



COMPUTATION OF PARTNERSHIP GROSS BUSINESS PROFITS

NAME AND TAXPAYER IDENTIFICATION NUMBER

Enter the business organization's name and taxpayer identification number (Social Security Number (SSN), Federal Employer Identification Number (FEIN), or Department Identification Number (DIN)) in the spaces provided.

Enter the beginning and ending dates of the taxable period.

LINES 1(a)-1(r), AND 2 - INCOME AND DEDUCTIONS TO DETERMINE PARTNERSHIP GROSS BUSINESS PROFITS

LINE 1(a)

Enter ordinary business income (loss), from Schedule K, Line 1.

LINE 1(b)

Schedule K, Line 2 rental income (loss) is reported on Line 1(b).

LINE 1(c)

Schedule K, Line 3(c) Other rental income (loss) not from a rental activity not reported on Form 8825. The net income (loss) is reported on Line 1(c). The gain or loss from the sale of an asset used as a rental is as reported on Line 17 on Federal Form 4797 is also reported on this line.

LINE 1(d)

Schedule K, Line 4(c) Guaranteed payments to partners. This line includes payments for salaries, health insurance, and interest paid to a partner that is deducted by the partnership, deferred compensation plans are not included here. Some payments may be capital in nature. Generally, payments to partners related to passive activities are not included here. All guaranteed payments are added back on Line 1(d). Payments to partners that are considered business expenses of the partnership may be deducted as business expenses on the DP-120-P or may be considered as compensation paid based on the reasonable compensation deduction of the partnership allowed on Line 12(c) of the Form NH-1120-WE.

LINE 1(e)

Schedule K, Line 5 Interest income is related to portfolio investments and is reported on Line 1(e).

LINE 1(f)

Schedule K, Line 6(a) Dividend income is reported on Line 1(f).

LINE 1(g)

Schedule K, Line 7 Royalty income received by the partnership is reported on Line 1(g).

LINE 1(h)

Schedule K, Line 8 Short term capital gain net of losses but not less than zero is reported on Line 1(h).

LINE 1(i)

Schedule K, Line 9(a) Long term capital gains net of losses, but not less than zero, are reported on Line 1(i).

LINE 1(j)

Schedule K, Line 10 Gains or losses from the sale of assets used in the business (1231 assets) are reported on Line 1(j).

LINE 1(k)

Schedule K, Line 11 Any other item of income (loss) not reported above is reported here. Such items as other portfolio income not reported as interest, ordinary dividends, royalty, and capital gain (loss) on prior add backs to partnership income are reported on Line 1(k). Cancellation of Debt that has been recognized by the partners is recognized as income to the partnership on Line 1(k). IRC §108, if applicable, may result in non-recognition of debt forgiveness.

LINE 1(l)

Enter the amount of any other item of income (loss) not reported on Federal Form 1065, Schedule K, that should be included in gross business profits.

LINE 1(m)

Schedule K, Line 12 Deduction for the amount IRC §179 reported on Federal Form 1065.

LINE 1(n)

Schedule K, Line 13a and 13b. Deductions for contributions to tax exempt organizations by partnerships are based on the limitations placed on individuals by the Internal Revenue Code. Partnerships are not allowed to deduct contributions unless the contributions are considered business expenses. Report contributions that are business expenses on Line 1(n). Contributions not deductible as a business expense may be considered as compensation paid based on the reasonable compensation deduction of the partnership allowed on Line 12(c) of NH-1120-WE.



COMPUTATION OF PARTNERSHIP GROSS BUSINESS PROFITS (continued)

LINE 1(o)

Schedule K, Line 13c. Investment interest expense relates to assets held by the partnership that are intangible. This is deductible on the BPT if the assets or debt is associated with the production of income for the partnership. Debt incurred by the partnership for the purpose of distributing the borrowed funds to the partners is not incurred for the benefit of the partnership and therefore the interest expense related to the debt finances distribution is not a deductible business expense of the partnership. Report on Line 1(o).

LINE 1(p)

Schedule K, Line 13d(2). IRC §59(e)(2) expenditures are deductible and reported on Line 1(p).

LINE 1(q)

Schedule K, Line 13e. This line includes only business expenses allowed deductions for BPT adjustment not reported on Lines 13a, 13b, 13c, or 13d. Report these expenses on Line 1(q). Non allowed expenses are such items as dependent care expenses, charitable contributions, and educational assistance benefits. These disallowed expenses not deductible as a business expense may be considered as compensation paid based on the reasonable compensation deduction of the partnership allowed on Line 12(c) of Form NH-1120-WE Additions and Deductions.

LINE 1(r)

Schedule K, Line 21 foreign taxes paid or accrued are deductions that have been sourced at the partner level which the state would source back to the partnership. Foreign taxes paid would be an add back to income (see NH-1120-WE, Line 12(d)).

LINE 2

Combine Lines 1(a) through 1(l) and from the result subtract the sum of Lines 1(m) through 1(r). Report on NH-1120-WE, Schedule 1-A, Line 3.