

Form
65

**Oregon Partnership
Return of Income**

2008

For calendar year 2008 or fiscal year beginning _____ 200__ and ending _____ 200__.

For office use only	
Date received	

Please type or print clearly and answer all the questions below. **No payment is due with this return.**

Name of partnership				Federal employer identification number (FEIN)	
Current mailing address				Oregon business identification number (BIN)	
City	State	ZIP code	Date activities started in Oregon	<input type="checkbox"/> Check if Form 24 is attached	<input type="checkbox"/> Check if you have federal Form 8886, a REIT, or a RIC

Check all applicable boxes: Initial return Name change Extension filed
 Amended return Address change Partnership has corporate partners

Type of entity: Partnership Limited partnership Limited liability co. Limited liability partnership Electing large partnership

1. Requirement to file Oregon partnership return.

- | | | |
|---|--------------------------|--------------------------|
| | Yes | No |
| A. Does the partnership have income derived from sources in Oregon? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Does the partnership have Oregon resident partners? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered **yes** to A **or** B, you must file an Oregon partnership return. Attach a complete copy of your federal partnership return to **this** return. See question 2 to see if you need to include federal Schedule K-1s.

2. Attaching copies of partners' federal Schedule K-1s.

- | | | |
|--|--------------------------|--------------------------|
| A. Did the partners' profit/loss sharing percentages change during the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Were the Oregon modifications not divided according to each partner's profit sharing percentage? | <input type="checkbox"/> | <input type="checkbox"/> |

If the partnership had 10 or less partners, attach a copy of each partner's federal K-1.
 If you answered yes to A or B, or had more than 10 partners, you **must** attach a summary of partner information. Your summary must include each partner's name, Social Security or federal employer identification number, address, profit/loss sharing percentage, and Oregon modifications.

3. Prior year return and final return.

- | | | |
|---|--------------------------|--------------------------|
| A. Was a 2007 Oregon partnership return filed? | <input type="checkbox"/> | <input type="checkbox"/> |
| If no , give the reason: _____ | | |
| If filed using a different name, give the name it was filed under: _____ | | |
| B. Is this the final return for the partnership? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, attach a schedule showing disposition and distribution of all partnership assets and liabilities. Show each asset's adjusted basis, fair market value, sale price, or if distributed, to which partner(s). | | |

4. Changes to a prior year partnership return during this tax year.

- | | | |
|--|--------------------------|--------------------------|
| A. Did an IRS audit change a prior year return during the 2008 tax year? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Was an amended federal return filed for a prior year? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered **yes** to A **or** B, what tax year(s) were changed? _____. Send us a copy of the federal revenue agent's report or the amended return separately from this return if not previously sent.

5. Business inside and outside of Oregon with out-of-state partners.

- | | | |
|---|--------------------------|--------------------------|
| A. Did the partnership have business activity both inside and outside of Oregon during the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Did the partnership have any partners who were not Oregon residents at any time during the year? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered yes to **both A and B**, use the Oregon apportionment percentage from Oregon Schedule AP, *Apportionment of Income for Corporations and Partnerships*, to figure your Oregon source income. Attach the schedule to this return. See page 2 of the instructions to order forms.

6. Oregon tax credits.

- | | | |
|---|--------------------------|--------------------------|
| Are any partners eligible for Oregon tax credits based on costs the partnership paid or incurred? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, identify the tax credits: _____ | | |

Continued on the back of this form →

7. Other taxing authorities.

- | | | |
|--|--------------------------|--------------------------|
| | Yes | No |
| A. Do partnership employees perform services in the TriMet Transportation District? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Do any partners have self-employment income from the partnership in the TriMet Transportation District? | <input type="checkbox"/> | <input type="checkbox"/> |
| C. Do partnership employees perform services in the Lane Transit District? | <input type="checkbox"/> | <input type="checkbox"/> |
| D. Do any partners have self-employment income from the partnership in the Lane Transit District? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered **yes** to B or D, Form TM or Form LTD must be filed by the individual partners or the partnership may elect to file on the partners' behalf.

8. Who has the partnership books?

Name of partner who has the partnership books		Telephone number ()	
Street address	City	State	ZIP code

Schedule I—Oregon modifications to federal partnership income passed through to partners. Attach schedules to explain and compute the modifications. Indicate which federal Schedule K-1 line item each modification is for.

Additions—Items not included in federal partnership income which are taxable to Oregon.

1. Interest on government bonds of other states.....(K-1 line ____)	1		
2. Gain on property transactions not deferred for Oregon.....(K-1 line ____)	2		
3. Depreciation, see instructions on page 2 for more information(K-1 line ____)	3		
4. Recognition of previously deferred capital gain	4		
5. Depletion in excess of property basis.....	5		
6. Gain or loss on sale of assets when Oregon basis is different from federal basis	6		
7. Other additions. Identify _____	7		

Subtractions—Items included in federal partnership income which are **not taxable** to Oregon.

8. U.S. government interest.....(K-1 line ____)	8		
9. Gain on property transactions already taxed by Oregon	9		
10. Depreciation, see instructions on page 2 for more information(K-1 line ____)	10		
11. Work opportunity credit.....(K-1 line ____)	11		
12. Gain or loss on sale of assets when Oregon basis is different from federal basis	12		
13. Other subtractions. Identify _____	13		

Note: Generally, a partner's share of each Oregon modification is figured by using the partner's profit/loss sharing percentage. A partner's share of each modification must be reported to the partner on federal Schedule K-1 or an equivalent form.

— Attach a copy of your 2008 federal partnership return —

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.

➔ Sign here	X	Your signature	Date
		Street address	
		City	State ZIP code
	X	Signature of preparer other than taxpayer	License no.
	Street address		
	City	State ZIP code	

Detach instructions before mailing

Tear off the instructions, attach federal Form 1065 or Form 1065-B and required schedules, and file the return on or before the 15th day of the fourth month after the close of the partnership's tax year.

Mail to:
Oregon Department of Revenue
PO Box 14260
Salem OR 97309-5060

Instructions for Form 65

Oregon Partnership Return of Income

Which partnerships must file an Oregon partnership return?

- Every partnership having income derived from or connected with sources in Oregon.
- Every partnership having one or more Oregon resident partners.

Exception: Publicly traded partnerships taxed as corporations.

What must be attached to the Oregon partnership return?

Attach information in the following order:

- A copy of federal Form 1065, *U.S. Return of Partnership Income*, or Form 1065-B, *U.S. Return of Income for Electing Large Partnerships*. Include all pages and supporting schedules (for example, Schedule M-3).
- Schedule AP, *Apportionment of Income for Corporations and Partnerships* (form 150-102-171), if you answered yes to questions 5A and 5B on Form 65.
- An *Oregon Depreciation Schedule* (form 150-101-025), if Oregon depreciation differs from federal depreciation.
- If this is the final partnership return, a schedule showing to whom all assets and liabilities were distributed, and each asset's adjusted basis and fair market value, sales price, or if distributed, to which partners.
- Federal Schedule K-1s, if less than 11 partners during the year. If you answered yes to questions 2A or 2B on Form 65, or you had more than 10 partners at any time during the year, attach a summary of partner information. If there are more than 50 partners, you may attach a statement that the K-1s are available upon request.
- Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions* if you had a 1031 exchange investing in out of state property.

Form 8886/REIT/RIC. Oregon now has a mandatory reporting requirement for participation in listed or reportable transactions. If you are required to report listed or reportable transactions to the IRS on Form 8886, you must check the "Form 8886/REIT/RIC" box. Retain the form with your Oregon tax records. Do not attach a copy of the form to your Oregon return. You must also check the box if you participated in a real estate invested trust (REIT) or regulated investment company (RIC) as defined in Senate Bill 39 of the 2007 Oregon Legislature.

Filing deadlines

Returns for the 2008 calendar year are due by April 15, 2009. Fiscal year returns are due by the 15th day of the fourth month after the end of the partnership's tax year.

Connection to federal law

Oregon is tied to the federal definition of taxable income. Oregon will automatically adopt future federal changes to taxable income. The partnership's tax year for Oregon must be the same as for federal. Oregon doesn't have a required payment for partnerships choosing an alternative tax year.

Oregon recognizes the federal "check the box" regulations for unincorporated organizations. Also, Oregon treats the electing large partnership the same as federal.

Partnership failure-to-file penalty

A penalty may be assessed if a partnership doesn't file a return or fails to provide information to the Department of Revenue as required by law. The penalty is \$50 per month per partner for each month the return is late or incomplete, up to a maximum of five months. Each partner is personally liable for a portion of the penalty.

Individual income tax returns

A partnership generally is not subject to tax, but each partner's distributive share of net income (or loss) and separately stated items must be reported on that partner's individual income tax return.

Partners report their share of Oregon modifications on their Oregon Forms 40, 40N, or 40P. Increases to income go on the "Other additions" line of the Oregon individual return. Decreases to income go on the "Other subtractions" line. Label the line "OPM" (Oregon Partnership Modifications).

Nonresident partners can choose to file an *Oregon Individual Income Tax Return for Nonresidents*, Form 40N, or elect to join in the filing of an *Oregon Composite Return*, Form OC, by the partnership. The Oregon individual income tax booklet lists filing requirements for partners' individual income tax returns. Visit our website to download tax forms and instructions, or to order, see page 2.

Oregon has partnership withholding requirements for nonresident partners. See page 2.

Guaranteed payments

Guaranteed payments are treated as distributive shares of partnership income. For nonresident partners income attributable to Oregon sources is determined by applying the allocation and apportionment provisions to each nonresident's entire distributive share including guaranteed payments.

Oregon modifications to federal partnership income

Complete Schedule I (on page 2 of Form 65) to figure Oregon modifications to federal partnership income. Attach schedules if necessary to explain and compute the modifications.

Generally, each partner's share of modifications is figured by using the profit sharing percentage shown on that partner's federal Schedule K-1. Each partner's share of the Oregon modifications must be reported on the partner's Schedule K-1 or equivalent.

Gain on voluntary and involuntary conversions. Oregon allows partnerships to elect for their partners to defer the gain on voluntary and involuntary conversions the same as for federal purposes.

Partnerships must make the election for all consenting partners. Attach Form 24, *Oregon Like-kind Exchanges/Involuntary Conversion*, 150-800-734, to your *Oregon Partnership Return of Income*, Form 65, and check the box on the front of Form 65.

Credits

Partners may qualify for the following tax credits on their individual income tax returns even though the costs were paid by the partnership.

- Advanced telecommunications facilities.
- Biomass production or collection.
- Business energy.
- Child care fund contribution.
- Crop donation.
- Diesel engine replacement.
- Dependent care assistance.
- Electronic commerce zone investment.
- Employer scholarship.
- Farmworker housing.
- Film production development contribution.
- First Break Program.
- Fish screening devices.
- Individual Development Accounts.
- Long-term care insurance premiums.
- On-farm processing machinery and equipment.
- Oregon Cultural Trust.
- Political contributions.
- Pollution control facilities.
- Reforestation of underproductive forestlands.
- Reservation enterprise zone.
- Residential energy tax credit.

Extension to time to file

If you filed a federal extension, Oregon will allow the same extension. You will need to file an Oregon only extension, on Form 40-EXT, if you need an extension for Oregon only. The maximum penalty imposed is \$50 per partner per month for a maximum of five months. Extensions must be filed by the due date of the return.

TriMet and Lane Transit District self-employment taxes

Self-employment earnings of taxpayers doing business or providing services within the TriMet and/or Lane Transit Districts are subject to these taxes. A partnership may elect to file and pay the transit district self-employment tax on behalf of any or all the individual partners. Use the partnership's net self-employment earnings (including partners' guaranteed payments) to figure the tax.

Any 2008 TriMet or Lane Transit District self-employment tax return (Form TM or Form LTD) filed by a calendar year partnership is due by April 15, 2009. Fiscal year partnerships must file Form TM or Form LTD by April 15 of the year following the calendar year in which the fiscal year ends.

District boundary information

TriMet boundaries.....503-962-6466
Lane Transit District boundaries 541-682-6100

Federal Privacy Act information

The request for Social Security numbers is made by authority of Section 405, Title 42, of the United States Code. You are required to give us this information. It is used to establish the identity of the partners. Unless allowed by law, all information in your tax return is confidential and cannot be disclosed by the department. Any violation is a class C felony.

Mail this return to: Oregon Department of Revenue
PO Box 14260
Salem OR 97309-5060

Withholding requirement for partnerships

For tax years beginning on or after January 1, 2006, a partnership with one or more nonresident partners is required to withhold tax unless the partner makes an election to join in the filing of a composite return or sends the department a signed *Oregon Affidavit for a Nonresident Owner in a Pass-Through Entity*. Each quarter, the partnership will complete a *Report of Nonresident Owner Tax Withheld*, Form OR-19, following the instructions for that form, and send in any required payments with a completed Form TPV.

Taxpayer assistance

General tax information..... www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon.....1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 503-945-8617
Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.