



Government of the District of Columbia
Office of the Chief Financial Officer
Office of Tax and Revenue

2009 D-65 Partnership Return of Income





Print in CAPITAL letters using black ink.

Federal Employer Identification Number OFFICIAL USE

Business name Tax period ending (MM/YY)

Address line #1 Fill in if Amended Return

Address line #2

City State Zip Code + 4

		WHOLE DOLLAR AMOUNTS ONLY	
INCOME	1 Gross receipts or sales, minus returns and allowances	1 \$	.00
	2 Cost of goods sold and/or operations	2 \$	.00
	3 Gross profit <i>Line 1 minus Line 2.</i> Fill in if minus: <input type="radio"/>	3 \$	.00
	4 Ordinary income (loss) from other partnerships, estates and trusts, etc. Fill in if minus: <input type="radio"/>	4 \$	.00
	5 Net farm profit (loss) Fill in if minus: <input type="radio"/>	5 \$	.00
	6 Net gain (loss) Fill in if minus: <input type="radio"/>	6 \$	.00
	7 Other income (loss) Fill in if minus: <input type="radio"/>	7 \$	.00
	8 Total income <i>Add Lines 3-7</i> Fill in if minus: <input type="radio"/>	8 \$	.00
DEDUCTIONS	9 Salaries and wages paid to non partners	9 \$	.00
	10 Payments to partners	10 \$	.00
	11 Repairs and maintenance	11 \$	.00
	12 Bad debts	12 \$	.00
	13 Rent	13 \$	.00
	14 Taxes and licenses	14 \$	.00
	15 Interest	15 \$	.00
	16 Depreciation, minus depreciation deducted elsewhere on this return	16 \$	.00
	17 Depletion	17 \$	.00
	18 Retirement plans	18 \$	.00
	19 Employee benefit programs	19 \$	.00
	20 Other deductions	20 \$	.00
	21 Total deductions <i>Add Lines 9-20</i>	21 \$	.00
	22 Ordinary income (loss) <i>Line 8 minus Line 21</i> Fill in if minus: <input type="radio"/>	22 \$	.00

TO COMPLETE THIS RETURN ANSWER THE QUESTIONS ON THE REVERSE
 Mail return to: Office of Tax and Revenue, PO Box 447, Washington DC 20044-0447
 Make no payment with this return.



Schedule F - DC Apportionment Factor (See instructions, page 10.)

Round cents to the nearest dollar.
If an amount is zero, leave the line blank.

Carry all factors to six decimal places.

	Column 1 TOTAL	Column 2 in DC	Column 3 Factor (Column 2 divided by Column 1.)
1. PROPERTY FACTOR: Average value of real estate and tangible personal property owned or rented to and used by the corporation. (Financial institutions do not complete this item.)	\$ _____ 00	\$ _____ 00	• _____
2. PAYROLL FACTOR: Total compensation paid or accrued by the corporation.	\$ _____ 00	\$ _____ 00	• _____
3. SALES FACTOR: All gross receipts of the corporation other than gross receipts from non-business income.	\$ _____ 00	\$ _____ 00	• _____
4. SUM OF FACTORS: (Add Column 3 entries.)			• _____
5. DC APPORTIONMENT FACTOR: Line 4 divided by 3 if there are 3 denominators. If fewer than 3 entries in col. 1, divide Line 4 by the actual number. Note: Financial institutions use a two-factor formula and divide Line 4 by 2.			• _____

Schedule G - Balance Sheets

Beginning of Taxable Year

End of Taxable Year

	Beginning of Taxable Year		End of Taxable Year	
	(A) Amount	(B) Total	(A) Amount	(B) Total
ASSETS				
1. Cash				
2. Trade notes and accounts receivable				
(a) MINUS: Allowance for bad debts				
3. Inventories				
4. Gov't obligations: (a) U.S. and its instrumentalities				
(b) States, subdivisions thereof, etc.				
5. Other current assets (attach statement)				
6. Loans to stockholders				
7. Mortgage and real estate loans				
8. Other investments (attach statement)				
9. Buildings and other fixed depreciable assets				
(a) MINUS: Accumulated depreciation				
10. Depletable assets				
(a) MINUS: Accumulated depletion				
11. Land (net of any amortization)				
12. Intangible assets (amortizable only)				
(a) MINUS: Accumulated amortization				
13. Other assets (attach statement)				
14. TOTAL ASSETS				
LIABILITIES AND CAPITAL				
15. Accounts payable				
16. Mortgages, notes, bonds payable in less than 1 year				
17. Other current liabilities (attach statement)				
18. Loans from stockholders				
19. Mortgages, notes, bonds payable in 1 year or more				
20. Other liabilities (attach statement)				
21. Capital stock: (a) Preferred stock				
(b) Common stock				
22. Paid-in or capital surplus (attach statement)				
23. Retained earnings - Appropriated (attach statement)				
24. Retained earnings - Unappropriated				
25. MINUS: Cost of treasury stock		()		()
26. TOTAL LIABILITIES AND CAPITAL				

FORM D-65 PARTNERSHIP RETURN OF INCOME INSTRUCTIONS

NOTE: For District tax purposes, taxpayers are not permitted to claim the additional federal 30 or 50 percent bonus depreciation nor the additional IRC section 179 expenses. Taxpayers should keep a separate depreciation schedule for DC tax purposes.

A. Who must file a DC Form D-65, Partnership Return of Income?

Except for partnerships required to file an unincorporated business franchise tax return, DC Form D-30, all partnerships engaged in any trade or business in DC or which received income from sources in DC, must file a Form D-65.

The term “partnership” includes a limited partner, group, syndicate, pool and joint venture through or by means of which any business, financial operation, or venture is carried on. The following are excluded by law: 1) a corporation; 2) a trust or estate; or 3) an unincorporated business. The term “partner” includes a member of a syndicate, pool or joint venture.

If the return is filed on behalf of a syndicate, pool, joint venture or similar group, attach to the D-65 a copy of the agreement and all amendments to the agreement.

A limited liability company is classified as a partnership. The only exception is if IRS has classified it differently. Use the same classification on your DC return as that used on your federal return.

DC law does not allow a partnership to report or file as a corporation, nor for a corporation to report or file as a partnership.

Who Must File Form D-30 Instead of Form D-65?

Every partnership which, during the taxable year, engaged in an “unincorporated business” as defined in paragraph (1) below, and which met the gross income threshold as stated in paragraph (2) below, must file a Form D-30, rather than Form D-65. If Form D-65 is filed instead of Form D-30, attach an explanation to the D-65.

(1) “Unincorporated Business”. An unincorporated business is any trade or business, conducted or engaged in by any individual, whether resident or nonresident, statutory or common-law trust, estate, partnership, or limited or special partnership, society, association, executor, administrator, receiver, trustee, liquidator, conservator, committee, assignee, or by any other entity or fiduciary, other than a trade or business conducted or engaged in by any corporation. This includes any trade or business which, if conducted or engaged in by a corporation, would be taxable. Excluded is any trade or business which by law, custom, or ethics, cannot be incorporated or any trade or business deriving more than 80% of its gross income from personal services rendered by individuals or members of the partnership or other entity in conducting or carrying on any trade or business in which capital is not a material income-producing factor.

A partnership with gross income of more than \$12,000 which leases real or personal property in DC, regardless of whether services are performed, (including professional partnerships) must file a Form D-30 instead of Form D-65.

(2) Gross Income Requirement for Filing Form D-30. A return must be filed by an unincorporated business if its gross income from engaging in or carrying on any trade or business in DC plus any other gross income received from DC sources amounts to more than \$12,000 during the year, regardless of whether it had net income. For filing purposes, the words “gross income” mean gross revenue before deduction of cost of goods, expenses and other deductions allowable in the determination of net income.

B. Period Covered

The return must be filed for calendar year 2009, or other taxable year beginning in 2009, covering the same tax period reported on the return filed with IRS. Fill in the ending dates on page 1.

C. Where and When to file

File your Form D-65 with the Office of Tax and Revenue, PO Box 447, Washington, DC, 20044-0447, by the 15th day of the 4th month fol-

lowing the ending date of the taxable year entered at the top of the Form D-65. For calendar year filers, the filing date is April 15th.

If you are requesting an extension of time to file, submit DC Form FR-128, Extension of Time to file DC Franchise or Partnership Return, by the due date of your return. Do not use the federal extension of time to file form to request a DC extension.

D. Signature

The return must be signed by a partner or member. If receivers, trustees in bankruptcy, or assignees are in control of the property or business organization, they must sign the return.

When the return is prepared by someone (for compensation) other than a member or an employee of the partnership, they must sign as the preparer at the bottom of page 2 of the D-65.

E. Methods of accounting

Use the same method of accounting on your D-65 as that used on your federal tax return.

F. Items exempt from tax

All items of income received and claimed as exempt from tax must be explained in a copy of the Schedule K of the federal Form 1065. Attach the copy to your D-65. Some items of this type are:

- (1) Tax-Free Interest. Attach a statement reporting interest on:
 - (a) obligations of a state, territory of the United States or any political subdivision thereof, or DC; and
 - (b) obligations of the United States, its agencies, or instrumentalities.

(2) Proceeds From Life Insurance Policies. In general, the proceeds of life insurance policies paid to the partnership due to the death of a partner are exempt. However, if any part of the proceeds is held by the insurer under an agreement to pay interest, the interest is taxable.

G. Information at source

Every partnership which in the course of its trade or business, during calendar year 2009, pays (1) interest, rents, commissions, or other fixed or determinable income of \$600 or more, or (2) salaries and wages of \$600 or more, must submit copies of federal Forms 1096 and 1099 unless the payment is specifically exempted by DC regulations, Title 9, DCMR 111.2.

H. Attachments

You must attach a copy of the federal Form 1065 to your DC Form D-65. Include copies of all the schedules and statements accompanying the Form 1065. Also attach a schedule showing the pass-through distribution of income for all members of the partnership, and copies of the completed federal K-1 schedule.

DC Apportionment Factor

A business engaging in a trade or business both in and outside DC must use property, payroll and sales in the three factor formula used to apportion its business income.

Businesses domiciled in DC and not subject to tax elsewhere must report 100 percent of their net business income and allocate 100 percent of their non-business income to DC.

Businesses carrying on a trade or business in DC and in other jurisdictions must apportion trade or business income to DC. Multiply the total income by a fraction. The numerator is the property factor plus the payroll factor plus the sales factor. The denominator is three, reduced by the number of factors without a denominator.

• Property Factor

The property factor is a fraction; the numerator is the average value of real and tangible personal property you owned or rented and used in DC during the tax year to produce business income. The denominator is the average value of all real and tangible personal property you owned or rented and used during the tax year to produce business income. Do not include in the numerator or the denominator, any property or portion of property, not used to produce business income.

Transportation companies – the numerator also includes the portion of the average value of its vehicles, rolling stock, aircraft, watercraft and other equipment used during the taxable period to transport persons and property both in and outside DC. This portion is determined by comparing the total miles per unit of its equipment traveled in DC compared to the total mileage traveled everywhere by each class of its property.

Where property is used in any activity, the income from which is allocable or apportionable, you may use (or OTR may require) any method that properly reflects the portion of the average value used to arrive at the property factor. This is subject to OTR approval.

Property you own is valued at its original cost to you plus the cost of any additions and improvements. If you cannot determine your original cost or if the cost is zero, value the property at its market value when you acquired it.

Property rented to you is valued at eight times the net annual rental. (The annual rental you paid is decreased by any annual rental you receive from sub-rentals, provided the rental and sub-rental rates are reasonable.) Include in the annual rental, amounts paid or accrued for the use or rental of property or facilities of another. This net annual rate includes amounts whether paid as rent, as reasonable compensation for use or under any other designation, pursuant to statutory enactment, lease, or rental agreement of any kind, contract, or otherwise. You may only include in this factor payments for leased property capitalized for federal tax purposes to the extent of their capitalized value for federal tax purposes. If the Office of Tax and Revenue (OTR) determines that any net annual rental rate or sub-rental rate is unreasonable, or if a nominal or zero rate is charged, OTR may determine and apply a rental rate that reasonably reflects the property's rental value.

To determine the property's average value, average the values at the start and end of the tax period. You may, if necessary, use monthly or quarterly values (subject to OTR approval) during the tax period, to properly reflect the average value of the property.

• Payroll Factor

The payroll factor is a fraction; the numerator is the total compensation you paid to or accrued for persons performing services for you in DC during the tax year. The denominator is the total compensation you paid or accrued everywhere during the tax year. Do not include in the numerator or denominator, compensation paid or accrued to employees for personal services in the production of non-business income. Compensation other than in cash, is valued at its fair market value on the date of payment or accrual. Do not include payments to independent contractors in this factor.

Transportation companies. The numerator also includes that portion of the total compensation paid or accrued to employees employed

on vehicles, rolling stock, aircraft, watercraft and other equipment you used during the taxable period to transport persons and property between DC and other jurisdictions. To determine this factor, apply the percentage computed (as in the property factor) to the total compensation.

If you pay or accrue compensation for services, which generate income that can be allocated or apportioned, you may use any method that will properly reflect the average value used to calculate the payroll factor. The method used is subject to OTR approval.

Compensation is paid or accrued in DC if:

- the individual's services are performed entirely in DC; or
- the individual's services are performed in DC and other jurisdictions, but the services performed outside DC are incidental to the individual's services performed in DC; or
- some of the individual's services are performed in DC and:
 - (1) the base of operations or, if there is no base of operations, the place from which services are directed or controlled is in DC; or
 - (2) the base of operations or place from which services are directed or controlled is not in DC, or in any state where some part of the services are performed, but the individual's residence is in DC.

• Sales Factor

The sales factor, except for transportation companies, is a fraction; the numerator is the taxpayer's total sales in DC during the tax year. The denominator is the taxpayer's total sales everywhere during the tax year.

Transportation companies – the sales factor is a fraction; the numerator is the total of revenue units the company first received as originating or connecting traffic at a point in DC. Add to this the total of revenue units the company discharged or unloaded at a point in DC, at the termination of the transportation movement or for transfer to a connecting carrier. The denominator is twice the total of revenue units originated everywhere during the tax year. One ton of freight equals one revenue unit; ten passengers equals one revenue unit. If the company's revenue is predominantly from the transportation of passengers, you may use the number of passengers loaded and discharged, in place of originating and terminating tonnage.

Tangible personal property sales, including sales to the United States Government, are considered to occur in DC, no matter where title is transferred, F.O.B. point, or other sales conditions, if the property:

- Is delivered or shipped to a purchaser in DC; or
- Has an ultimate destination in DC, after all transportation (including any by the purchaser) is completed; or
- Is delivered or shipped from an office, store, warehouse, factory, or other storage place in DC to a destination outside DC — and is not taxable in the state to which the property is shipped or delivered.

Except for transportation companies – non-tangible personal property sales are considered as occurring in DC if the income-producing activity or service is performed:

- In DC; or
- The proportion of the income-producing activity or service performed in DC is greater than that performed in any other jurisdiction, based on performance cost.

