

# 2018 Partnership Return of Income

# 565

For calendar year 2018 or fiscal year beginning  and ending  RP

Partnership name (type or print) Check box if name changed

Additional information

Street address (suite, room, PO box) PMB no. C Principal business activity name (same as federal)

City (If the partnership has a foreign address, see instructions.) State ZIP code D Principal product or service (same as federal)

Foreign country name Foreign province/state/county Foreign postal code

E Check accounting method

(1)  Cash (2)  Accrual (3)  Other (attach explanation)

F Date business started in CA (m m / d d / y y y y)

G Enter total assets at end of year. See instructions.

H Check the applicable box

(1)  Initial return (2)  FINAL RETURN (3)  Amended return (4)  Protective claim

I Principal business activity code (same as federal)

- J (1) During this taxable year, did another person or legal entity acquire control or majority ownership (more than a 50% interest) of this partnership or any legal entity in which the partnership holds a controlling or majority interest that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term?  Yes  No
- (2) During this taxable year, did this partnership acquire control or majority ownership (more than a 50% interest) in another legal entity that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term?  Yes  No
- (3) During this taxable year, has more than 50% of the partnership's ownership interests cumulatively transferred in one or more transactions after an interest in California real property (i.e., land, buildings) was transferred to it that was excluded from property tax reassessment under Revenue and Taxation Code Section 62(a)(2) and it was not reported on a previous year's tax return?  Yes  No
- (Yes requires filing of statement, penalties may apply – see instructions.)

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

<b>Income</b>	1 a Gross receipts or sales \$ _____ b Less returns and allowances \$ _____ c Balance ●	1c	00
	2 Cost of goods sold (Schedule A, line 8) . . . . .	2	00
	3 GROSS PROFIT. Subtract line 2 from line 1c . . . . .	3	00
	4 Total ordinary income from other partnerships and fiduciaries. Attach schedule. . . . .	4	00
	5 Total ordinary loss from other partnerships and fiduciaries. Attach schedule . . . . .	5	00
	6 Total farm profit. Attach federal Schedule F (Form 1040) . . . . .	6	00
	7 Total farm loss. Attach federal Schedule F (Form 1040) . . . . .	7	00
	8 Total gains included on Schedule D-1, Part II, line 17 (gain only) . . . . .	8	00
	9 Total losses included on Schedule D-1, Part II, line 17 (loss only) . . . . .	9	00
	10 Other income. Attach schedule. . . . .	10	00
	11 Other loss. Attach schedule . . . . .	11	00
	12 Total income (loss). Combine line 3 through line 11 . . . . .	12	00
<b>Deductions</b> Enclose, but do not staple, any payment	13 Salaries and wages (other than to partners) . . . . .	13	00
	14 Guaranteed payments to partners . . . . .	14	00
	15 Bad debts . . . . .	15	00
	16 Deductible interest expense not claimed elsewhere on return . . . . .	16	00
	17 a Depreciation and amortization. Attach form FTB 3885P \$ _____ b Less depreciation reported on Schedule A and elsewhere on return \$ _____ c Balance ●	17c	00

Deductions (cont.)	18 Depletion. Do not deduct oil and gas depletion . . . . .	18	00
	19 Retirement plans, etc. . . . .	19	00
	20 Employee benefit programs . . . . .	20	00
	21 Other deductions. Attach schedule. . . . . ●	21	00
	22 <b>Total deductions.</b> Add line 13 through line 21 . . . . . ●	22	00
	23 Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12 . . . . . ●	23	00
Payments	24 <b>Tax — \$800.00 (LPs, LLPs, and REMICs only).</b> See instructions. . . . . ●	24	00
	25 <b>Partnership level tax.</b> See instructions . . . . . ●	25	00
	26 <b>Total tax.</b> Add line 24 and line 25. . . . . ●	26	00
	27 Withholding (Form 592-B and/or 593). . . . . ●	27	00
	28 Amount paid with extension of time to file return (form FTB 3538) . . . . . ●	28	00
	29 <b>Total payments.</b> Add line 27 and line 28 . . . . . ●	29	00
Amount Due or Refund	30 <b>Use tax. This is not a total line.</b> See instructions. . . . . ●	30	00
	31 Payments balance. If line 29 is more than line 30, subtract line 30 from line 29 . . . . . ●	31	00
	32 <b>Use tax balance.</b> If line 30 is more than line 29, subtract line 29 from line 30 . . . . . ●	32	00
	33 Tax due. If line 26 is more than line 31, subtract line 31 from line 26 . . . . . ●	33	00
	34 <b>Refund.</b> If line 31 is more than line 26, subtract line 26 from line 31. . . . . ●	34	00
	35 Penalties and interest. See instructions . . . . . ●	35	00
	36 <b>Total amount due.</b> Add line 32, line 33, and line 35. Make the check or money order payable to the Franchise Tax Board . . . . . ●	36	00

**Schedule A Cost of Goods Sold**

1 Inventory at beginning of year . . . . .	1	00
2 Purchases less cost of items withdrawn for personal use . . . . .	2	00
3 Cost of labor. . . . .	3	00
4 Additional IRC Section 263A costs. Attach schedule . . . . .	4	00
5 Other costs. Attach schedule . . . . .	5	00
6 <b>Total.</b> Add line 1 through line 5 . . . . .	6	00
7 Inventory at end of year . . . . .	7	00
8 <b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Side 1, line 2. . . . .	8	00

- 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

- K** What type of entity is filing this return? Check one only:  
 ● 1  General partnership ● 2  LP required to pay annual tax (is doing business in CA, is registered with SOS, or is organized in CA)  
 ● 3  LP, LLC, or other entity NOT required to pay annual tax (is not doing business in CA, is not registered with SOS, and is not organized in CA)  
 ● 4  REMIC ● 5  LLP ● 6  Other (See instructions)

- L** Enter the maximum number of partners in this partnership at any time during the year. Attach a CA Sch. K-1 (565) for each partner . . . . . ●
- M** Is any partner of the partnership related (as defined in IRC Section 267(c)(4)) to any other partner? . . . . . ●  Yes  No
- N** Is any partner of the partnership a trust for the benefit of any person related (as defined in IRC Section 267(c)(4)) to any other partner? . . . . . ●  Yes  No
- O** Are any partners in this partnership also partnerships or LLCs? If "Yes," complete Schedule K-1, Table 3 for each. . . . . ●  Yes  No

- P** Does the partnership meet all the requirements shown in the instructions for Question P?  Yes  No
- Q** Is this partnership a partner in another partnership or multiple member LLC? If "Yes," complete Schedule EO, Part I.  Yes  No
- R** 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.  Yes  No
- S** Is this partnership a publicly traded partnership as defined in IRC Section 469(k)(2)?  Yes  No
- T** Is this partnership under audit by the IRS or has it been audited in a prior year?  Yes  No
- U (1)** Does the partnership have any foreign (non U.S.) nonresident partners?  Yes  No
- (2)** Does the partnership have any domestic (non-foreign) nonresident partners?  Yes  No
- (3)** Were Form 592, Form 592-A, Form 592-B, and Form 592-F filed for these partners?  Yes  No
- V** Is this an investment partnership? See General Information O, Investment Partnerships, in the instructions.  Yes  No
- W** Is the partnership apportioning or allocating income to California using Schedule R?  Yes  No
- X** Has the partnership included a Reportable Transaction or Listed Transaction within this return? (See instructions for definitions.) If "Yes," complete and attach federal Form 8886 for each transaction.  Yes  No
- Y** Did this partnership file the Federal Schedule M-3 (Form 1065)?  Yes  No
- Z** Is this partnership a direct owner of an entity that filed a federal Schedule M-3?  Yes  No
- AA** Does this partnership have a beneficial interest in a trust or is it a grantor of a trust? Attach name, address, and FEIN.  Yes  No
- BB** Does this partnership own an interest in a business entity disregarded for tax purposes? If "Yes," complete Schedule EO, Part II.  Yes  No
- CC (1)** Is the partnership deferring any income from the disposition of assets? (see instructions)  Yes  No
- (2)** If "Yes," enter the year of asset disposition
- DD** Is the partnership reporting previously deferred income from:  Installment Sale  IRC §1031  IRC §1033  Other
- EE** "Doing business as" name. See instructions: \_\_\_\_\_
- FF (1)** Has this partnership operated as another entity type such as a Corporation, S Corporation, General Partnership, Limited Partnership, LLC or Sole Proprietorship in the previous five (5) years?  Yes  No
- (2)** If "Yes", provide prior FEIN(s) if different, business name(s), and entity type(s) for prior returns filed with the FTB and/or IRS. (see instructions): \_\_\_\_\_
- GG (1)** Has this partnership previously operated outside California?  Yes  No
- (2)** Is this the first year of doing business in California?  Yes  No

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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.

<b>Sign Here</b>	Signature of general partner <input type="text"/>	Date <input type="text"/>	Telephone <input type="text"/>
	General Partner's email address (optional) <input type="text"/>		
<b>Paid Preparer's Use Only</b>	Paid Preparer's signature <input type="text"/>	Date <input type="text"/>	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed) and address <input type="text"/>	Telephone <input type="text"/>	Firm's FEIN <input type="text"/>

May the FTB discuss this return with the preparer shown above (see instructions)?  Yes  No

**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 . . . . .	1 <input checked="" type="radio"/>		<input type="radio"/>		
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825. . . . .	2		<input type="radio"/>		
	3	a	Gross income (loss) from other rental activities. . . . .	3a		<input type="radio"/>	
		b	Less expenses. Attach schedule. . . . .	3b		<input type="radio"/>	
		c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c		<input checked="" type="radio"/>	
	4	Guaranteed payments to partners . . . . .	4		<input checked="" type="radio"/>		
	5	Interest income . . . . .	5		<input checked="" type="radio"/>		
	6	Dividends . . . . .	6		<input checked="" type="radio"/>		
	7	Royalties . . . . .	7		<input checked="" type="radio"/>		
	8	Net short-term capital gain (loss). Attach Schedule D (565). . . . .	8		<input checked="" type="radio"/>		
	9	Net long-term capital gain (loss). Attach Schedule D (565). . . . .	9		<input checked="" type="radio"/>		
10	a	Total gain under IRC Section 1231 (other than due to casualty or theft) . . .	10a		<input checked="" type="radio"/>		
	b	Total loss under IRC Section 1231 (other than due to casualty or theft) . . .	10b		<input checked="" type="radio"/>		
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	10c		<input checked="" type="radio"/>		
11	a	Other portfolio income (loss). Attach schedule . . . . .	11a		<input type="radio"/>		
	b	Total other income. Attach schedule. . . . .	11b		<input type="radio"/>		
	c	Total other loss. Attach schedule . . . . .	11c		<input type="radio"/>		
Deductions	12	Expense deduction for recovery property (IRC Section 179). Attach schedule	12		<input type="radio"/>		
	13 a	Charitable contributions. See instructions. Attach schedule. . . . .	13a		<input type="radio"/>		
		Investment interest expense . . . . .	13b		<input checked="" type="radio"/>		
	13 c	1 Total expenditures to which IRC Section 59(e) election may apply. . . . .	13c1		<input type="radio"/>		
		2 Type of expenditures <input checked="" type="radio"/> _____	13c2				
	13 d	Deductions related to portfolio income. . . . .	13d		<input type="radio"/>		
13 e	Other deductions. Attach schedule . . . . .	13e		<input type="radio"/>			
Credits	15 a	Withholding on partnership allocated to all partners. . . . .	15a		<input type="radio"/>		
		Low-income housing credit . . . . .	15b		<input type="radio"/>		
	15 c	Credits other than the credit shown on line 15b related to rental real estate activities . . . . .	15c		<input type="radio"/>		
		Credits related to other rental activities. . . . .	15d		<input type="radio"/>		
	15 e	Nonconsenting nonresident members' tax allocated to all partners . . . . .	15e		<input type="radio"/>		
	15 f	Other credits . . . . .	15f		<input checked="" type="radio"/>		
Alternative Minimum Tax (AMT) Items	17 a	Depreciation adjustment on property placed in service after 1986 . . . . .	17a		<input type="radio"/>		
		Adjusted gain or loss . . . . .	17b		<input type="radio"/>		
	17 c	Depletion (other than oil and gas). . . . .	17c		<input type="radio"/>		
	17 d	Gross income from oil, gas, and geothermal properties . . . . .	17d		<input type="radio"/>		
	17 e	Deductions allocable to oil, gas, and geothermal properties . . . . .	17e		<input type="radio"/>		
	17 f	Other alternative minimum tax items . . . . .	17f		<input type="radio"/>		
Other Information	18 a	Tax-exempt interest income . . . . .	18a		<input type="radio"/>		
		Other tax-exempt income . . . . .	18b		<input checked="" type="radio"/>		
	18 c	Nondeductible expenses . . . . .	18c		<input type="radio"/>		
19 a	Distributions of money (cash and marketable securities) . . . . .	19a		<input type="radio"/>			
	Distribution of property other than money . . . . .	19b		<input type="radio"/>			
20 a	Investment income . . . . .	20a		<input type="radio"/>			
	Investment expenses . . . . .	20b		<input type="radio"/>			
	Other information. See instructions . . . . .	20c		<input type="radio"/>			
Analysis	21 a	Total distributive income/payment items. Combine lines 1, 2, and 3c through 11c. From the result, subtract the sum of lines 12 through 13e. . . . .	21a		<input checked="" type="radio"/>		
	b	Analysis by type of partner:	(a)	(b) Individual		(c) Partnership	(d) Exempt Organization
Corporate				i. Active	ii. Passive		
(1) General partners		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(2) Limited partners		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Schedule L Balance Sheets.** See the instructions for Question P 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				
<b>Liabilities and Capital</b>				
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 (Loss) per Books With Income (Loss) 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 <input checked="" type="radio"/>		6 Income recorded on books this year not included on Schedule K, line 1 through line 11c. Itemize:	
2 Income included on Schedule K, line 1 through line 11c, not recorded on books this year. Itemize <input type="radio"/>		a Tax-exempt interest <input checked="" type="radio"/> \$	
3 Guaranteed payments (other than health insurance) <input checked="" type="radio"/>		b Other <input checked="" type="radio"/> \$	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 13e. Itemize:		c Total. Add line 6a and line 6b <input type="radio"/>	
a Depreciation <input checked="" type="radio"/> \$		7 Deductions included on Schedule K, line 1 through line 13e, not charged against book income this year. Itemize:	
b Travel and entertainment <input checked="" type="radio"/> \$		a Depreciation <input checked="" type="radio"/> \$	
c Limited partnership tax <input checked="" type="radio"/> \$		b Other <input checked="" type="radio"/> \$	
d Other <input checked="" type="radio"/> \$		c Total. Add line 7a and line 7b <input type="radio"/>	
e Total. Add line 4a through line 4d <input type="radio"/>		8 Total. Add line 6c and line 7c <input type="radio"/>	
5 Total of line 1 through line 4e <input type="radio"/>		9 Income (loss) (Schedule K, line 21a). Subtract line 8 from line 5 <input checked="" type="radio"/>	

**Schedule M-2 Analysis of Partners' Capital Accounts.** Use California amounts.

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