

***TTB Online CPE*— Preparing Partnership Returns**

Learning Objectives/Table of Contents

Chapter

1 Basics of Partnership Tax Return Preparation

- 1-A** Recognize the similarities between reporting income and expenses on Schedule C (Form 1040), *Profit or Loss From Business (Sole Proprietorship)*, and Form 1065, *U.S. Return of Partnership Income*.
- 1-B** Identify partnership income that is subject to self-employment tax.
- 1-C** Compute a partner's basis in his or her partnership interest.
- 1-D** Differentiate a partner's capital account from a partner's basis in the partnership.
- 1-E** Recognize differences between current distributions and liquidating distributions of a partnership.

2 Partnership Scenario—Day One Through End of Year

- 2-A** Recognize allocation issues associated with the setup of a partnership.
- 2-B** Differentiate between a partner's distributive share of income and guaranteed payments.
- 2-C** Distinguish amortizable organizational costs and start-up costs.
- 2-D** Recognize the proper treatment of qualified unreimbursed partnership expenses on a partner's individual income tax return.
- 2-E** Compute short-year depreciation for the first year of the partnership's existence.

3 Comprehensive Partnership Example—Preparing Form 1065

- 3-A** Determine the required tax year for a partnership.
- 3-B** Reconcile a partnership's payroll report to extract amounts necessary to report on Form 1065, *U.S. Return of Partnership Income*.
- 3-C** Identify the proper lines to report income and expense items on the partnership return.
- 3-D** Recognize items which are separately stated and flow directly through to partners on Schedule K-1.
- 3-E** Transfer partnership items from a partner's Schedule K-1 to the partner's Form 1040 and supporting schedules.

4 End of a Partnership

- 4-A** Determine classes of assets upon sale of a business and for reporting on Form 8594, *Asset Acquisition Statement Under Section 1060*.
- 4-B** Differentiate asset allocations favoring the buyer or the seller in the sale of a business situation.
- 4-C** Recognize gain or loss on the sale of a partnership.
- 4-D** Identify items to report on a partner's tax return upon sale of the partnership.
- 4-E** Identify issues likely to be addressed in the case of an IRS audit relating to sale of a partnership.