



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

2010

D-65

District of Columbia (DC) Partnership Return of Income Tax Forms and Instructions

What's New:

The Office of Tax and Revenue has relocated its customer service centers and office to 1101 4th Street, SW, Washington, DC 20024. The new location has consolidated the OTR services including the Recorder of Deeds. The new location is conveniently located adjacent to the Green Line Metrorail (Waterfront-SEU).

Beginning with Tax Year 2010:

- **The District will allow Franchise (D-20), Unincorporated Franchise (D-30), Partnership (D-65), and Fiduciary (D-41) to file most of the return using a CD. D-65 taxpayers must print pages 1 through 3, and all other attachments can be on the CD. The CD should include a copy of the entire return and indicate on the CD the EIN/SSN, tax year and tax form. Images on the CD should be using PDF format.**



Need assistance?

File or pay online: www.taxpayerservicecenter.com

Get tax forms

Download forms at www.taxpayerservicecenter.com

Request forms by mail: 202-442-6546

Pick up forms:

Office of Tax and Revenue

1101 4th St SW 2nd Floor
8:15 am–5:30 pm

Reeves Center

2000 14th St NW Lobby
7 am–7 pm

Municipal Center

300 Indiana Av NW Lobby
6:30 am–8 pm

Wilson Building

1350 Pennsylvania Av NW Lobby
7 am–7 pm

One Judiciary Square

441 4th St NW Lobby
7 am–7 pm

Ask tax questions; get tax forms preparation help free

Visit our Walk-In Center, 1101 4th St SW 2nd Floor; or

Contact our Customer Service Center: 202-727-4TAX(4829)

Regular hours

8:15 am–5:30 pm

Monday–Friday

Do you need help with this form?

Visit our Walk-In Center, at 1101 4th St SW 2nd Floor.

[Chinese/中文] 您需要協助閱讀或了解英文嗎? 請致電 202-727-4829 或請到 941 1101 4th St SW 2nd Floor, 要求免費語言熱線(Language Line)口譯員協助您。

[Korean/한국어] 영어를 읽거나 이해하기 위해 다른 사람의 도움이 필요하십니까? 202-727-4829 번으로 전화하시거나 1101 4th St SW 2nd Floor 를 방문하십시오. 귀하를 도와드릴 무료 랭귀지 라인(Language Line) 통역사를 요청하십시오.

Are you unable to hear or speak?

Call the DC Relay Service, 202-855-1234.

[Spanish/Español] ¿Necesita ayuda para leer o entender inglés? Llame al 202-727-4829 o venga a 1101 4th St SW 2nd Floor. Pida que le asignen un intérprete de la Línea de los Idiomas (Language Line) para que le ayude, sin costo alguno.

[Vietnamese/Tiếng Việt] Quý vị có cần giúp đỡ để đọc và hiểu Anh ngữ không? Xin gọi 202-727-4829 hoặc đến 1101 4th St SW 2nd Floor. Yêu cầu có được thông dịch viên Đường Dây Ngôn Ngữ (Language Line) để giúp đỡ miễn phí cho quý vị.



Print in CAPITAL letters using black ink.

Federal Employer Identification Number OFFICIAL USE ONLY Vendor ID # 0000

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, 1101 4th Street, SW, FL4, Washington DC 20024
 Make no payment with this return.



Schedule F - DC Apportionment Factor (See instructions)

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

Carry all factors to six decimal places.

	<i>Column 1 TOTAL</i>	<i>Column 2 in DC</i>	<i>Column 3 Factor</i> <small>(Column 2 divided by Column 1.)</small>
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.)	\$ <input type="text"/> .00	\$ <input type="text"/> .00	.
2. PAYROLL FACTOR: Total compensation paid or accrued by the corporation.	\$ <input type="text"/> .00	\$ <input type="text"/> .00	.
3. SALES FACTOR: All gross receipts of the corporation other than gross receipts from non-business income.	\$ <input type="text"/> .00	\$ <input type="text"/> .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.			.

GENERAL INSTRUCTIONS FOR THE D-65 PARTNERSHIP RETURN OF INCOME

Who must file a DC Form D-65?

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 DC 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 DC 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.

Special filing circumstances

NOTE: For District tax purposes, taxpayers are not permitted to claim the additional federal 30 or 50 percent bonus depreciation nor the addi-

tional Internal Revenue Code (IRC) Section 179 expenses. Taxpayers should keep a separate depreciation schedule for DC tax purposes.

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 DC Form 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.

Information at source

Every partnership which in the course of its trade or business, during calendar year 2010, 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 1095 and 1099 unless the payment is specifically exempted by District of Columbia Municipal Regulations (DCMR) 111.2.

Amended returns

You must use the Form D-65 of the year you are amending. Prior year forms can be obtained from www.taxpayerservicecenter.com.

If the IRS adjusts your federal return or if you file an amended federal return, you must file an amended DC return within 90 days.

Mail the amended return and any attachments to the Office of Tax and Revenue (OTR), 1101 4th Street, SW, FL4, Washington, DC 20024.

When is your return due?

You must file your return by:

- Calendar year filer – April 15; or
- Fiscal year filer – the fifteenth day of the fourth month following the ending of the taxable year you entered at the top of the DC Form D-65.

If the due date falls on a Saturday, Sunday or legal holiday, the return is due the next business day.

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. Ensure you have filled in the D-65 bubble on the bottom left hand side of the Form FR-128.

How to file your return by mail

File your DC Form D-65 with the OTR, 1101 4th Street, SW, FL4, Washington, DC 20024.

Print and sign pages 1-3. Submit the entire return (pages 1-3) and any attachments and/or schedules (federal Form 1065, and Schedule K-1) on a CD using PDF format. Indicate on the CD the EIN, tax year

and tax return being filed. Include copies of all the schedules and statements accompanying the Form 1065 on the CD. 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.

Getting started

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

To complete the Form D-65, in general you will need:

- Copies of your completed 2010 federal forms as applicable (1065, Schedule K-1, etc.)
- A pen with black ink
- A calculator

Not all items will apply. If an amount is zero, make no entry, leave the line blank.

The return must be filed for calendar year 2010, or other taxable year beginning in 2010, covering the same tax period reported on the return filed with the IRS. Fill in the tax period ending on page 1 as MMY.

All entries on the return and attachments are whole dollars only. Do not enter cents. Round cents to the nearest dollar.

Examples:

- \$10,500.50 rounds to \$10,501
- \$10,500.49 rounds to \$10,500

Taxpayer Identification Number (TIN)

You must have a TIN, whether it is a Federal Identification Number (FEIN) or Preparer Tax Identification Number (PTIN).

- If you apply for a FEIN, it must be a number issued by the IRS. To apply for a FEIN, get Form SS-4, Application for Employer Identification Number, or get this form online at www.irs.gov/businesses and click on Employer Identification Number (EIN) under Starting a Business. You may also get this form by calling 1-800-TAX-FORM (1-800-829-3676).
- IRS rules have changed. If you are a paid preparer, you are required to have an IRS PTIN issued by the IRS. A PTIN is a number issued and authorized by the IRS to file a return on the taxpayer's behalf.

Filling out the form

To aid us in processing your return, please follow these rules:

Do not print outside the boxes.

Use black ink.
Print in CAPITAL letters. ROBERTS

Leave a space between words and between words and numbers. 8 ELM

Write 3s with a rounded top, not a flat top. 3 7 ~~3 7~~

Write 7s without a middle bar. ~~7~~

Fill in ovals completely.
Do not "✓" or "x" ovals. ● ~~○~~

Do not enter cents. Round cents to the nearest dollar. 57204.00

Note: Your social security number is used for tax purposes only.

Personal information

Complete the personal information as instructed using CAPITAL letters and black ink. Use one block per letter, including using a space between address fields. Please write clearly, otherwise this can delay processing your return.

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 DC Form D-65.

Assembling your D-65 return

- Do not staple or otherwise damage the Bar Code located in the upper right hand corner of this form or schedule(s) being attached;
- Do not cross out the tax year on the 2010 return. If you are not filing a 2010 D-65 Partnership Return, do not use this booklet. Request a booklet for the specific year you are filing by calling our Forms Center at (202) 442-6546, or visit the Customer Service Center at 1101 4th Street, SW, FL2, Washington, DC 20024. You may also visit our website at www.taxpayerservicecenter.com for prior year partnership returns.

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.