# Notice

As a rule, the starting point for your Arizona return is your federal taxable income. This is the case for 2010, except for changes Congress made to the federal tax code during 2010 and how the changes affect how you figure your federal taxable income.

When federal changes are made, the Arizona legislature must adopt those changes if the Arizona starting points are to be kept the same. The legislature will address this issue when it is in session during 2011. We must publish these forms before this issue will be addressed by the legislature. When we went to print, Arizona had not yet adopted any federal tax law changes made after January 1, 2010.

**What does this mean to you? It means that if any of the federal law changes made in 2010 apply to your 2010 return, you can opt to file your 2010 return using one of the following methods.**

**1.** You can wait and file your 2010 return after this issue has been addressed.

- To do this, you may need to ask for a filing extension. You must pay 90% of the tax due by the due date of the return before any extension.

**2.** You can file your 2010 return assuming that the federal law changes will be adopted.

**If you opt for method 2, one of the following will apply.**

- If Arizona adopts those changes, you do not have to do anything more.
- If Arizona does not adopt all those changes, you may need to amend your 2010 Arizona return. Your amended return will have to show the difference between the Arizona law and the federal law. If this happens, we will post more details at http://www.azdor.gov, you will need to click on the link for 2010 conformity.

**3.** You can file your 2010 return assuming that we will not adopt the federal law changes. If you opt for this method, you will have to do the following.

- You will have to research all of the federal changes made after January 1, 2010.
- You will have to figure out if any of those changes apply to you.
- You will have figure out how to make adjustments for those changes on your return.

**If you opt for method 3, one of the following will apply.**

- If Arizona does not adopt those changes, you do not have to do anything more.
- If Arizona adopts those changes, you may need to amend your 2010 Arizona return. Your amended return will have to show the difference between what you reported and what you should have reported. If this happens, we will post more details at http://www.azdor.gov, you will need to click on the link for 2010 conformity.

**ARIZONA FORM 165**

# Arizona Partnership Income Tax Return

**2010**

For the calendar year 2010 or fiscal year beginning M M D D Y Y Y Y and ending M M D D Y Y Y Y.

| CHECK ONE: Original ☐ Amended ☐ | | | CHECK ONE: Calendar year ☐ Fiscal year ☐ |
|---|---|---|---|
| Business telephone number | Please Type or Print | Name | Employer identification number (EIN) |
| | | Number and street or PO Box | |
| Business activity code number (from federal Form 1065) | | City, or town, state, and ZIP code | AZ transaction privilege tax number |

68 Check box if: ☐ This is a first return ☐ Name change ☐ Address change

82 CHECK BOX IF: Return filed under extension. 82 E ☐

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.

81 66

A DBA _____

B Will a composite return be filed on Form 140NR? ☐ Yes ☐ No

C Total number of nonresident individual partners _____

D Total number of resident individual partners _____

E Total number of entity partners (see instructions, page 2) _____

F Date business commenced .

G Arizona apportionment - (check only one) Multistate partnerships only.
☐ AIR Carrier ☐ STANDARD Sales Factor ☐ ENHANCED Sales Factor

| | YES | NO |
|---|---|---|
| H Is this the partnership's final return? | | |
| I Did you file 2008 and 2009 Arizona partnership returns? If no, state reason _____ | | |
| J Have you filed amended federal partnership returns for prior years? | | |
| If yes, list years _____ | | |
| K Have you attached a copy of your federal Form 1065 and supporting schedules to this return, including Schedule(s) K-1? | | |
| L Has the Internal Revenue Service made any adjustments in any federal income tax return filed by the partnership not previously reported to the department? If yes, indicate year(s) _____ , and submit under separate cover a copy of the IRS report as finally determined | | |

M The partnership books are in care of: located at:

**Adjustment of Partnership Income From Federal to Arizona Basis**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Federal ordinary business and rental income - *from Form 1065, Schedule K. See instructions* | | | | 1 | 00 |
| **Schedule A - Additions to Partnership Income** | | | | | | |
| A1 | Total federal depreciation | A1 | | 00 | | |
| A2 | Non-Arizona municipal bond interest | A2 | | 00 | | |
| A3 | Capital investment by certified defense contractor | A3 | | 00 | | |
| A4 | Additions related to Arizona tax credits | A4 | | 00 | | |
| A5 | Other additions to partnership income | A5 | | 00 | | |
| 2 | Total additions to partnership income - *add lines A1 through A5* | | | | 2 | 00 |
| 3 | Subtotal - *add lines 1 and 2* | | | | 3 | 00 |
| **Schedule B - Subtractions From Partnership Income** | | | | | | |
| B1 | Recalculated Arizona depreciation - *see instructions* | B1 | | 00 | | |
| B2 | Basis adjustment for property sold or otherwise disposed of during the taxable year - *see instructions* | B2 | | 00 | | |
| B3 | Interest from U.S. government obligations | B3 | | 00 | | |
| B4 | Difference in adjusted basis of property | B4 | | 00 | | |
| B5 | Agricultural crops charitable contribution - *see instructions* | B5 | | 00 | | |
| B6 | Capital investment by certified defense contractor | B6 | | 00 | | |
| B7 | Sale of new energy efficient residence(s) - *see instructions* | B7 | | 00 | | |
| B8 | Other subtractions from partnership income | B8 | | 00 | | |
| 4 | Total subtractions from partnership income - *add lines B1 through B8* | | | | 4 | 00 |
| 5 | Partnership income adjusted to Arizona basis - *subtract line 4 from line 3* | | | | 5 | 00 |
| 6 | Net adjustment of partnership income from federal to Arizona basis - *subtract line 1 from line 5* | | | | 6 | 00 |

**Penalty**

| | | | |
|---|---|---|---|
| 7 | Penalty for late filing or incomplete filing - *see instructions* | 7 | 00 |

## Schedule C - Apportionment Formula (Multistate Partnerships Only)

See instructions, pages 7 and 8.

NOTE: Qualifying air carriers must use Schedule ACA

| | Column A Total Within Arizona Round to the Nearest Dollar | Column B Total Everywhere Round to the Nearest Dollar | Column C Ratio Within Arizona A ÷ B |
|---|---|---|---|
| C1 Property Factor | | | |
| Value of real and tangible personal property (by averaging the value of owned property used at the beginning and end of the tax period; rented property at capitalized value) | | | |
| a. Owned property (at original cost): | | | |
| Inventories | | | |
| Depreciable assets - (do not include Construction in Progress) | | | |
| Land | | | |
| Other assets - (describe) _____ | | | |
| Less: Nonbusiness property (if included in above totals) | ( ) | ( ) | |
| Total of section a | | | |
| b. Rented property (capitalize at 8 times net rental paid) | | | |
| c. Total owned and rented property (section a total plus section b) | | | • |
| C2 Payroll Factor | | | |
| Total wages, salaries, commissions and other compensation to employees (per federal Form 1065 or payroll reports) | | | • |
| C3 Sales Factor | | | |
| a. Sales delivered or shipped to Arizona purchasers | | | |
| b. Other gross receipts | | | |
| c. Total sales and other gross receipts | | | |
| d. Weight Arizona sales - *(STANDARD uses X 2; ENHANCED uses X 8)* | X 2 OR X 8 | | |
| e. Sales factor (for column A - multiply item c by item d; for column B - enter the amount from item c) | | | • |
| C4 Total ratio - add C1(c), C2, and C3(e), in column C | | | • |
| C5 Average apportionment ratio - divide line C4, column C, by the denominator (*STANDARD divides by four (4); ENHANCED divides by ten (10)*). Enter the result in column C and on the Arizona Form 165, Schedule K-1(NR) in column (b) | | | • |

## Schedule D - Business Information

Describe briefly the nature and location(s) of the partnership's Arizona business activities:

Describe briefly the nature and location(s) of the partnership's business activities outside of Arizona:

## Schedule E - Partner Information

Prepare a schedule that lists each partner's name, address, TIN, and pro rata share of the amount shown on line 5. Label the listing as "Schedule E - Partner Information" and attach the schedule immediately after page 2 of Form 165.

**Certification**

I, the undersigned partner of the partnership for which this return is made, certify under penalty of perjury, that this return, including the accompanying schedules and statements, has been examined by me and is to the best of my knowledge and belief, a correct and complete return, made in good faith, for the taxable year stated pursuant to the income tax laws of the State of Arizona.

**Please Sign Here**

Partner's signature _____ Date _____ Title _____

**Paid Preparer's Use Only**

Preparer's signature _____ Date _____ Preparer's EIN, PTIN or SSN _____

Firm's name (or preparer's, if self-employed) _____ Firm's ☐ EIN or ☐ SSN _____

Firm's address _____ Zip code _____ Firm's telephone number _____

Attach all schedules to this return including federal Form 1065 and federal Schedule(s) K-1 (Form 1065).

Mail to: Arizona Department of Revenue, PO Box 52153, Phoenix AZ 85072-2153

Print Reset form