

Practice Tax Return # 12 Tax Year 2011

Before starting this practice return, review the General Instructions.

Issues: This 2011 practice tax return is for a partnership.

Facts:

PARTNERSHIP TAX RETURN

Partnership General Information: The Employer Identification Number (EIN) is 40-0003012, the legal name of the partnership is Lakeside Fertilizer Mfg., and the address is 1234 University Ave. Gainesville, FL 32611 (Alachua County). The phone number is 904-222-2222. Lakeside manufactures fertilizer, and its principal business code number is 325300. Lakeside (a domestic general partnership) started business in Florida on May 12, 2000, and it uses the accrual method of accounting. Lakeside is a general partnership. John Lake and Fred Lake were the only partners in 2011, and they were both actively involved in the business.

The information to prepare the tax return for Lakeside is presented in the following tables.

Partner Information:

Partner Information		
Social Security Number	400002001	400002002
Name	John Lake	Fred Lake
Address	888 Vinyl Rd	1015 Siding Way
ZIP, city, state	32611, Gainesville, FL	32611, Gainesville, FL
Resident state	Florida	Florida
Type of partner	General	General
Type of partner	Domestic (US Citizen)	Domestic (US Citizen)
Type of partner	Individual	Individual
Partners' beginning capital account	220,380	220,381
Distribution (6/30/2011)	65,000	65,000

Profit, Loss, and Capital Percentages			
	Profit	Loss	Capital
John Lake	50	50	50
Fred Lake	50	50	50

Income and Deductions:

Income	
Gross receipts or sales	885,000
Returns and allowances	30,271
Deductions	
Salaries and wages	54,000
Repairs and maintenance	11,000
Rents	36,000
Retirement plans	4,000
Employee benefit programs	6,000
Ordinary dividends	4,000
Qualified dividends	1,000

Taxes and Licenses:

Taxes and Licenses	
Local property taxes	7,000
Payroll Taxes	8,000
Licenses	2,000

Other Deductions:

Other Deductions	
Accounting	2,700
Advertising	2,500
Insurance - Building and Equipment	6,500
Insurance - Liability	4,000
Insurance - Workers' Compensation	7,200
Janitorial	11,250
Legal and Professional	6,000
Office Expense	1,300
Postage/Shipping	2,000
Supplies	6,500
Telephone	1,000
Utilities	8,400

Cost of Goods Sold:

Line	Date entry	Description	Amount
1	Inventory - beginning of year		147,600
2	Purchases		351,000
3	Cost of labor		143,000
4	Additional section 263A	Warehousing	7,000
5	Other costs	Utilities	16,000
		Professional fees	6,000
		Miscellaneous	5,000
7	Inventory - end of year		147,600
9a	Method used for valuing inventory	Lower of cost or market	
9d	Do 263A rules apply?	Yes	
9e	Was there a change in determining inventories?	No	

Charitable Contributions:

Charity	Amount
United Way	3,000
Relay for Life	3,000

Balance Sheet:

Item	Beginning of year	End of year
Assets		
Cash	132,557	102,461
Trade notes & accounts receivable	162,115	210,000
Less allowance for bad debt	1,000	1,000
Inventories	147,600	147,600
Tax-exempt securities	100,000	100,000
Building and other depreciable assets	317,000	317,000
Less accumulated depreciation	168,721	188,447
Total Assets	689,551	687,614

Liabilities and Capital

Item	Beginning of year	End of year
Accounts payable	123,266	125,000
Payables less than 1 year	8,000	8,000
Other current liabilities (profit sharing)	5,800	5,800
Payables more than one year	111,724	100,000
Partners' capital accounts	440,761	448,814
Total Liabilities and Capital	689,551	687,614

The partnership owns a warehouse at 222 Vinyl Drive, Gainesville, FL 32611. The income from this property is considered self-employment income. Mark the appropriate box on screen **8825**. Mark the box "Check to include in self-employment income."

Rental Activity for Warehouse	
Gross rents	24,000
Taxes	1,800
Utilities	1,800

The 2011 Depreciation Detail Listing for Lakeside Fertilizer MFG. is presented on the following page. There were no depreciable assets acquired in 2011. Following the Depreciation Detail Listing are screen shots of the Drake Software input screens.

Depreciation Detail Listing

FORM 1065

For your records only

2011

PAGE 1

* Item was disposed
of during current year.

Name(s) as shown on return

Social security number/EIN

LAKESIDE FERTILIZER MFG

40-0003012

No.	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	Bonus depreciation	AMT Current
1	CHEMICAL MIXER	20060615	67,000		100.00		67,000	7	S/L HY	14.286	9,571	57,427			9,571
2	TRUCK	20090515	35,000		100.00		23,940	5	200 DB HY	19.2	2,950	18,910		PY 11,060	2,950
3	FORKLIFT	20041122	65,000		100.00		65,000	7	S/L MQ	14.286		65,000			
4	WAREHOUSE	20020515	125,000		100.00		125,000	39	S/L MM	2.564	3,205	32,050			3,205
5	2010 FORD F-150	20100915	25,000		100.00		12,500	5	200 DB HY	32	4,000	15,060		PY 11,060	4,000
Totals			317,000				293,440				19,726	188,447			19,726

Land Amount
Net Depreciable Cost

317,000

ST ADJ:

(461)

Form 4562

For:

1065, COGS, F, 8825, RENT, 754

Use <F3> to switch to grid mode

Multi-form code:

(1-999; 1 is assumed if left blank)

Description	Date Acquired	Cost / Basis	Business % Use	Used Prop	Listed Prop Type
CHEMICAL MIXER	06-15-2006	67000		<input type="checkbox"/>	
	Federal	State (if different)	AMT (if different)	Book (if different)	
Method.....	<input type="text" value="SL"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Life.....	<input type="text" value="7"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Prior depreciation.....	<input type="text" value="47856"/>	<input type="text" value="47856"/>	<input type="text" value="47856"/>	<input type="text" value="47856"/>	
Salvage value.....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Override regular depreciation.....	= <input type="text"/>	= <input type="text"/>	= <input type="text"/>	= <input type="text"/>	
179 expense elected this year.....	= <input type="text"/>	= <input type="text"/>	= <input type="text"/>	= <input type="text"/>	
179 expense allowed this year.....	= <input type="text"/>	= <input type="text"/>	= <input type="text"/>	= <input type="text"/>	
179 expense elected in prior years.....	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text"/>	<input type="text" value="0"/>	
179 expense allowed in prior years.....	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text"/>	<input type="text" value="0"/>	
Bonus depreciation Additional Depr Elections	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Prior bonus depreciation. Safe Harbor... <input type="text"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text"/>	<input type="text" value="0"/>	
Other Information					
Investment credit code.....	<input type="text"/>	If sold: RSVD <input type="text"/> F <input type="checkbox"/> ST <input type="text"/> RSVD <input type="text"/>			
Asset number.....	<input type="text"/>	Date sold.....	<input type="text"/>		
Department number.....	<input type="text"/>	Property type.....	12 <input type="text"/>		
Asset Category.....	<input type="text"/>	Sales price.....	<input type="text"/>		
Land cost.....	<input type="text"/>	Expense of sale.....	<input type="text"/>		
<input type="checkbox"/> Recapture because business use dropped to 50% or less		Form 4797, line 26d depreciation.....	<input type="text"/>		
<input type="checkbox"/> Reserved		Form 4797, other Part III depreciation.....	<input type="text"/>		
Amortization Information					
Amortization code section.....	<input type="text"/>	Depreciation allowed or allowable.....	<input type="text"/>		
<input type="checkbox"/> Elect additional first-year deduction		Group Sale Information			
State-Specific Information					
State	Asset type	ITC code	State basis (if different)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		
Group sale number..... <input type="text"/>					
Group sales price..... <input type="text"/>					
Group expense of sale..... <input type="text"/>					

Form 4562

For: **1065, COGS, F, 8825, RENT, 754**
 Multi-form code: **(1-999; 1 is assumed if left blank)**

Use <F3> to switch to grid mode

Description	Date Acquired	Cost / Basis	Business % Use	Used Prop	Listed Prop Type
TRUCK	05-15-2009	35000		<input type="checkbox"/>	T

	Federal	State (if different)	AMT (if different)	Book (if different)
Method.....	M			
Life.....	5			
Prior depreciation.....	4900	4900	15960	4900
Salvage value.....				
Override regular depreciation.....	=	=	=	=
179 expense elected this year.....	=	=	=	=
179 expense allowed this year.....	=	=	=	=
179 expense elected in prior years.....	0	0		0
179 expense allowed in prior years.....	0	0		0
Bonus depreciation Additional Depr Elections				
Prior bonus depreciation. Safe Harbor....	11060	11060		0

Other Information

Investment credit code.....

Asset number.....

Department number.....

Asset Category.....

Land cost.....

Recapture because business use dropped to 50% or less

Reserved

If sold: RSVD F ST RSVD

Date sold.....

Property type..... 12

Sales price.....

Expense of sale.....

Form 4797, line 26d depreciation.....

Form 4797, other Part III depreciation.....

Depreciation allowed or allowable.....

Group Sale Information

Group sale number.....

Group sales price.....

Group expense of sale.....

Amortization Information

Amortization code section.....

Elect additional first-year deduction

State-Specific Information

State Asset type ITC code State basis (if different)



Form 4562

For: 1065, COGS, F, 8825, RENT, 754
 Multi-form code: (1-999; 1 is assumed if left blank)

Use <F3> to switch to grid mode

Description	Date Acquired	Cost / Basis	Business % Use	Used Prop	Listed Prop Type
FORKLIFT	11-22-2004	65000		<input type="checkbox"/>	

	Federal	State (if different)	AMT (if different)	Book (if different)
Method.....	SL			
Life.....	7			
Prior depreciation.....	65000	65000	65000	65000
Salvage value.....				
Override regular depreciation.....	=	=	=	=
179 expense elected this year.....	=	=	=	=
179 expense allowed this year.....	=	=	=	=
179 expense elected in prior years.....	0	0	0	0
179 expense allowed in prior years.....	0	0	0	0
Bonus depreciation Additional Depr Elections				
Prior bonus depreciation. Safe Harbor....	0	0	0	0

Other Information		If sold:			
Investment credit code.....		RSVD	<input type="checkbox"/>	F	<input type="checkbox"/>
Asset number.....		ST		RSVD	
Department number.....		Date sold.....		Property type.....	12
Asset Category.....		Sales price.....		Expense of sale.....	
Land cost.....		Form 4797, line 26d depreciation.....		Form 4797, other Part III depreciation.....	
<input type="checkbox"/> Recapture because business use dropped to 50% or less		Depreciation allowed or allowable.....		Group Sale Information	
<input type="checkbox"/> Reserved				Group sale number.....	
Amortization Information				Group sales price.....	
Amortization code section.....				Group expense of sale.....	
<input type="checkbox"/> Elect additional first-year deduction					
State-Specific Information					
State	Asset type	ITC code	State basis (if different)		

Form 4562

For: **1065, COGS, F, 8825, RENT, 754**
 Multi-form code: **(1-999; 1 is assumed if left blank)**

Use <F3> to switch to grid mode

Description	Date Acquired	Cost / Basis	Business % Use	Used Prop	Listed Prop Type
WAREHOUSE	05-15-2002	125000		<input type="checkbox"/>	
	Federal	State (if different)	AMT (if different)	Book (if different)	
Method.....	SL				
Life.....	39				
Prior depreciation.....	28845	28845	28845	28845	
Salvage value.....					
Override regular depreciation.....	=	=	=	=	
179 expense elected this year.....	=	=	=	=	
179 expense allowed this year.....	=	=	=	=	
179 expense elected in prior years.....	0	0		0	
179 expense allowed in prior years.....	0	0		0	
Bonus depreciation Additional Depr Elections					
Prior bonus depreciation. Safe Harbor....	0	0		0	
Other Information					
Investment credit code.....					
Asset number.....					
Department number.....					
Asset Category.....					
Land cost.....					
<input type="checkbox"/> Recapture because business use dropped to 50% or less					
<input type="checkbox"/> Reserved					
Amortization Information					
Amortization code section.....					
<input type="checkbox"/> Elect additional first-year deduction					
State-Specific Information					
State	Asset type	ITC code	State basis (if different)		
If sold:					
RSVD	F	ST	RSVD		
Date sold.....					
Property type.....			12		
Sales price.....					
Expense of sale.....					
Form 4797, line 26d depreciation.....					
Form 4797, other Part III depreciation.....					
Depreciation allowed or allowable.....					
Group Sale Information					
Group sale number.....					
Group sales price.....					
Group expense of sale.....					

Form 4562

For: **1065, COGS, F, 8825, RENT, 754**
 Multi-form code: **(1-999; 1 is assumed if left blank)**

Use <F3> to switch to grid mode

Description	Date Acquired	Cost / Basis	Business % Use	Used Prop	Listed Prop Type
2010 FORD F-150	09-15-2010	25000		<input type="checkbox"/>	V

	Federal	State (if different)	AMT (if different)	Book (if different)
Method.....	M			
Life.....	5			
Prior depreciation.....	0	0	11060	0
Salvage value.....				
Override regular depreciation.....	=	=	=	=
179 expense elected this year.....	=	=	=	=
179 expense allowed this year.....	=	=	=	=
179 expense elected in prior years.....	0	0		0
179 expense allowed in prior years.....	0	0		0
Bonus depreciation Additional Depr Elections				
Prior bonus depreciation. Safe Harbor....	11060	11060		0

Other Information

Investment credit code.....

Asset number.....

Department number.....

Asset Category.....

Land cost.....

Recapture because business use dropped to 50% or less

Reserved

If sold:

RSVD F ST RSVD

Date sold.....

Property type..... 12

Sales price.....

Expense of sale.....

Form 4797, line 26d depreciation.....

Form 4797, other Part III depreciation.....

Depreciation allowed or allowable.....

Group Sale Information

Group sale number.....

Group sales price.....

Group expense of sale.....

Amortization Information

Amortization code section.....

Elect additional first-year deduction

State-Specific Information

State Asset type ITC code State basis (if different)

