



DIVISION OF REVENUE AND TAXATION  
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS



ALLOCATION OF INCOME FOR PARTNERSHIP RETURN

Schedule

1065-CM (See instructions on reverse side)

2016

For calendar year 2016 or tax year beginning \_\_\_\_\_, 2016, ending \_\_\_\_\_, 20

|                                |                     |  |   |
|--------------------------------|---------------------|--|---|
| A Principal business activity  | Type<br>or<br>Print | Name of partnership  | D Employer identification number            |
| B Principal product or service |                     | Number, street, and room or suite no. (If a P.O. box, see the instructions.) | E Date business started                     |
| C Business code number         |                     | City or town, state or province, country, and ZIP or foreign postal code     | F Total assets (see the instructions)<br>\$ |

G Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address Change (5)  Amended return

(6)  Technical termination - also check (1) or (2)

H Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶ \_\_\_\_\_

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ \_\_\_\_\_

J Check if Schedules C and M-3 attached

Caution: Include **only** trade or business income and expenses on lines 1a through 22a below. See the instructions for more information.

| Source of Income and Deductions  |  | A<br>WITHOUT | B<br>WITHIN | C<br>TOTAL |
|--|--|--------------|-------------|------------|
| Income   | 1a Gross receipts or sales . . . . .   | 1a           |             |            |
|  | b Returns and allowances . . . . .   | 1b           |             |            |
|  | c Balance. Subtract line line 1b from line 1a . . . . .  | 1c           |             |            |
|  | 2 Cost of goods sold (attach Form 1125-A) . . . . .  | 2            |             |            |
|  | 3 Gross profit. Subtract line 2 from line 1c . . . . .   | 3            |             |            |
|  | 4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) . . . . . | 4            |             |            |
|  | 5 Net farm profit (loss) (attach Schedule F (Form 1040)) . . . . .                                 | 5            |             |            |
|  | 6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) . . . . .                    | 6            |             |            |
| Deductions (See the instructions for limitations)                        | 7 Other income (loss) (attach statement) . . . . .   | 7            |             |            |
|  | 8 <b>Total income (loss).</b> Combine lines 3 through 7 . . . . .                                  | 8            |             |            |
|  | 9 Salaries and wages (other than to partners) (less employment credits)                            | 9            |             |            |
|  | 10 Guaranteed payments to partners . . . . .   | 10           |             |            |
|  | 11 Repairs and maintenance . . . . .   | 11           |             |            |
|  | 12 Bad debts . . . . .   | 12           |             |            |
|  | 13 Rent . . . . .  | 13           |             |            |
|  | 14 Taxes and licenses . . . . .  | 14           |             |            |
|  | 15 Interest . . . . .  | 15           |             |            |
|  | 16a Depreciation (attach Form 4562) . . . . .  | 16a          |             |            |
|  | b Less depreciation reported on Form 1125-A and elsewhere on return . . . . .                      | 16b          |             |            |
|  | 16c  |              |             |            |
|  | 17 Depletion ( <b>Do not deduct oil and gas depletion</b> ) . . . . .                              | 17           |             |            |
|  | 18 Retirement plans, etc . . . . .   | 18           |             |            |
| 19 Employee benefit programs . . . . .                                   | 19   |              |             |            |
| 20 Other deductions (attach statement) . . . . .                         | 20   |              |             |            |
| 21 <b>Total deductions.</b> Add lines 9 through 20 . . . . .             | 21   |              |             |            |
| 22a <b>Ordinary business income (loss).</b> Subtract line 21 from line 8 | 22a  |              |             |            |
| b Allocable percentage . . . . .   | 22b  | %            | %           |            |
|  |  |              | 100%        |            |

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager \_\_\_\_\_ Date \_\_\_\_\_

May the Division of Revenue and Taxation discuss this return with the preparer shown below (see instructions)?  Yes  No

Paid Preparer Use Only

Print/Type preparer's name \_\_\_\_\_ Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check  if self-employed PTIN \_\_\_\_\_

Firm's name ▶ \_\_\_\_\_ Firm's EIN ▶ \_\_\_\_\_

Firm's address ▶ \_\_\_\_\_ Phone no. \_\_\_\_\_

## Schedule 1065-CM (2016) Instructions

This form shall be used as attachment to Form 1065 (2016), U.S. Return of Partnership Income. The purpose of this form is to allocate the income and expenses of the partnership income based on source of income and related expenses.

1. For lines 1c through 22a, make appropriate source allocation from each line item based upon income source within and without the CNMI. Enter the figure in their respective column.

NOTE: Line 14. BGRT taken as deduction can not be used as a non-refundable credit.

2. For line 22b, make the percentage allocation of the taxable income from each source in proportion to the total taxable income on line 22a by dividing the taxable income from line 22a, columns A and B by the total taxable income from line 22a, column C.

EXAMPLE:

Percentage allocation for line 22b, col. A

Line 22a, column A  
\_\_\_\_\_ = Percentage allocation for line 22b, column A  
Line 22a, column C

Percentage allocation for line 22b, column B

Line 22a, column B  
\_\_\_\_\_ = Percentage allocation for line 22b, column B  
Line 22a, column C

Caution: If the percentage allocation is less than zero, enter zero. If more than 100%, enter only 100%.

3. All other instructions are contained in the regular Form 1065 instruction booklet.
4. Attach Schedule 1065-CM to Form 1065.

NOTE: The Partnership shall properly allocate the income (loss) to each shareholder. Also, all non-refundable credits shall be properly allocated to each shareholder under 4 CMC §1308(b).

However, any Business Gross Revenue Tax taken as a deduction shall not be allowed as a non-refundable credit.