

SCHEDULE M-3
(Form 1065 or 1065-B)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation
for Certain Partnerships

▶ **Attach to Form 1065 or Form 1065-B.**
▶ **See separate instructions.**

OMB No. 1545-0123

2006

| | |
|---------------------------|--------------------------------------|
| Name of partnership _____ | Employer identification number _____ |
|---------------------------|--------------------------------------|

This Schedule M-3 is being filed because (check all that apply):

- A** The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B** The amount of the partnership's adjusted total assets for the year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year _____.
- C** The amount of total receipts for the taxable year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year _____.
- D** An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

| Name of Reportable Entity Partner | Identifying Number | Maximum Percentage of Deemed Ownership |
|-----------------------------------|--------------------|--|
| | | |
| | | |

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Part I Financial Information and Net Income (Loss) Reconciliation

- 1a** Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
 - Yes.** Skip lines 1b and 1c and complete lines 2a through 10 with respect to that SEC Form 10-K.
 - No.** Go to line 1b.
- b** Did the partnership prepare a certified audited income statement for that period?
 - Yes.** Skip line 1c and complete lines 2a through 10 with respect to that income statement.
 - No.** Go to line 1c.
- c** Did the partnership prepare an income statement for that period?
 - Yes.** Complete lines 2a through 10 with respect to that income statement.
 - No.** Skip lines 2a through 2c and enter the partnership's net income (loss) per its books and records on line 3.

2a Enter the income statement period: Beginning ____ / ____ / ____ Ending ____ / ____ / ____

- b** Has the partnership's income statement been restated for the income statement period on line 2a?
 - Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
 - No.**
- c** Has the partnership's income statement been restated for any of the five income statement periods preceding the period on line 2a?
 - Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
 - No.**

| | | |
|--|-----------|------------------------|
| 3 Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 | 3 | |
| 4a Net income from nonincludible foreign entities (attach schedule) | 4a | () |
| b Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount) | 4b | |
| 5a Net income from nonincludible U.S. entities (attach schedule) | 5a | () |
| b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount) | 5b | |
| 6a Net income of other includible entities (attach schedule) | 6a | |
| b Net loss of other includible entities (attach schedule) | 6b | |
| 7 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule) | 7 | |
| 8 Adjustment to reconcile income statement period to tax year (attach schedule) | 8 | |
| 9 Other adjustments to reconcile to amount on line 10 (attach schedule) | 9 | |
| 10 Net income (loss) per income statement of the partnership. Combine lines 3 through 9 | 10 | |

Name of partnership

Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per Return

| Income (Loss) Items | (a) Income (Loss) per Income Statement (optional) | (b) Temporary Difference | (c) Permanent Difference | (d) Income (Loss) per Tax Return (optional) |
|---------------------|---|--------------------------------|--------------------------------|--|
| 1 | Income (loss) from equity method foreign corporations | | | |
| 2 | Gross foreign dividends not previously taxed | | | |
| 3 | Subpart F, QEF, and similar income inclusions | | | |
| 4 | Gross foreign distributions previously taxed | | | |
| 5 | Income (loss) from equity method U.S. corporations | | | |
| 6 | U.S. dividends | | | |
| 7 | Income (loss) from U.S. partnerships (attach schedule) | | | |
| 8 | Income (loss) from foreign partnerships (attach schedule) | | | |
| 9 | Income (loss) from other pass-through entities (attach schedule) | | | |
| 10 | Items relating to reportable transactions (attach details) | | | |
| 11 | Interest income | | | |
| 12 | Total accrual to cash adjustment | | | |
| 13 | Hedging transactions | | | |
| 14 | Mark-to-market income (loss) | | | |
| 15 | Cost of goods sold | | | |
| 16 | Sale versus lease (for sellers and/or lessors) | | | |
| 17 | Section 481(a) adjustments | | | |
| 18 | Unearned/deferred revenue | | | |
| 19 | Income recognition from long-term contracts | | | |
| 20 | Original issue discount and other imputed interest | | | |
| 21a | Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities | | | |
| b | Gross capital gains from Schedule D, excluding amounts from pass-through entities | | | |
| c | Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses | | | |
| d | Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses | | | |
| e | Abandonment losses | | | |
| f | Worthless stock losses (attach details) | | | |
| g | Other gain/loss on disposition of assets other than inventory | | | |
| 22 | Other income (loss) items with differences (attach schedule) | | | |
| 23 | Total income (loss) items. Combine lines 1 through 22 | | | |
| 24 | Total expense/deduction items (from Part III, line 29) | | | |
| 25 | Other income (loss) and expense/deduction items with no differences | | | |
| 26 | Reconciliation totals. Combine lines 23 through 25 | | | |

Note. Line 26, column (a), must equal the amount on Part I, line 10, and column (d) must equal Form 1065, page 4, Analysis of Net Income (Loss), line 1.

Name of partnership

Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

| Expense/Deduction Items | (a) Expense per Income Statement (optional) | (b) Temporary Difference | (c) Permanent Difference | (d) Deduction per Tax Return (optional) |
|---|--|--------------------------------|--------------------------------|--|
| 1 State and local current income tax expense | | | | |
| 2 State and local deferred income tax expense | | | | |
| 3 Foreign current income tax expense (other than foreign withholding taxes) | | | | |
| 4 Foreign deferred income tax expense | | | | |
| 5 Equity-based compensation | | | | |
| 6 Meals and entertainment | | | | |
| 7 Fines and penalties | | | | |
| 8 Judgments, damages, awards, and similar costs | | | | |
| 9 Guaranteed payments | | | | |
| 10 Pension and profit-sharing | | | | |
| 11 Other post-retirement benefits | | | | |
| 12 Deferred compensation | | | | |
| 13 Charitable contribution of cash and tangible property | | | | |
| 14 Charitable contribution of intangible property | | | | |
| 15 Organizational expenses as per 1.709-2(a) | | | | |
| 16 Syndication expenses as per 1.709-2(b) | | | | |
| 17 Current year acquisition/reorganization investment banking fees | | | | |
| 18 Current year acquisition/reorganization legal and accounting fees | | | | |
| 19 Amortization/impairment of goodwill | | | | |
| 20 Amortization of acquisition, reorganization, and start-up costs | | | | |
| 21 Other amortization or impairment write-offs | | | | |
| 22 Section 198 environmental remediation costs | | | | |
| 23a Depletion—Oil & Gas | | | | |
| b Depletion—Other than Oil & Gas | | | | |
| 24 Depreciation | | | | |
| 25 Bad debt expense | | | | |
| 26 Interest expense | | | | |
| 27 Purchase versus lease (for purchasers and/or lessees) | | | | |
| 28 Other expense/deduction items with differences (attach schedule) | | | | |
| 29 Total expense/deduction items. Combine lines 1 through 28. Enter here and on Part II, line 24 | | | | |