

Return of U.S. Persons With Respect to Certain Foreign Partnerships

2003

Department of the Treasury
Internal Revenue Service

▶ **Attach to your tax return. See separate instructions.**

Information furnished for the foreign partnership's tax year beginning _____, 2003, and ending _____, 20____

Attachment Sequence No. **118**

Name of person filing this return	Filer's identifying number
-----------------------------------	----------------------------

Filer's address (if you are not filing this form with your tax return)	A Category of filer (see Categories of Filers in the instructions and check applicable box(es)): 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/>
	B Filer's tax year beginning _____, 20____, and ending _____, 20____

C Filer's share of liabilities: Nonrecourse \$ _____	Qualified nonrecourse financing \$ _____	Other \$ _____
---	--	----------------

D If filer is a member of a consolidated group but not the parent, enter the following information about the parent:	
Name _____	EIN _____
Address _____	

E Information about certain other partners (see instructions)					
(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Category 1	Category 2	Constructive owner

F1 Name and address of foreign partnership	2 EIN (if any)
	3 Country under whose laws organized

4 Date of organization	5 Principal place of business	6 Principal business activity code number	7 Principal business activity	8a Functional currency	8b Exchange rate (see instr.)
-------------------------------	--------------------------------------	--	--------------------------------------	-------------------------------	--------------------------------------

G Provide the following information for the foreign partnership's tax year:	
1 Name, address, and identifying number of agent (if any) in the United States	2 Check if the foreign partnership must file: <input type="checkbox"/> Form 1042 <input type="checkbox"/> Form 8804 <input type="checkbox"/> Form 1065 or 1065-B Service Center where Form 1065 or 1065-B is filed:
3 Name and address of foreign partnership's agent in country of organization, if any	4 Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different

5 Were any special allocations made by the foreign partnership? ▶ **Yes** **No**

6 Number of foreign disregarded entities owned by the partnership (*attach list*) ▶

7 How is this partnership classified under the law of the country in which it is organized? . . . ▶

8 Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3) or (4)? . . . ▶ **Yes** **No**

9 Does this partnership meet **both** of the following requirements?
 • The partnership's total receipts for the tax year were less than \$250,000 and
 • The value of the partnership's total assets at the end of the tax year was less than \$600,000. } ▶ **Yes** **No**
 If "Yes," **do not** complete Schedules L, M-1, and M-2.

Sign Here Only If You Are Filing This Form Separately and Not With Your Tax Return	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) is based on all information of which preparer has any knowledge.			
	▶ _____ Signature of general partner or limited liability company member	▶ _____ Date		
Paid Preparer Sign and Complete Only If Form is Filed Separately.	Preparer's signature ▶ _____	Date _____	Check if self-employed ▶ <input type="checkbox"/>	Preparer's SSN or PTIN _____
	Firm's name (or yours if self-employed), address, and ZIP code ▶ _____	EIN ▶ _____	Phone no. () _____	

Schedule A

Constructive Ownership of Partnership Interest. Check the boxes that apply to the filer. If you check box **b**, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.

a Owns a direct interest **b** Owns a constructive interest

Table with 5 columns: Name, Address, Identifying number (if any), Check if foreign person, Check if direct partner. Multiple empty rows for data entry.

Schedule A-1

Certain Partners of Foreign Partnership (see instructions)

Table with 4 columns: Name, Address, Identifying number (if any), Check if foreign person. Multiple empty rows for data entry.

Does the partnership have any other foreign person as a direct partner? **Yes** **No**

Schedule A-2

Affiliation Schedule. List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a 10% interest.

Table with 5 columns: Name, Address, EIN (if any), Total ordinary income or loss, Check if foreign partnership. Multiple empty rows for data entry.

Schedule B

Income Statement—Trade or Business Income

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

Main income statement table with rows for Income (1a-8) and Deductions (9-21). Includes columns for amounts and a shaded column for limitations. Line 22 is Ordinary income (loss).

Schedule D Capital Gains and Losses

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year. Subtract (e) from (d)	(g) Post-May 5, 2003, gain or (loss) (see below)
1						
2 Short-term capital gain from installment sales from Form 6252, line 26 or 37						
3 Short-term capital gain (loss) from like-kind exchanges from Form 8824						
4 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts						
5a Combine lines 1 through 4 in column (g). Enter here and on Form 8865, Schedule K, line 4d(1)						
5b Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 8865, Schedule K, line 4d(2) or 7						

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year. Subtract (e) from (d)	(g) Post-May 5, 2003, gain or (loss) (see below)
6						
7 Long-term capital gain from installment sales from Form 6252, line 26 or 37						
8 Long-term capital gain (loss) from like-kind exchanges from Form 8824						
9 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts						
10 Capital gain distributions						
11 Combine lines 6 through 10 in column (g). Enter here and on Schedule K, line 4e(1) or 7						
12 Net long-term capital gain or (loss). Combine lines 6 through 10 in column (f). Enter here and on Form 8865, Schedule K, line 4e(2) or 7						

***Note:** Include in column (g) gains and losses from column (f) from sales, exchanges, or conversions (including installment payments received) **after** May 5, 2003. However, **do not** include gain attributable to unrecaptured section 1250 gain, "collectibles gains and losses" (as defined on page 12 of the instructions), or the eligible gain on qualified small business stock.

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

		(a) Distributive share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (enter from Schedule B, line 22)	1	
	2	Net income (loss) from rental real estate activities (<i>attach Form 8825</i>)	2	
	3a	Gross income from other rental activities	3a	
	b	Expenses from other rental activities (<i>attach schedule</i>).	3b	
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss):		
	a	Interest income	4a	
	b	Dividends: (1) Qualified dividends ▶ (2) Total ordinary dividends ▶	4b(2)	
	c	Royalty income	4c	
	d	(1) Net short-term capital gain (loss) post-May 5, 2003	4d(1)	
		(2) Net short-term capital gain (loss) (entire year)	4d(2)	
	e	(1) Net long-term capital gain (loss) post-May 5, 2003	4e(1)	
		(2) Net long-term capital gain (loss) (entire year)	4e(2)	
	f	Other portfolio income (loss) (<i>attach schedule</i>)	4f	
	5 Guaranteed payments to partners	5		
	6a Net section 1231 gain (loss) post-May 5, 2003 (<i>attach Form 4797</i>)	6a		
	b Net section 1231 gain (loss) (entire year) (<i>attach Form 4797</i>)	6b		
	7 Other income (loss) (<i>attach schedule</i>)	7		
Deductions	8	Charitable contributions (<i>attach schedule</i>)	8	
	9	Section 179 expense deduction	9	
	10	Deductions related to portfolio income (itemize)	10	
	11	Other deductions (<i>attach schedule</i>)	11	
Credits	12a	Low-income housing credit:		
		(1) From partnerships to which section 42(j)(5) applies	12a(1)	
		(2) Other than on line 12a(1)	12a(2)	
	b	Qualified rehabilitation expenditures related to rental real estate activities (<i>attach Form 3468</i>)	12b	
	c	Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d		
	13 Other credits	13		
Investment Interest	14a	Interest expense on investment debts	14a	
	b	(1) Investment income included on lines 4a, 4b(2), 4c, and 4f above	14b(1)	
		(2) Investment expenses included on line 10 above.	14b(2)	
Self-Employment	15a	Net earnings (loss) from self-employment	15a	
	b	Gross farming or fishing income	15b	
	c	Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a	Depreciation adjustment on property placed in service after 1986	16a	
	b	Adjusted gain or loss	16b	
	c	Depletion (other than oil and gas)	16c	
	d	(1) Gross income from oil, gas, and geothermal properties	16d(1)	
		(2) Deductions allocable to oil, gas, and geothermal properties.	16d(2)	
	e Other adjustments and tax preference items (<i>attach schedule</i>)	16e		

Schedule K (continued)

		(a) Distributive share items	(b) Total amount	
Foreign Taxes	17a	Name of foreign country or U.S. possession ▶		
	b	Gross income from all sources	17b	
	c	Gross income sourced at the partner level	17c	
	d	Foreign gross income sourced at the partnership level:		
	(1)	Passive	17d(1)	
	(2)	Listed categories (attach schedule)	17d(2)	
	(3)	General limitation	17d(3)	
	e	Deductions allocated and apportioned at the partner level:		
	(1)	Interest expense	17e(1)	
	(2)	Other	17e(2)	
	f	Deductions allocated and apportioned at the partnership level to foreign source income:		
(1)	Passive	17f(1)		
(2)	Listed categories (attach schedule)	17f(2)		
(3)	General limitation	17f(3)		
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	17g		
h	Reduction in taxes available for credit (attach schedule)	17h		
Other	18	Section 59(e)(2) expenditures: a Type ▶	b Amount ▶	18b
	19	Tax-exempt interest income		19
	20	Other tax-exempt income		20
	21	Nondeductible expenses		21
	22	Distributions of money (cash and marketable securities)		22
	23	Distributions of property other than money		23
	24	Other items and amounts required to be reported separately to partners (attach schedule)		

Schedule L Balance Sheets per Books (Not required if Question G9, page 1, is answered "Yes.")

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1	Cash			
2a	Trade notes and accounts receivable			
b	Less allowance for bad debts			
3	Inventories			
4	U.S. government obligations			
5	Tax-exempt securities			
6	Other current assets (attach schedule)			
7	Mortgage and real estate loans			
8	Other investments (attach schedule)			
9a	Buildings and other depreciable assets			
b	Less accumulated depreciation			
10a	Depletable assets			
b	Less accumulated depletion			
11	Land (net of any amortization)			
12a	Intangible assets (amortizable only)			
b	Less accumulated amortization			
13	Other assets (attach schedule)			
14	Total assets			
Liabilities and Capital				
15	Accounts payable			
16	Mortgages, notes, bonds payable in less than 1 year			
17	Other current liabilities (attach schedule)			
18	All nonrecourse loans			
19	Mortgages, notes, bonds payable in 1 year or more			
20	Other liabilities (attach schedule)			
21	Partners' capital accounts			
22	Total liabilities and capital			

Schedule M Balance Sheets for Interest Allocation

	(a) Beginning of tax year	(b) End of tax year
1 Total U.S. assets		
2 Total foreign assets:		
a Passive income category		
b Listed categories (<i>attach schedule</i>)		
c General limitation income category		

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (Not required if Question G9, page 1, is answered "Yes.")

1 Net income (loss) per books			6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):		
2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize):			a Tax-exempt interest \$		
3 Guaranteed payments (other than health insurance)			7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):		
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):			a Depreciation \$		
a Depreciation \$			8 Add lines 6 and 7		
b Travel and entertainment \$			9 Income (loss). Subtract line 8 from line 5		
5 Add lines 1 through 4					

Schedule M-2 Analysis of Partners' Capital Accounts (Not required if Question G9, page 1, is answered "Yes.")

1 Balance at beginning of year			6 Distributions: a Cash		
2 Capital contributed:			b Property		
a Cash			7 Other decreases (itemize):		
b Property			8 Add lines 6 and 7		
3 Net income (loss) per books			9 Balance at end of year. Subtract line 8 from line 5		
4 Other increases (itemize):					
5 Add lines 1 through 4					

Schedule N Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities

Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

Transactions of foreign partnership	(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
1 Sales of inventory				
2 Sales of property rights (patents, trademarks, etc.)				
3 Compensation received for technical, managerial, engineering, construction, or like services				
4 Commissions received . . .				
5 Rents, royalties, and license fees received . . .				
6 Distributions received . . .				
7 Interest received				
8 Other				
9 Add lines 1 through 8 . . .				
10 Purchases of inventory . . .				
11 Purchases of tangible property other than inventory				
12 Purchases of property rights (patents, trademarks, etc.)				
13 Compensation paid for technical, managerial, engineering, construction, or like services				
14 Commissions paid				
15 Rents, royalties, and license fees paid				
16 Distributions paid				
17 Interest paid				
18 Other				
19 Add lines 10 through 18 . .				
20 Amounts borrowed (enter the maximum loan balance during the year)—see instructions				
21 Amounts loaned (enter the maximum loan balance during the year)—see instructions				

