

Schedule K-1(NR)

For the calendar year 2008 or fiscal year beginning [MM/DD/YYYY] and ending [MM/DD/YYYY].

CHECK ONE: Original <input type="checkbox"/> Amended <input type="checkbox"/>	CHECK ONE: Calendar year <input type="checkbox"/> Fiscal year <input type="checkbox"/>
Partner's identifying number	Partnership's employer identification number
Partner's name, address, and ZIP code	Partnership's name, address, and ZIP code

Partner's percentage of: Profit sharing..... Loss sharing..... Ownership of capital	Before change or termination	End of year		
	%	%	%	%
	%	%	%	%
	%	%	%	%

Type of partner (individual, trust, etc.): _____

NOTE: ALL CORPORATE PARTNERS MUST USE THIS SCHEDULE.

Part I - Distributive Share Items from Federal Form 1065, Schedule K-1	(a) Distributive Share Amount	(b) Arizona Apportionment Ratio	(c) Arizona Source Income	Form 140NR Filers Enter the Amount in Column (c) on:
1 Ordinary income (loss) from trade or business activities				
2 Net income (loss) from rental real estate activities				
3 Net income (loss) from other rental activities				
4 Total - Add lines 1, 2 and 3				Line B10
5 Interest				Line B5
6 Dividends				Line B6
7 Royalties				Line B10
8 Net short-term capital gain (loss)				Line B9
9 Net long-term capital gain (loss)				Line B9
10 Guaranteed payments to partner				
11 Net IRC Section 1231 gain (loss)				Line B9
12 Other income (loss) - attach schedule				Line B11
13 IRC Section 179 expense				Line B10
14 Other deductions - attach schedule				
Part II - Partner's Distributive Share of the Adjustment of Partnership Income From Federal to Arizona Basis	(a) Distributive Share Amount	(b) Arizona Apportionment Ratio	(c) Arizona Source Income	Form 140NR Filers Enter the Amount in Column (c) on:
15 Adjustment of partnership income from federal to Arizona basis - from Form 165, page 1, line 6				Line C19 or D30

NOTE: Corporate partners see Form 120 or Form 120A instructions for information on reporting the amount from line 15.

2008 Arizona Nonresident and Out-of-State Partner's Share of Income and Deductions

Arizona Form 165 Schedule K-1(NR)

Instructions for Individuals and Fiduciaries

Column (c) is your Arizona source income. Nonresident individuals should report the amounts in column (c) on Form 140NR line numbers indicated on Form 165, Schedule K-1(NR). Nonresident trusts or nonresident estates should add lines 4 through 12, column (c), and enter the total on Form 141AZ, page 2, Schedule A.

However, if Form 165, Schedule K-1(NR) shows a loss, you may only claim such losses on your Arizona nonresident return to the extent that such losses are included in your federal adjusted gross income (individuals) or federal taxable income (trust and estates). Therefore, if the loss is considered to be a passive activity loss for federal purposes, the loss will likewise be considered to be a passive activity loss for Arizona purposes.

If you have a passive activity loss from a partnership that was derived from Arizona sources, you would not necessarily begin the Arizona return with the amounts shown in column (c) of Form 165, Schedule K-1(NR). For Arizona purposes, you must first determine if any portion of the loss shown on Form 165, Schedule K-1(NR) has been limited on your federal return because of the federal passive activity loss rules.

The amount of passive activity loss which is derived from Arizona sources is the amount of the passive activity loss which will be allowed on the Arizona return. Therefore, any portion of the passive activity loss which is not allowed on the federal return due to the passive activity loss limitations will likewise be limited on the Arizona return. That portion of the passive activity loss derived from Arizona sources which is required to be carried forward for federal purposes will similarly be carried forward for Arizona purposes.

Note: The amount of Internal Revenue Code § 179 expense deductible is limited to the Arizona portion of the amount deducted on federal Form 1040, Schedule E.

Line 15 -

Line 15 reflects the amount of partnership income which must be adjusted to determine the difference between Internal Revenue Code § 702(a)(8) and ARS § 43-1401(2). If the amount on line 15 is a positive number, individual partners should enter this amount as an "other addition to income" on Form 140NR, line C19. Fiduciaries should enter a positive amount on line 15 as an "other addition" on Form 141AZ, page 2, line B3. If the amount on line 15 is a negative number, individual partners should enter this amount as an "other subtraction from income" on Form 140NR, line D30. Fiduciaries should enter a negative amount on line 15 as an "other subtraction" on Form 141AZ, page 2, line B8.

Instructions for Corporate Partners

Corporate partners should report the amount on line 15 of Form 165, Schedule K-1(NR) according to the instructions for Form 120 or Form 120A.