

KENTUCKY SCHEDULE K-1

42A765-GP(K-1) (2014) Commonwealth of Kentucky DEPARTMENT OF REVENUE



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

For calendar year 2014 or fiscal year beginning \_\_\_\_\_, 2014, and ending \_\_\_\_\_, 201 \_\_\_\_\_.

Partner's identifying number, Partnership's FEIN, Partner's name, address and ZIP Code, Partnership's name, address and ZIP Code, Partner's share of liabilities, Enter partner's percentage of, What type of entity is this partner?, Partner's taxable percentage of partnership's distributive share items below, Check box if nonresident partner's income is reported on.

Table with columns (a) Distributive Share Items and (b) Amount. Rows include Income (Loss), Deductions, Investment Interest, and Tax Credits - Nonrefundable.



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

(a) Distributive Share Items - continued	(b) Amount	
<b>Tax Credits—Nonrefundable—continued</b>		
17. Recycling/Composting Equipment Tax Credit .....	17	00
18. Kentucky Investment Fund Tax Credit .....	18	00
19. Coal Incentive Tax Credit .....	19	00
20. Qualified Research Facility Tax Credit .....	20	00
21. GED Incentive Tax Credit .....	21	00
22. Voluntary Environmental Remediation Tax Credit .....	22	00
23. Biodiesel Tax Credit .....	23	00
24. Environmental Stewardship Tax Credit .....	24	00
25. Clean Coal Incentive Tax Credit .....	25	00
26. Ethanol Tax Credit .....	26	00
27. Cellulosic Ethanol Tax Credit .....	27	00
<b>Form 5695-K Pass-through Amounts</b>		
28. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 3) .....	28	00
29. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 9) .....	29	00
30. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 15) .....	30	00
31. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 29) .....	31	00
32. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 32) .....	32	00
33. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 44) .....	33	00
34. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 47) .....	34	00
35. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 54) .....	35	00
36. Energy Efficiency Products Tax Credit (Enter on Form 5695-K, line 60) .....	36	00
37. ENERGY STAR Home or ENERGY STAR Manufactured Home Tax Credit .....	37	00
38. Railroad Maintenance and Improvement Tax Credit .....	38	00
39. Railroad Expansion Tax Credit .....	39	00
40. Endow Kentucky Tax Credit .....	40	00
41. New Markets Development Program Tax Credit .....	41	00
42. Food Donation Tax Credit .....	42	00
<b>Tax Credits—Refundable</b>		
43. Certified Rehabilitation Tax Credit .....	43	00
44. Film Industry Tax Credit .....	44	00
<b>Other Items</b>		
45. (a) Type of Section 59(e)(2) expenditures ► .....	45(a)	
(b) Amount of Section 59(e)(2) expenditures .....	(b)	00
46. Tax-exempt interest income .....	46	00
47. Other tax-exempt income .....	47	00
48. Nondeductible expenses .....	48	00
49. Property distributions (including cash) .....	49	00
50. Supplemental information required to be reported to each partner (attach schedule(s)) .....	50	
<b>General Partnership Pass-through Items</b>		
51. Partner's share of partnership's Kentucky sales from Schedule K, Section II, line 1 .....	51	00
52. Partner's share of partnership's total sales from Schedule K, Section II, line 2 .....	52	00
53. Partner's share of partnership's Kentucky property from Schedule K, Section II, line 3 .....	53	00
54. Partner's share of partnership's total property from Schedule K, Section II, line 4 .....	54	00
55. Partner's share of partnership's Kentucky payroll from Schedule K, Section II, line 5 .....	55	00
56. Partner's share of partnership's total payroll from Schedule K, Section II, line 6 .....	56	00
57. Partner's share of Kentucky gross profits from Schedule K, Section II, line 7 .....	57	00
58. Partner's share of total gross profits from all sources from Schedule K, Section II, line 8 .....	58	00
<b>Limited Liability Entity Tax (LLET) Pass-through Items</b>		
59. Partner's share of net distributive income from limited liability pass-through entities .....	59	00
60. Partner's share of limited liability entity tax (LLET) nonrefundable credit .....	60	00



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

(a) Distributive Share Items - continued	(b) Amount	
<b>Resident Partner Adjustment</b>		
61. 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).....	61	00
62. 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).....	62	00
63. Enter difference of lines 61 and 62 here and on appropriate line on Schedule M (see instructions).....	63	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, 2014, you must take the items listed on Schedule K-1 (Form 765-GP) into account on your tax return for calendar year 2014.

**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 will provide 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 7 and/or Line 19.

**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 61, 62 and 63. 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 61**—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 62**—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 61 and 62 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 7 and/or Line 19.**

If amounts on Lines 4(d) and 4(e) are subject to the capital loss limitations, do not include on Lines 61 and 62. Complete federal Schedule D using Kentucky amounts to determine additions to or subtractions from federal adjusted gross income.

**Line 63**—Enter difference of Lines 61 and 62. If Line 61 is greater than Line 62, enter the difference as an addition to federal adjusted gross income on Schedule M, Line 3. If Line 62 is greater than Line 61, enter the difference as a subtraction on Schedule M, Line 15.

**Caution:** If the amounts on both Lines 61 and 62 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 61 or 62 is an income amount and

the amount on the other line is a loss amount, the income amount is the greater amount; therefore, add the two amounts to determine the difference.

**Nonresident Individual Partners (Form 740-NP Filers)**—A nonresident individual who is required to file Form 740-NP, Kentucky Individual Income Tax Return Nonresident or Part-Year Resident, or who elects to file Form 740-NP to take advantage of capital loss and net operating loss carryovers shall enter the amounts from Schedule K-1, Column (b) as follows:

If the percentage in Item C(2) is "100%," the amounts on Lines 1 through 6 and 9, portions of Lines 7 and 11 and the portion of Line 45(b) actually deducted for the current year must be entered on the appropriate lines of Form 740-NP and related schedules.

If the percentage in Item C(2) is less than 100 percent, the amounts on Lines 1 through 6 and 9, portions of Lines 7 and 11 and the portion of Line 45(b) actually deducted for the current year must be multiplied by this percentage and entered on the appropriate lines of Form 740-NP and related schedules. Amounts on Lines 12(a) and the portions of Lines 7 and 11 which pass through to Schedule A (Form 740-NP) should not be multiplied by the percentage in Item C(2) since these amounts will be multiplied by the percentage on Form 740-NP, Section D, Line 36 (Percentage of Kentucky Adjusted Gross Income to Federal Adjusted Gross Income).

**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**

**Lines 12 and 45 through 50**—See federal Partner's Instructions for Lines 13, 19 and 20, Schedule K-1 (Form 1065).

**Individual and Corporate Partners**—Enter the net distributive share income from Kentucky Schedule K-1 (Form 765-GP), Line 59 on Line 2 of the Kentucky Limited Liability Entity Tax Credit Worksheet (located in Form 740, Form 740-NP or Form 741 instructions under Business Incentives and Other Tax Credits) for Forms 740, 740-NP or 741; or Line 2 of the Corporation LLET Credit Worksheet (located in Form 720 instructions under Part II—Income Tax Computation) for Form 720.

Enter the amount from Line 60 on Line 7 of the Kentucky Limited Liability Entity Tax Credit Worksheet or Line 7 of the Corporation LLET Credit Worksheet.

**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).