an annual period of 52/53 weeks, if records are kept on this basis. You must clearly indicate the beginning and ending dates being covered at the top of the return. The accounting period established on the first return must be adhered to for subsequent years under Louisiana Income Tax Law, unless permission to make a change is received from the Secretary of Revenue.

A change by any partnership from one taxable year to another, or the adoption by a new partnership for an initial taxable year, must meet the provisions of R.S. 47:206(B)(1). A change by a principal partner from one taxable year to another must meet the provisions of R.S. 47:206(B)(2). A principal partner is one who has an interest of five percent or more in the partnership profits or capital.

Accrued or received income

If records are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered in the records, and report all expenses incurred, not just expenses paid.

If records do not show income accrued and expenses incurred, report all income received or constructively received, such as bank interest credited to your account and expenses paid.

Penalties

The penalty for willfully making a false or fraudulent return or for willful failure to make and file the return on time shall not be more than $1,000, or imprisonment for not more than one year, or both, and shall include the costs of prosecution.

Income items exempt from tax

The following are some types of income that are exempt from Louisiana income tax and should not be included in gross income:

(a) Amounts received under a life insurance contract paid by reason of the death of the insured and paid at the death of the insured. For treatment of amounts paid at a date later than death, see R.S. 47:43(D).

(b) That portion of an annuity that represents a return of the taxpayer's investment. (See R.S. 47:44.)

(c) Gifts (not received as a consideration for services rendered) and money and property acquired by bequest, devise, or inheritance. However, the income derived from such property is taxable.

(d) Interest on obligations of the United States Government and/or its instrumentalities.

(e) Interest on obligations of the State of Louisiana and its political or municipal subdivisions to the extent as is now exempt by law.

List in Schedule K all items of income reported on your Federal return, but not on your Louisiana return.

Information at the source

Any person, firm, partnership, trust, corporation, or organization making payments totaling $1,000 or more during any calendar year for lease bonuses, delay rentals, and/or royalties respecting mineral leases affecting lands located in Louisiana and rentals paid with respect to real property located in Louisiana to a nonresident individual or a firm, partnership, trust, corporation, or organization not located in Louisiana shall file an information return with the Secretary of Revenue on or before June 1 of the following year for each such payee. The return shall include the name, address, Federal Employer Identification Number, and/or Social Security Number of both the payor and payee. There shall also be included the amount and description of payments to each such payee. The Federal Information Return Form (Form 1099) for reporting such payments may be used for reporting the required information. Federal Form 1099 shall be accompanied by Federal Form 1096 furnishing the payor's name, address, Federal Employer Identification Number, and/or Social Security Number and the number of Forms 1099 enclosed. Informational returns reporting other items of income that would normally appear on Federal Form 1099 are required only upon the specific request of the Secretary of Revenue.

Gross income and deductions

Line 1 **Gross Sales** — Print the gross sales, less goods returned, and any allowance or discounts from the sale price if engaged in business where inventories are an income-determining factor.

Line 2 **Cost of Goods Sold** — Print the cost of goods sold as determined on Schedule A on Page 2 of the return.

If the production, purchase, or sale of merchandise is an income-producing factor in the trade or business, inventories of the merchandise on hand should be taken at the beginning and end of the taxable year. The inventories may be valued using either the cost method, or the lower of cost or market method. If the inventories reported do not agree with the inventories in the records, attach a statement explaining how the difference occurred.

Line 3 **Gross Profit from Sales** — Print on Line 3 the gross profit, that is obtained by deducting Line 2, the cost of goods sold as extended, from Line 1, the gross sales.

If the installment method is used, attach a schedule to the return showing the following information separately for the current year and each of the three preceding years: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; and, (f) Gross profit on amount collected. Print on Line 3 the gross profit on collections made during the current year. [See R.S. 47:94(A).]

Line 4 **Income (or loss) from Other Partnerships, Syndicates, etc.** Print the partnership's distributive share (whether or not distributed) of the profits of another partnership's capital gains or losses. If the distributive share is a loss, the loss is limited to the amount of the adjusted basis of such partner's interest in the other partnership at the end of the partnership year in which such loss occurred. If the taxable year of the return filed does not coincide with the tax year of the other partnership, include the distributive share of the net profits (or losses) from the other partnership in the tax year in which the other partnership's tax year ends.

Line 5 **Dividends** — Print on Line 5 all dividends (except certain stock dividends) received from any corporation, regardless of whether or not the corporation has paid any income tax to Louisiana.

Line 6 **Interest** — Print on Line 6 all interest received or credited to the partnership during the taxable period on bank deposits, notes, mortgages, corporation bonds, and bonds of states, cities, and other political subdivisions. Do not include bonds issued under authority granted by Acts of the Louisiana Legislature, if such Acts provide that the interest on such bonds shall be exempt from taxation.

Line 7 **Rents and Royalties** — Print on Line 7 the net income (or loss) as reported on Schedule B.

Line 8 **Net Farm Profit (or Loss)** — Print the net profit (or loss) from farming. Attach schedule explaining determination of profit or loss.

Line 9 **Profit or Loss from the Sale of Capital Assets such as Stocks, Bonds, Real Estate, etc.** — Print the profit from the sale of property, including property situated outside of Louisiana, as reported on Schedule D of the return.

Describe the property briefly using Schedule D; give location, and state the actual consideration of price received, or the fair market value of the property received in exchange. Expenses connected with the sale, such as commissions paid agents, may be deducted in computing the amount received.

If a gain or a loss is computed on the sale of property acquired before January 1, 1934, both the cost and the acquired value must be shown with information as to how the January 1, 1934, value was determined, as provided by R.S. 47:155. If the amount shown as cost is other than actual cash cost of the property sold, full details must be furnished regarding the acquisition of the property.

Enter as depreciation, the amount of exhaustion, wear and tear, obsolescence, or depletion that has been allowed (but not less than the amount allowable) in respect to such property since date of acquisition, or since January 1, 1934, if the property was acquired before that date. In addition, if the property was acquired before January 1, 1934, and if the cost of such property is greater than its fair market value as of that date, the cost shall be reduced by the depreciation actually sustained before that date. [See R.S. 47:156(A).]

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life. Do not include ordinary repairs, interest, or taxes in computing gain or loss.

No loss shall be recognized in any sale or other disposition of shares of stock or securities where the partnership has acquired, or contracted to acquire, substantially identical stock or securities within 30 days before or after the date of such sale, unless the partnership is a dealer in stock or securities in the ordinary course of business.

Deduction for losses from sales or exchanges of capital assets are allowed only to the extent of the gains from such sales or exchanges. (See R.S. 47:72.)

Line 10 **Profit or Loss from Sale of Property Other Than Capital Assets** — Print the profit or loss from the sales or exchanges of property other than capital assets reported on Schedule E of the return, and furnish the information required by the Line 9 instructions.

Line 11 **Other Income** — Print any other taxable income and explain its nature on an attached schedule, except items requiring separate computation that are required to be reported on Schedule J. Include taxable income from annuities and insurance proceeds.

Line 12 **Total Income** — Add the amounts on Lines 3 through 11 and print that amount on Line 12.

Deductions

Line 13 Salaries and Wages — Print all salaries and wages not included as a deduction on Line 3 of Schedule A, except salaries to partners.

Line 14 Payments to Partners — Salaries and Interest (Guaranteed Payments) — Print the deduction taken for payments to a partner for services or the use of capital where such payments are determined without regard to the income of the partnership. Do not include distributive share of partnership profits. Allocate these profits to the appropriate partners in Column 4, Partners' Allocations, Page 1.

Line 15 Rent — Print the amount of rent paid on business property used in a trade or business activity. Do not deduct rent for a dwelling occupied by any partner for personal use.

Line 16 Interest — Print the amount of interest paid for business indebtedness. Amounts paid by a partnership to a partner for the use of capital should be printed on Line 14. Amounts paid as interest by a partnership to a partner as a result of a transaction wherein the partner acts in a capacity other than as a partner should be printed on this line. Do not include interest incurred to purchase or carry obligations producing tax exempt interest. The limitations on deductions for unpaid interest are set forth in R.S. 47:75. Show details on Schedule C.

Line 17 Taxes — Print the amount of taxes paid or accrued during the taxable year. Do not include Louisiana income taxes, taxes assessed against local benefits that increase the value of the property assessed, or taxes not imposed upon the taxpayer (R.S. 47:55). Show details on Schedule C.

Line 18 Losses by Fire, Storm, Shipwreck, or Other Casualty, or Theft — Print the amount of losses sustained during the year, if arising by fire, storm, shipwreck, or other casualty, or from theft, and not compensated for by insurance or otherwise, nor reflected in cost of goods sold. [See R.S. 47:60(3).] Theft losses can be deducted only in the year in which the partnership discovers the loss. Attach a statement setting forth a description of the property, date acquired, cost, subsequent improvements, depreciation allowed or allowable since acquisition, insurance, salvage value, and deductible loss claimed.

Line 19 Bad Debts — Print the amount of debts that became bad during the year. Bad debts may be deducted either (1) when they become wholly or partially worthless; or, (2) by a reasonable addition to a reserve for bad debts. No change of method is allowed without permission of the Secretary of Revenue.

Line 20 Repairs — Print the cost of incidental repairs, including labor, supplies, and other items, that do not add to the value or appreciably prolong the life of the property repaired. Expenditures for new buildings, machinery, equipment, or for permanent improvements or betterments that increase the value of the property are chargeable to capital accounts. Expenditures for restoring or replacing property are not deductible, since such expenditures are chargeable to capital accounts or to depreciation reserves.

Line 21 Depreciation Deduction — Print the amount of depreciation computed on Schedule G. A reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the trade or business or of property held by the taxpayer for the production of income shall be allowed as a depreciation deduction. The allowance does not apply to inventories or stock-in-trade, or to land apart from the improvements or physical development added to it.

The useful life of an asset can be measured in units of production, but the ordinary practice is to measure useful life in years. Business experience, engineering information, and other relevant factors provide a reasonable basis for estimating the useful life of property. The cost (or other basis) to be recovered should be charged off over the expected useful life of the property.

The Department of Revenue will permit the use of estimated lives allowable for federal income tax purposes. The deduction of "bonus" or "first-year" depreciation is allowable.

There are special rules for new assets acquired after December 31, 1953. The cost or other basis of an asset acquired after December 31, 1953, may be depreciated under methods proper in the past; or it may be depreciated under any of the following methods, provided (1) that the asset is tangible; (2) that it has an estimated useful life of three years or more; and, (3) that the original use of the asset commenced with the taxpayer and commenced after December 31, 1953.

If an asset is constructed, reconstructed, or erected by the taxpayer so that much of the basis of the asset is computed in accordance with 47:65(F)(2), and is attributable to construction, reconstruction, or erection after December 31, 1953, the asset may be depreciated under any of the following methods, provided that the asset is tangible and has an estimated useful life of three years or more:

(1) **Declining balance method** — This method may be used with a rate not in excess of twice the applicable straight-line rate.

(2) **Sum of the years-digit method** — Under this method, annual allowances for depreciation are computed by applying changing fractions to the taxpayer's cost or other basis of property (reduced by estimated salvage value). The deduction for each year is computed by multiplying the cost or other basis of the asset (reduced by estimated salvage value) by the number of years of useful life remaining (including the year for which the deduction is computed) and dividing the product by the sum of all the digits corresponding to the years of the estimated useful life of the assets.

(3) **Other methods** — A taxpayer may use any consistent method that does not result in accumulated allowances at the end of the year greater than the total of the accumulated allowances that would have resulted from the use of the declining method. This limitation applies only during the first two-thirds of the useful life of the property.

If a deduction is claimed for depreciation, Schedule G must be completed. When obsolescence is included, state separately the amount claimed and the basis upon which it is computed.

Land values or costs must not be included in this schedule, and where land and buildings were purchased for a lump sum, the cost of the building subject to depreciation must be established. The total amount of depreciation allowed on each property in prior years must be shown, and if the cost of any asset has been fully recovered through previous depreciation allowances, the cost of such assets must not be included in the cost shown in the schedule of depreciable assets. (See R.S. 47:65 and R.S. 47:157.)

Line 22 **Amortization** — Print the amount of deduction with respect to the amortization of the adjusted basis of any emergency facility constructed or erected in taxable years beginning after December 31, 1955 (R.S. 47:65 (I)), with respect to which the Government has issued a certificate of necessity. A statement of the pertinent facts should be filed with the return. No amortization is permitted with respect to the adjusted basis of a grain storage facility or certain expenditures relating to research and experiment and trademark and trade name expenditures.

Line 23 **Depletion of Mines, Oil and Gas Wells, Timber, etc.** — Print the amount of depletion of mines, oil or gas wells, timber, etc. If complete valuation data has been filed in previous years, file with the return the information necessary to bring the depletion schedule up-to-date, setting forth in full a statement of all the transactions bearing on the deductions from or additions to the value of physical assets during the taxable year, with an explanation of how the depletion deduction for the taxable year has been determined.

Line 24 **Other Deductions Authorized by Law** — Print the amount of other authorized deductions for which no space is provided elsewhere on Page 1 of the return, exclusive of items requiring separate computation and required to be reported on Schedule J. Do not deduct losses incurred in transactions that were neither connected with the trade or business nor entered into for profit. No deduction is allowed for any expense incurred to produce income not subject to Louisiana Income Tax. If an expense is incurred in part for the production of taxable income and in part for the production of tax exempt income, then only the portion of the expense that can reasonably be attributed to the production of taxable income is deductible.

A partnership receiving any exempt income, other than interest, or holding any property or engaging in any activity the income from which is exempt shall submit with its return as a part thereof an itemized statement showing (1) the amount of each class of exempt income; and, (2) the amount of expense items allocated to each such class (the amount allocated by apportionment being shown separately).

Line 25 **Total Deductions** — Add the amounts on Lines 13 through 24 and print that amount on Line 25.

Line 26 **Net Income (or Loss)** — Subtract Line 25 from Line 12 and print that amount on Line 26.

Line 27 **Net Gain from Sale of Capital Assets** — Print on Line 27 the amount of gain from the sale or exchange of capital assets found on Line 9.

Line 28 **Ordinary Income (or Loss)** — Subtract Line 27 from Line 26 and print the amount on Line 28.

Partners' Allocations — This schedule should show complete information with respect to all the persons who were members of the partnership, syndicate, group, etc., during any portion of the taxable year. Although the partnership is not subject to income tax, the members thereof are liable for income tax in their separate capacities and are taxable upon their distributive shares of the income of the partnership, whether distributed or not, and each is required to include his share in his return. However, a partner may not claim on his separate return a distributive share of loss from a partnership to the extent any such loss exceeds the basis of his interest in the partnership. The excess of such loss may be claimed for later years to the extent that the basis for the partner's interest is increased above zero. Each partner should be advised by the partnership of his share of the income, deductions, and credits as shown on Schedule J. Individuals should use the information reported on the federal partnership return instead of the amounts shown in the partners' allocation schedule. Corporations should refer to R. S. 47:287.93(A)(5).

Federal Employer Identification Number — Please supply the employer identification number assigned to the partnership by the Internal Revenue Service. Print this number in the space provided on Form IT-565, page 1.

Federal Net Income — Print the amount of the partnership's Federal net income reported to the Internal Revenue Service on Form IT-565, page 1. This information is required by R.S. 47:103(B).

R.S. 47:103(C) also requires that every taxpayer whose Federal Income Tax Return is adjusted must furnish a statement disclosing the nature and amounts of such adjustments within 60 days after the Federal adjustments have been made and are accepted by the taxpayer.

Signatures

The return must be signed by any one of the partners or members. If receivers, trustees in bankruptcy, or assignees are in control of the property or business of the organization, such receivers, trustees, or assignees shall execute the return.

Any person(s), firm, or corporation who prepares a taxpayer's return must also sign. If a return is prepared by a firm or corporation, the return must be signed in the name of the firm or corporation. This verification is not required where the return is prepared by a regular, full-time employee of the taxpayer.

LDR
Contributing to a better quality of life

Partnership Return of Income

(To be filed also by syndicates, pools, joint ventures, etc.)

Louisiana Department of Revenue
P.O. Box 3440
Baton Rouge, LA 70821-3440

For calendar year ____________
or other taxable year
beginning ________, ________,
ending ________, ________

If the partnership has one or more nonresident partners and derives income from sources within and without the State of Louisiana, secure Form IT-565B for further instructions and apportionment of net income.	Kind of business	Name
	Records are in care of	Address
Cash or accrual basis	Located at	City, State, ZIP
Date of organization	Federal Employer Identification Number	Federal net income

Gross Income

1.	Gross receipts or gross sales $ ________________ Less: Returns and allowances [________________] =	$	
2.	Less: Cost of goods sold (Schedule A)		
3.	Gross profit (Line 1 less Line 2)		
4.	Income (or loss) from other partnerships, syndicates, etc. (Attach schedule.)		
5.	Dividends (Attach schedule.)		
6.	Interest (Attach schedule.)		
7.	Rents and royalties (Schedule B)		
8.	Net farm profit (or loss) (Attach schedule.)		
9.	Net gain from sale of capital assets (Schedule D)		
10.	Net gain (or loss) from sale of property other than capital assets (Schedule E)		
11.	Other income (Attach schedule.)		
12.	**Total income (Add Lines 3 through 11.)**		$

Deductions

13.	Salaries and wages (other than to partners)	$	
14.	Payments to partners (salaries and interest)		
15.	Rent		
16.	Interest (Explain on Schedule C.)		
17.	Taxes (Explain on Schedule C.)		
18.	Losses by fire, storm, shipwreck, or other casualty or theft (Attach schedule.)		
19.	Bad debts (Schedule F)		
20.	Repairs (Attach schedule.)		
21.	Depreciation (Schedule G)		
22.	Amortization (Attach schedule.)		
23.	Depletion of mines, oil and gas wells, timber, etc. (Attach schedule.)		
24.	Other deductions authorized by law (Explain on Schedule H.)		
25.	**Total deductions (Add Lines 13 through 24.)**		$
26.	Net income (or loss) (Subtract Line 25 from Line 12.)		
27.	Net gain from sale of capital assets (Line 9)		
28.	Ordinary income (or loss) (Subtract Line 27 from Line 26.)		$

Partners' allocation(s)

Partners filing an individual return should use the information reported on the federal partnership return instead of the amount shown on this schedule.

1. State name and address of each partner (Designate nonresident individuals, if any.)	2. Social Security Number	3. Ordinary income (or loss) (Line 28, Page 1)	4. Payments to partners (salaries and interest) (Line 14, Page 1)	5. Net gain from sale of capital assets (from Schedule D)	6. Percentage of time devoted to business
(a)					
(b)					
(c)					
(d)					
Total		$	$	$	%

Under the penalties of perjury, I declare that I have examined this return, including all accompanying documents, and to the best of my knowledge and belief, it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

Signature of partner or member	Telephone		Date
Signature of preparer other than partner or member	Address	City, State, ZIP	Date

6043

Schedule A — Cost of goods sold		
1. Opening inventory*		$
2. Purchases	$	
Less: Cost of items withdrawn for personal use	$	$
3. Cost of labor, supplies, etc.		$
4. Total of Lines 1, 2, and 3		$
5. Less: Closing inventory		$
6. Cost of goods sold. (Print here and on Line 2, Page 1.)		$

*If different from last year's closing inventory, attach explanation.

1. Method of inventory valuation — cost ☐; lower of cost or market ☐; LIFO ☐; other ☐. (If other, attach explanation.)
2. Was the method of inventory valuation indicated above the same method used for last year? ☐ Yes ☐ No (If "No" attach explanation.)
3. If inventory is valued at lower of cost or market, print total cost $ _______________ and total market valuation $_______________ of those items valued at market.
4. If closing inventory was taken by physical count, print date inventory was taken _______________. If not at end of year, attach an explanation of how the end of the year count was determined.
5. If closing inventory was not taken by a physical count, attach an explanation of how inventory items were counted or measured.

Schedule B — Income from rents and royalties

1. Kind and location of property	2. Amount	3. Depreciation (Explain on Sch. G.)	4. Repairs (Explain on Sch. B-1.)	5. Other expenses (Explain on Sch. B-1.)
1. Total				
2. Net income (or loss) (Column 2 less the sum of Columns 3, 4, and 5. Print on Line 7, Page 1.)				$

Schedule B-1 — Explanation of Columns 4 and 5 of Schedule B

Column	Explanation	Amount	Column	Explanation	Amount

Schedule C — Explanation of interest and taxes (Lines 16 and 17, Page 1)

Explanation	Amount	Explanation	Amount

Schedule D — Gain from sale of capital assets (See instructions for Line 9.)

1. Description of property	2. Date acquired	3. Date sold	4. Gross sales price	5. Depreciation allowed (or allowable) since acquisition or Jan. 1, 1934 (Attach schedule.)	6. Cost or other basis and cost of improvements subsequent to acquisition or Jan. 1, 1934	7. Expense of sale	8. Gain or loss (Column 4 plus Column 5, less the sum of Columns 6 and 7)
Total (Transfer net gain to Line 9, Page 1.)							$

Schedule E — Gain or loss from sale of property other than capital assets (See instructions for Line 10.)

1. Description of property	2. Date acquired	3. Date sold	4. Gross sales price	5. Depreciation allowed (or allowable) since acquisition or Jan. 1, 1934 (Attach schedule.)	6. Cost or other basis and cost of improvements subsequent to acquisition or Jan. 1, 1934	7. Expense of sale	8. Gain or loss (Column 4 plus Column 5, less the sum of Columns 6 and 7)
Total (Transfer net gain or loss to Line 10, Page 1)							$

Schedule F — Bad debts (See instructions for Line 19.)

1. Current and 3 prior years	2. Net profit from business	3. Sales on account	4. Bad debts (See instructions for Line 19.)	If organization carried a reserve	
				5. Gross amount added to reserve	6. Amount charged against reserve

Schedule G — Depreciation (See instructions for Line 21.)

1. Kind of property (If buildings, state materials of which constructed.) Exclude land and other nondepreciable property.	2. Date acquired	3. Cost or other basis (Exclude land.)	4. Depreciation allowed (or allowable) in prior years	5. Method of computing depreciation	6. Rate (%) or life (years)	7. Depreciation for this year
1. Total						$
2. Less: amount of depreciation claimed in Schedules A and B and elsewhere on return						
3. Balance (Print here and on Line 21, Page 1.)						$

Schedule H — Other deductions (See instructions for Line 24.)

Explanation	Amount	Explanation	Amount
Total (Print here and on Line 24, Page 1.)			$

Schedule I — Balance sheets

			Beginning of taxable year	End of taxable year
Assets	1	Cash		
	2	Notes and accounts receivable		
		Less: Reserve for bad debts	( )	( )
	3	Inventories:		
		(a) Other than last-in, first-out		
		(b) Last-in, first-out		
	4	Investments in Government obligations		
	5	Other current assets — including short-term marketable investments (Attach schedule.)		
	6	Other investments (Attach schedule.)		
	7	Buildings and other fixed depreciable assets		
		Less: Accumulated amortization and depreciation	( )	( )
	8	Depletable assets		
		Less: Accumulated depletion	( )	( )
	9	Land (net of any amortization)		
	10	Intangible assets (amortizable only)		
		Less: Accumulated amortization	( )	( )
	11	Other assets (Attach schedule.)		
	12	Total assets	$	$
Liabilities and Capital	13	Accounts payable		
	14	Mortgages, notes, and loans payable (short term):		
		(a) Banks		
		(b) Others		
	15	Other current liabilities (Attach schedule.)		
	16	Mortgages, notes, and loans payable (long term):		
		(a) Banks		
		(b) Others		
	17	Other liabilities (Attach schedule.)		
	18	Partners' capital accounts		
	19	Total liabilities and capital	$	$

Schedule J — Reconciliation of partners' capital accounts

	1. Capital account at beginning of year	2. Capital contributed during year	3. Income not included in Column 4, plus nontaxable income	4. Ordinary income (or loss) from Line 28, Page 1	5. Losses not included in Column 4, plus unallowable deductions	6. Withdrawals and distributions	7. Capital account at end of year
(a)							
(b)							
(c)							
(d)							
(e)							
Totals	$	$	$	$	$	$	$

Schedule K — Income reported in federal return and omitted from Louisiana return

Item	Amount	Item	Amount

IT-565B (1/13)

State of Louisiana
Department of Revenue

Apportionment of Income Schedule

Period covered by this return ____________________

Requirements for filing – This form is to be attached to and filed with the Partnership Return (Form IT-565) if any partner who shares in the profits or income of the partnership is not a resident of Louisiana and a portion of the income is from business or property located outside Louisiana. (See General Instructions below.)

Please do not write in this space.

Name of partnership

Address

City, State, ZIP

General Instructions

Under the provisions of the Louisiana Income Tax Law, nonresident individuals are taxed on only the portion of their net income that is derived from property located, business transacted, or services rendered in Louisiana. Therefore, in the case of a partnership having nonresident partners and having income from sources both within and without the State of Louisiana, it is necessary that the net income from business, property, or services in Louisiana of the partnership be computed so that nonresident individuals participating therein may report the proper amount on his individual return (Form IT-540B).

In order to determine the amount of income earned in Louisiana, it is necessary to separate all items of income into two general classes, namely; (1) those items that can be allocated directly to the State in which they are earned, such as Items 4(a), (b), and (c) in Section A and (2) those items of income that arise from business partly without the State. Louisiana's share of the first class of items can be determined by direct allocation and entered as Items 7(a), (b), and (c) in Section A of this form. But, in the case of net income from business partly within and partly without the State, a percent of the net income must be apportioned to Louisiana (Item 6 in Section A), on the basis of an apportionment percent computed in Section D. However, if the Louisiana portion is entirely separable from the remainder, and the use of the apportionment method would produce a manifestly unfair result, a separate accounting may be made for Louisiana business and the total net income therefrom entered as Item 8 in lieu of the apportionment described in the previous sentence, if permission to use that method is secured from the Secretary. For more precise information concerning the methods of allocation and apportionment, see Louisiana Revised Statutes 47:241 through 47:245.

Section A. Computation of Louisiana net income

1. Total net income of partnership			00
2. Add any Federal income taxes deducted in arriving at net income shown above.			00
3. Net income from all sources			00
4. Less: Allocable income from all sources (Attach schedule supporting each amount entered on Lines a, b, and c below and Lines 7a, b, and c.)			
(a) Net rents and royalties		00	
(b) Net profit from sales or exchanges of property (including such items as stocks, bonds, land, machinery, and mineral rights) not made in the regular course of business		00	
(c) Other net allocable income		00	
5. Balance-net income subject to apportionment			00
6. Net income apportioned to Louisiana (Multiply Line 5 by percent from Line 7, Section D.)			00
7. Add allocable income from Louisiana sources			
(a) Net rents and royalties		00	
(b) Net profit from sales or exchanged property (including such items as stocks, bonds, machinery, and mineral rights) not made in the regular course of business.		00	
(c) Other net allocable income		00	
8. Total net income from Louisiana sources			00

Section B. Distributive shares of nonresident partners

Enter in this schedule the name of each nonresident member and his distributive share in the portion of the net income of the partnership allocated to the State of Louisiana (Item 8). Each partner's distributive share is deemed to apply ratably to taxable and nontaxable income, and to income from sources within, as well as from sources without the State.

Social Security Number, name, and address of each nonresident partner as shown on his return.

Social Security Number or Federal Employer ID Number	Name and address	Percentage of beneficial interest	Distributive share of net income to nonresident partner
(a)		%	00
(b)		%	00
(c)		%	00
(d)		%	00
(e)		%	00
(f)		%	00
	Totals	100%	00

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APPORTIONMENT OF INCOME SCHEDULE

Section C. Computation of apportionment percent *(Instructions)*

The Louisiana Income Tax Law creates a presumption that the apportionment method of reporting must be used in the determination of the net income where such net income is apportionable. It is mandatory that the apportionment method be used unless it can be clearly shown that the use of the apportionment method produces a manifestly unfair result, and permission to use the separate accounting method is granted by the Secretary. The proportion of such income to be attributed to sources within this State should be determined by means of an apportionment percent based on the factors set forth below. The percent computed in that schedule is the arithmetic average of the factors applicable to your operations, which factors depend on your principal kind of business.

The "Louisiana Factors" are as follows:

1. **The Sales and Charges for Services Factor.** The Louisiana sales factor shall include all sales made in the regular course of business where the goods, merchandise, or property is received in this State by the purchaser. In the case of delivery by common carrier or by other means of transportation, including transportation by the purchaser, the place where the goods are ultimately received after all transportation is completed shall be considered as the place at which the goods are received by the purchaser. The Louisiana factor shall also include all charges for services performed in Louisiana.
2. **The Salaries and Wages Factor.** The Louisiana wage factor shall include the total salaries, wages, and other personal service compensation paid during the taxable year for services rendered in Louisiana in connection with the production of apportionable net income.
3. **The Property Factor.** The Louisiana factor shall be the average of the value of the taxpayer's real property and tangible personal property used in the production of apportionable income within this State:
   a. at the beginning of the taxable year, and
   b. at the end of the taxable year.
4. **The Loan Factor.** In the case of a loan business, the Louisiana factor shall be the amount of loans made in this State during the period for which the return is filed.
5. **Additional Sales Ratio.** The apportionment percent of taxpayers whose net apportionable income is derived primarily from the business of manufacturing or merchandising (manufacturing , producing, or sale of tangible personal property) is the arithmetical average of four factors which are Factors 1, 2, and 3 above with Factor 1 being counted twice. This provision does not apply to certain taxpayers engaged in the production or sale of unrefined oil and gas, or certain taxpayers who are subject to tobacco tax.

For further information relative to these apportionment factors, see R.S. 47:245.

Section D. *Apportionment factors to be used in determining income derived from sources partly within Louisiana*

Not all of the following factors should be used. Your principal kind of business determines which factors apply. For air transportation, use factors (1) and (3); for pipeline transportation, use factors (1), (2), and (3); for other transportation, use factors (1) and (3); for service enterprises in which the use of property is not a material income-producing factor, use factors (1) and (2), otherwise, use factors (1), (2), and (3); for loan businesses, use factors (2) and (4); for merchandising, and manufacturing, use factors (1), (2), (3) and (5); and for other businesses use factors (1), (2), and (3).

	1	**2**	**3**
Description of items used as factors	Total Amount	Louisiana Amount	Percent (Col 2 ÷Col 1)
1. Net sales of merchandise and/or charges for services			
(a) Sales where goods, merchandise, or property is received in Louisiana by the purchaser	(a) .00	.00	
(b) Charges for services performed in Louisiana	(b) .00	.00	
(c) Other gross apportionable income	(c) .00	.00	
TOTAL *(In Column 1, enter total net sales and charges for services; in Column 2, enter total of Lines a, b, and c. Enter ratio in Column 3.)*	.00	.00	%
2. Wages, salaries, and other personal service compensation paid during the year *(Enter amounts in Columns 1 and 2, and ratio in Column 3.)*	.00	.00	%
3. Income tax property factor ratio	.00	.00	%
4. Loans made during the year *(Enter amounts in Columns 1 and 2, and ratio in Column 3.)*	.00	.00	%
5. Taxpayers primarily in the business of manufacturing or merchandising enter ratio from Line 1, Column 3			%
6. Total percents in Column 3			%
7. Average of percents *(Divide Line 6 by number of factors used. Use result in determining income apportioned to Louisiana on, Section A, Line 6.)*			%

Explanation of Louisiana business

1. Describe the nature of your business activity and specify your principle product or service, both in Louisiana and elsewhere.
   Louisiana ____
   ____
   Elsewhere____
   ____
   ____
2. Give address and descriptions of places of business within Louisiana ____
   ____