

KENTUCKY SCHEDULE K-1

42A765-GP(K-1) (2009) Commonwealth of Kentucky DEPARTMENT OF REVENUE



PARTNER'S SHARE OF INCOME, CREDITS, DEDUCTIONS, ETC.

For calendar year 2009 or fiscal year beginning _____, 2009, and ending _____, 20__.

Partner's identifying number >

Partner's name, address and ZIP Code

Partnership's FEIN >

Partnership's name, address and ZIP Code

Check if applicable: [] Qualified investment pass-through entity [] Partnership formed after January 1, 2006

A Partner's share of liabilities:

Nonrecourse \$ _____
Qualified nonrecourse financing..... \$ _____
Other..... \$ _____

E Enter partner's percentage of:

Profit sharing % (i) Before change or termination (ii) End of year
Loss sharing..... %
Ownership of capital..... %

B What type of entity is this partner?

[] Individual [] Estate [] Corporation [] S Corporation
[] General Partnership [] Trust [] Other Pass-through Entity

C Partner's taxable percentage of partnership's distributive share items below (see instructions)

(1) Resident partner 100%
(2) Nonresident partner (see Schedule A, Section I, line 12)..... %

D Check box if nonresident partner's income is reported on:

[] Kentucky Nonresident Income Tax Withholding on Net Distributive Share Income Transmittal Report and Composite Income Tax Return (Form 740NP-WH and Form PTE-WH)

[] Final K-1
[] Amended K-1

(a) Distributive Share Items

(b) Amount

Income (Loss)

Table with 4 columns: Line number, Description, Column (a), Column (b). Rows include Ordinary income, Net income from rental real estate, Portfolio income (Interest, Dividends, etc.), Guaranteed payments, and Other income.

Deductions

Table with 4 columns: Line number, Description, Column (a), Column (b). Rows include Charitable contributions, IRC Section 179 expense deduction, and Other deductions.

Investment Interest

Table with 4 columns: Line number, Description, Column (a), Column (b). Rows include Interest expense on investment debts and Investment expenses included on line 10 above.

Tax Credits

Table with 4 columns: Line number, Description, Column (a), Column (b). Rows include Skills Training Investment Tax Credit, Certified Rehabilitation Tax Credit, Kentucky Unemployment Tax Credit, and Recycling and Composting Equipment Tax Credit.



PARTNER'S SHARE OF INCOME, CREDITS, DEDUCTIONS, ETC.

(a) Distributive Share Items - continued	(b) Amount	
Tax Credits—continued		
17. Kentucky Investment Fund Tax Credit.....	17	00
18. Coal Incentive Tax Credit.....	18	00
19. Qualified Research Facility Tax Credit.....	19	00
20. GED Incentive Tax Credit.....	20	00
21. Voluntary Environmental Remediation Tax Credit.....	21	00
22. Biodiesel Tax Credit.....	22	00
23. Environmental Stewardship Tax Credit.....	23	00
24. Clean Coal Incentive Tax Credit.....	24	00
25. Ethanol Tax Credit.....	25	00
26. Cellulosic Ethanol Tax Credit.....	26	00
27. ENERGY STAR Home or ENERGY STAR Manufactured Home Tax Credit.....	27	00
Schedule 5695-K Pass-through Amounts		
28. Energy efficiency products amount (Enter on Form 5695-K, line 3).....	28	00
29. Energy efficiency products amount (Enter on Form 5695-K, line 9).....	29	00
30. Energy efficiency products amount (Enter on Form 5695-K, line 15).....	30	00
31. Energy efficiency products amount (Enter on Form 5695-K, line 29).....	31	00
32. Energy efficiency products amount (Enter on Form 5695-K, line 32).....	32	00
33. Energy efficiency products amount (Enter on Form 5695-K, line 44).....	33	00
34. Energy efficiency products amount (Enter on Form 5695-K, line 47).....	34	00
35. Energy efficiency products amount (Enter on Form 5695-K, line 54).....	35	00
36. Energy efficiency products amount (Enter on Form 5695-K, line 60).....	36	00
Other Items		
37. (a) Type of Section 59(e)(2) expenditures ►	37(a)	
(b) Amount of Section 59(e)(2) expenditures	(b)	00
38. Tax-exempt interest income	38	00
39. Other tax-exempt income.....	39	00
40. Nondeductible expenses	40	00
41. Property distributions (including cash)	41	00
42. Supplemental information required to be reported to each partner (attach schedules).....	42	
Recapture of Tax Credits		
43. Recapture of Recycling and Composting Equipment Tax Credit.....	43	00
General Partnership Pass-through Items		
44. Partner's share of partnership Kentucky sales from Schedule K, Section II, line 1.....	44	00
45. Partner's share of partnership total sales from Schedule K, Section II, line 2	45	00
46. Partner's share of partnership Kentucky property from Schedule K, Section II, line 3	46	00
47. Partner's share of partnership total property from Schedule K, Section II, line 4.....	47	00
48. Partner's share of partnership Kentucky payroll from Schedule K, Section II, line 5.....	48	00
49. Partner's share of partnership total payroll from Schedule K, Section II, line 6	49	00
50. Partner's share of Kentucky gross profits from Schedule K, Section II, line 7.....	50	00
51. Partner's share of total gross profits from all sources from Schedule K, Section II, line 8.....	51	00
Limited Liability Entity Tax (LLET) Pass-through Items		
52. Partner's share of net distributive income from the limited liability entity	52	00
53. Partner's share of limited liability entity tax (LLET) nonrefundable credit	53	00
Resident Partner Adjustment		
54. Combination of Kentucky Schedule K-1, lines 1 through 6, 9 and portions of lines 7 and 11. Add income amounts and subtract (loss) and deduction amounts (see instructions).....	54	00
55. Combination of federal Schedule K-1, lines 1 through 10, 12 and portions of lines 11 and 13. Add income amounts and subtract (loss) and deduction amounts (see instructions).....	55	00
56. Enter difference of lines 54 and 55 here and on appropriate line on Schedule M (see instructions).....	56	00

PARTNER'S INSTRUCTIONS FOR SCHEDULE K-1 (FORM 765-GP)

Who Must File—Although the partnership is not subject to income tax, the partners are liable for tax on their share of the partnership income, whether or not distributed, and must include their share on the individual income tax return.

If you were a Kentucky resident for the entire year, your filing requirement depends upon your family size, modified gross income, Kentucky adjusted gross income and income from self-employment.

Any person with gross receipts exceeding the threshold amount determined under KRS 141.066 from self-employment must file a Form 740 regardless of the amount of adjusted gross income or the number of tax credits claimed. Generally, all income of Kentucky residents, regardless of where it was earned, is subject to Kentucky income tax. See Form 740 Instructions.

Nonresidents with income from Kentucky sources and part-year residents receiving income while a Kentucky resident or from Kentucky sources while a nonresident must file a Kentucky return. **Partnership income is not exempted by reciprocal agreements between Kentucky and any other state.** Form 740-NP must be filed by an individual with income from Kentucky sources and a combined gross income from all sources exceeding the threshold amount determined under KRS 141.066. Full-year nonresidents must report all income from Kentucky sources and from property located in Kentucky. Persons moving into Kentucky must report income received from Kentucky sources prior to becoming residents and income received from all sources after becoming Kentucky residents. Residents moving out of Kentucky during the year must report income from all sources while a resident and from Kentucky sources while a nonresident.

When to Report—Include your share of the partnership's income or (loss), credits, deductions, etc., as shown by your Schedule K-1 (Form 765-GP) on your Kentucky income tax return for the year in which the tax year of the partnership ends. For example, if you, the partner, are on a calendar year, and the partnership's tax year ends January 31, 2009, you must take the items listed on Schedule K-1 (Form 765-GP) into account on your tax return for calendar year 2009.

At-Risk Limitations—Generally, if you have a loss from any activity carried on as a trade or business or for the production of income by the partnership and you, the partner, have amounts invested in that activity for which you are not at risk, you will be required to complete federal Form 6198, At-Risk Limitations, to figure the allowable loss to report on your Kentucky income tax return. Your deductible loss from each activity for the tax year generally is limited to the amount you are at risk for the activity at the end of the partnership's tax year or the amount of the loss, whichever is less. To help you complete Form 6198, if required, the partnership has provided a schedule showing your share of income, expenses, etc., for each at-risk activity.

NOTE: Form 740 filers see Form 740 instructions for Schedule M, Line 6 and/or Line 17.

Passive Activity Limitations—The passive activity limitations in IRC Section 469 are figured at the partner level and may apply to any loss reported on Lines 1, 2 or 3 and any other related items of income, loss and deductions reported on Schedule K-1 (Form 765-GP). Refer to the federal Partner's Instructions for Schedule K-1 (Form 1065) to determine if the passive activity limitations apply to your share of loss(es) reported on Schedule K-1 (Form 765-GP), and if you must file Form 8582-K, Kentucky Passive Activity Loss Limitations.

SPECIFIC INSTRUCTIONS

Kentucky Resident Partners (Form 740 Filers)—To determine the net difference between the federal Schedule K-1 amounts and the Kentucky Schedule K-1 amounts, complete Lines 54, 55 and 56. This will adjust the items of income, loss and deductions used to compute your federal adjusted gross income to the Kentucky amounts shown in Column (b), Schedule K-1.

Line 54—Include on this line, the Kentucky Schedule K-1 amounts from Lines 1 through 6 and 9. Also include the amounts from Lines 7 and 11 that do not pass through to Schedule A as itemized deductions.

Line 55—Include on this line, the federal Schedule K-1 amounts from Lines 1 through 10 and 12. Also include the amounts from Lines 11 and 13 that do not pass through to Schedule A as itemized deductions.

NOTE: If Form 8582-K is required, adjust the amounts entered on Lines 54 and 55 to exclude any income, loss, deduction or expense related to a passive activity. Complete the passive activities adjustment worksheet (Form 8582-K, page 2) to determine additions to or subtractions from federal adjusted gross income. **See Form 740 instructions for Schedule M, Line 6 and/or Line 17.**

If amounts on Lines 4(d) and 4(e) are subject to the capital loss limitations, do not include on Lines 54 and 55. Complete federal Schedule D using Kentucky amounts to determine additions to or subtractions from federal adjusted gross income.

Line 56—Enter difference of Lines 54 and 55. If Line 54 is greater than Line 55, enter the difference as an addition to federal adjusted gross income on Schedule M, Line 3. If Line 55 is greater than Line 54, enter the difference as a subtraction on Schedule M, Line 14.

Caution: If the amounts on both Lines 54 and 55 are loss amounts, the smaller dollar amount of loss is the greater amount and to determine the difference subtract the smaller dollar amount from the larger dollar amount. If the amount on either Line 54 or 55 is an income amount and the amount on the other line is a loss amount, the income amount is the greater amount and, add the two amounts to determine the difference.

Nonresident Individual Partners (Form 740-NP Filers)—If you are a nonresident individual needing to file Form 740-NP, in order to take advantage of the graduated withholding rates on income withheld by the partnership, follow the directions below. The nonresident individual may also need to file Form 740-NP to take advantage of capital loss, net operating loss and credit carryforwards.

Nonresident partners must report their distributive share of income by multiplying the percentage reported on Item C(2) by all items of income (loss) reported on the Kentucky Schedule K-1, Column (b). If the percentage shown in Item C(2) is 100%, you must enter on the appropriate lines of Form 740-NP and related schedules the amounts shown on Lines 1 through 6 and 9, portions of Lines 7, 11 and the portion of Line 37(b) actually deducted for the current year. If the percentage shown in Item C(2) is less than 100 percent, the amounts on Lines 1 through 6 and 9, the portions of Lines 7, 11 and the portion of Line 37(b) actually deducted for the current year must be multiplied by this percentage and entered on the appropriate lines of the Nonresident or Part-Year Resident Income Tax Return, Form 740-NP, and related schedules. Lines 8 and 10, and the portions of Lines 7, 11 and 12(a) which pass through to Schedule A should not be multiplied by the percentage in Item C(2). The Kentucky tax credits on Lines 13 through 36 should not be multiplied by the percentage in Item C(2). Refer to specific instructions below and federal Partner's Instructions for Schedule K-1 (Form 1065).

Lines 1 through 3—Enter on federal Schedule E using Kentucky amounts or Form 8582-K, if applicable.

Line 4(a)—Enter on Form 740-NP, Section D, Line 3.

Line 4(b)—Enter on Form 740-NP, Section D, Line 4.

Line 4(c)—Enter on federal Schedule E using Kentucky amounts.

Lines 4(d) and (e)—Enter on federal Schedule D using Kentucky amounts or Form 8582-K, if applicable.

Line 4(f)—Enter on applicable lines of your return (see federal Partner's Instructions for Schedule K-1 (Form 1065)).

Line 5—Enter on applicable line of your tax return (see federal Partner's Instructions for Schedule K-1 (Form 1065)).

Line 6—Enter on federal Form 4797.

Line 7—Enter on applicable lines of your return (see federal Partner's Instructions for Schedule K-1 (Form 1065)).

Line 8—Enter on Schedule A, Form 740-NP.

Line 9—Enter on federal Schedule E using Kentucky amounts.

Line 10—Enter on Schedule A, Form 740-NP.

Line 11—Enter on applicable form or schedule (see federal Partner's Instructions for Schedule K-1 (Form 1065)).

For All Partners

Line 12—See federal Partner's Instructions for Schedule K-1 (Form 1065).

Lines 13 through 27—Enter credit on appropriate line of Form 720, 740, 740-NP or 741.

Lines 37(a), 37(b) and 42—See federal Partner's Instructions for Schedule K-1 (Form 1065).

For Individual Partners

Line 52—Enter on Line 2 of the Kentucky LLET Credit Worksheet located in the Form 740, Form 740-NP or Form 741 instructions under Business Incentive Credits.

Line 53—Enter on Line 7 of the Kentucky LLET Credit Worksheet located in the Form 740, Form 740-NP or Form 741 instructions under Business Incentive Credits.

Estates and Trusts (Form 741 Filers)—Estates or trusts report the amounts shown in Column (b) on Form 741, Kentucky Fiduciary Income Tax Return, and related schedules. See federal Partner's Instructions for Schedule K-1 (Form 1065).