M. a private online form 2018

Provides a guaranteed tuition plan for students Credit Offers for Military Training Offers some bachelor's degree completion programs established in 1910, West Texas A&M University (WTAMU) has a long history of providing quality education. The university began as a normal school and grew up in a comprehensive university with nearly 100 bachelor's, graduate and doctoral programs. The university offers a wide range of programs completely online, allowing students to earn their degree without setting foot on the Texas campus. The university's online courses have the same learning objectives as its campus courses. West Texas A&M University is accredited by the Southern College and School Association. West Texas A&M University offers its students a guaranteed tuition plan, which remains declining at a tuition rate for the rest of their education, as long as they graduate on time. Bachelor's tuition - $270.83 to $279.63 in the state / $320.70 to $341.69 out-of-state graduate tuition - $358.64 in the state / $403.08 out-of-state West Texas A&M University admission premises and application requirements vary by schedule. Freshman applicants must hold a 2.0 GPA. Applicants must submit village/ACT notes, official transcripts of the high school and official transcripts of the college, if applicable. Transfer students must submit official transcripts from their high school and all the colleges and universities that we have attended, the Texas Success Initiative (TSI) approved test scores or proof of exemption, and SAT/ACT scores. Applicants who hold an associated diploma from a regionally accredited college or who meet GPA and transferable-hour requirements are guaranteed admission. Graduate applicants must hold a bachelor's or master's degree from a regionally accredited institution. Applicants must submit official college/university transcripts and GMAT/GRE scores. International students must also submit TOEFL, IELTS or PT scores. Student population: Approximately 10,100 Student-to-faculty ratio: 21 to 1 Percent receiving grant aid or scholarship: 73% Accreditation: Regional (Southern Association of Colleges and Schools Commission on Colleges) Region: South Central Retention Rate: 65% Requires SAT or ACT: SAT or ACT Public/Private: Public Nonprofit Acceptance Rate: 60% Rate graduation: 44% Cost Per Credit (In-State/Out-of-State): Undergraduate: $270.83 to $279.63/ $320.70 to $341.69 Grade: $358.64 / $403.08 Address: 2501 4th Ave., Canyon, TX 79016 USA students, also Viewed these schools last update: March 23, 2020 By Louise Balle There are so many different types of shapes that you can sell online to make people's lives easier. If you have a background of or just a knack for creating standard forms, you can start a nice online business selling them to consumers who don't even have to meet. Many people search the Internet for standard forms to download would be rental and eviction forms, examples of contracts that can be customized, vendor forms application forms that can be integrated into a business. Create forms in a standard word processing program, such as Microsoft Word. The form should be easy to edit, as you may need to make changes to the forms you'll offer online later. Convert forms to PDF format. If completed forms are completed, use Adobe Acrobat to create form fields in your document that can be easily filled in online and printed by the user (see Resources for more information about creating forms that can be filled in Acrobat). Zip up the files to be delivered to customers online (optional if you're only selling one form per transaction). If you want, add a password to each zip file as an additional layer of protection and automatically email the person ordering the form. Open a PayPal account to accept online payments instantly. You can also contact a commercial credit card service provider to get your own custom merchant number. You also open a PayPal account because it integrates well with the services you may need to complete transactions. Set a simple website to show and sell forms (see Resources for a site example). Purchase a hosting plan that allows you to use enough bandwidth to fit all forms that will be downloaded from the site. Create a simple home page that provides information about the small business and a clear list of all the forms available for download. Create an informative and descriptive page for each form. Write each page with SEO, or search engine optimization, in mind (see Resources for Basic SEO Concepts). Sign up for an account with Payloadz.com. This site offers convenient file delivery services for a fee. When you use Loadloadz, a unique activation key will be generated for each customer and the IP address will be registered to ensure that no one except the buyer can download the information from the site. This is the best option if you are concerned about shared forms. Clickbank.com also offers a similar paid service. Instructions for Program M-3 (Form 1065) - Introductory Material General Instructions Specific Instructions Item D. Reportable Entity Partner Part I. Financial Information and Net Income (Loss) Reconciliation Parts II and III Part II. Reconciliation of net income (loss) per income statement of the partnership with income (loss) per return lines from 1 to 9. Additional information for each entity line 1. Income (Loss) From Equity Method Foreign Corporations Line 2. Gross foreign dividends previously untaxed Line 3. Subpart F, QEF and Other similar income line 4. Gross external distributions previously taxed Line 5. Revenue (Losses) Equity Method of U.S. Corporations Line 6. U.S. Dividends Line 7. Income (Loss) From U.S. Partnerships and Line 8. Revenue (loss) from external partnerships Line 9. income (loss) from other line 10 crossing entities. Articles relating to reportable transactions line 11. Interest income line 12. Total commitments to cash adjustment line 13. Coverage Line 14. Mark-to-Market Revenue (Loss) Traders in Securities or Commodities. Line 15. Cost of goods sold Line 16. Sale versus leasing (for sellers and/or lessors) Line 17. Section 481(a) Line 18 adjustments. Unearned/deferred income line 19. Recognition of revenue from long-term contracts line 20. Initial problem discount and other imputed interest Line 21a. Gain/loss of income return on sale, exchange, abandonment, futility or other provision of assets other than stocks and entities pass-through Line 21b. Gross capital gains in Scheme D, excluding amounts from Line 21c crossing entities. Gross capital losses in Scheme D, excluding amounts from passing entities, abandonment losses and non-valued stock losses Line 21d. Net gain/loss reported in Form 4797, Line 17, excluding amounts in crossinge, abandonment losses and share loss line no value 21e. Abandonment loss line 21f. Share loss line no value 21g. Other gains/losses on disposal of goods other than inventory line 22. Other items of income (loss) with line 23 differences. Total Revenue (Loss) Items Line 24. Total Expenses/ Deduction Items Line 25. Other elements without differences Part III. Reconciliation of net income (loss) per income income partnership statement with income (loss) per return — Expenses/Deduction Items Reference Section are to the Internal Income Code, unless otherwise stated. For the latest information on developments related to the M-3 programme (form 1065) and its instructions, it would be legislation adopted after publication, go to IRS.gov/Form1065. The applicable programme and instructions. Use Program M-3 2019 (Form 1065) with these instructions for fiscal years ending December 31, 2019, until December 30, 2020. For previous fiscal years, see the applicable M-3 list (form 1065) and instructions. (For example, use Program M-3 2018 (Form 1065) with the instructions for 2018 for fiscal years ending December 31, 2018, until December 30, 2019.) The M-3 Programme, Part I, asks certain questions about the financial statements of the partnership and reconciles the net income (loss) of the financial statement for the consolidated financial statements group with the income (loss) on the income statement of the partnership. Programme M-3, Parts II and III, reconciles the net income (loss) of the financial situation for the partnership (under programme M-3, Part I, line 11) with line 1 of the Net Income (Loss) Analysis of Form 1065. If the partnership is required to submit (or file voluntarily) the M-3 Programme (Form 1065), the partnership must submit Form 1065 and all attachments and schedules, including M-3 (Form 1065) at the following address. Department of Internal Treasury Revenue Service Center Ogden, UT 84201-0011 Any entity submitting Form 1065 must submit Program M-3 (Form 1065) if any of the following is true. The value of total assets at the end of the fiscal year reported in list L, line 14, column (d), is equal to USD 10 million or more. Adjusted amount adjusted assets for the fiscal year is equal to $10 million or more. See Total Assets and Adjusted Total Assets later. The total revenue for the fiscal year is equal to $35 million or more. Total receipts are defined in the Codes for The Main Business Activity codes and Product or Main Service in the instructions for Form 1065. An entity that is a partnership-reporting entity partner (as defined in accordance with these instructions) owns or is deemed to hold, directly or indirectly, a 50% or more shareholding in the equity, profit or loss of the partnership on any day during the partnership's fiscal year. A joint trust fund or foreign partnership must submit the M-3 program if it completes any of the tests discussed above. All references to a U.S. partnership in these instructions refer to any entity that must submit the M-3 list (form 1065), as appropriate. Partnerships that are not required to submit the M-3 program may voluntarily submit the M-3 Programme. Form 1065 files that are required to submit program M-3 (Form 1065) and have at least $50 million total assets at the end of the fiscal year must complete Program M-3 (Form 1065) in full. Form 1065 filers that (a) are required to submit Program M-3 (Form 1065) and have less than $50 million total assets at the end of the fiscal year or (b) are not required to file Program M-3 (Form 1065) and voluntarily file Program M-3 (Form 1065) must either (i) complete the M-3 Program (Form 1065) in full, (ii) complete the M-3 programme (form 1065) through Part I and complete the M-1 programme instead of completing the II and III of the M-3 programme (form 1065). If the filer chooses to complete the M-1 program instead of completing Parts II and III of the M-3 program (form 1065), line 1 of the M-1 program must be equal to line 11 of Part I of the M-3 program (Form 1065). For any part of the M-3 programme (form 1065) that is completed, all columns must be completed, all applicable questions must be answered, all required numerical data must be provided, any declaration necessary to support a line item and provide the necessary information for that line item must be answered. Any partnership required to submit the M-3 Program must tick all the boxes above Part I that apply for the reason(s) for which the M-3 program is required to be filed. A partnership is not necessary to submit the M-3 Program, but that is to do so voluntarily, you should tick box E above Part I. The partnership should value its total assets using the adjusted total asset worksheet later. In order to determine for the M-3 list whether the total adjusted assets of the partnership (in accordance with these instructions) are equal to USD 10 million or more, the total assets of the partnership at the end of the fiscal year must be determined on the basis of an overall method of accounting for commitments, unless both of the following apply: (a) the partnership's tax return is drawn up using a global cash accounting method , and (b) the partnership does not prepare financial statements using and is not included in the financial statements on a commitment basis. See instructions for Annex M-3, Part I, line 1, on non-tax income statements and related non-tax balance sheets to be used in the preparation of the M-3 programme and related non-fiscal balance sheets to be used in the preparation of calendar L. , the total assets of the partnership at the end of the year for determining the requirement to submit the M-3 list shall be established immediately before the conclusion of Section 708 and any actual or considered contribution or distribution of the assets of the partnership in accordance with the provisions of Section 708. Example 1. The U.S. A partnership, a limited liability company (LLC), holds 60% of the revenue and capital of the U.S. B partnership, also an LLC. For the fiscal year ended December 31, 2019, A prepares consolidated financial statements of GAAP (generally accepted accounting principles) with B which report total assets at the end of the year of $12 million. A File Form 1065 and reports on non-fiscal unconsolidated GAAP Program L total assets at the end of $7 million. The total of $7 million includes $3 million for its investment in B according to the own capital accounting method. The amount of total debt at the end of the year reported to A's partners in K-1 programs is $5 million. A distribution made of $1 million during the year reflected on Program M-2, line 6. The value of A's total adjusted assets is $8 million for the fiscal year. A has total receipts for the fiscal year of $15 million. A has no reportable entity partners (as defined in the reporting responsibilities of the reporting entity's subsequent reporting partners). A is not required to submit the M-3 program under any of the four tests discussed earlier. A can voluntarily file the M-3 program for the fiscal year. If A does not submit the M-3 program, he must complete the M-1 program. If an M-3 Program file, it must either (i) complete the M-3 Program in its entirety, or (ii) complete the M-3 Program through Part I and complete the M-1 Program instead of completing Parts II and III of the M-3 Program. The same facts as in Example 1.1, except that A has total receipts for 2019 of 40 million lei. A must submit the M-3 Programme for 2019 and either (i) complete the M-3 programme in full or (ii) complete the M-3 programme through Part I and complete the M-1 Programme instead of completing Parts II and III of the M-3 programme. R, an American partnership, submits Form 1065 for the fiscal year ended December 31, 2019. R has total assets at the end of the fiscal year relative to programme L, line 14, column (d), of $7.5 million. Total amount of debt at the end of 2019 reported to R partners on K-1 Schedules is $5 million. R made $3 million in 2019, reflected in Program M-2, Line 6. R did not report a loss for 2019 to the M-2, line 3 program. R did not report capital adjustments in the M-2, line 4 or 7 program. R adjusted total assets for 2019 to USD 10.5 million, USD, $7.5 million plus $3 million (the value of distributions to be added to determine the total assets adjusted for 2019), an amount not less than the total liabilities at the end of 2019 reported to R partners on K-1 Schedules. Because R has adjusted the total assets of $10 million or more for the fiscal year ended December 31, 2019, R must submit the M-3 Program for 2019 and either (i) complete the M-3 program in full or (ii) complete the M-3 to Part I program and complete the M-1 Program instead of completing Parts II and III of the M-3 Program. The same facts as in Example 1.3, except that the amount of total debt sally at the end of 2019 reported to R partners on K-1 Schedules is $11 million. R made $1.5 million in 2019, according to M-2, Line 6. R adjusted the total assets for 2019 to $11 million, the largest of the provisional amount of $9 million, $7.5 million plus $1.5 million (the value of distributions to be added to determine the total assets adjusted for 2019) or $11 million (the amount of total liabilities at the end of 2019 reported to R's partners on K-1 schedules). Because R has adjusted the total assets of $10 million or more for the fiscal year ended December 31, 2019, R must submit the M-3 Program for 2019 and either (i) complete the M-3 program in full or (ii) complete the M-3 to Part I program and complete the M-1 Program instead of completing Parts II and III of the M-3 Program. S, an American partnership, submits Form 1065 for the fiscal year ended December 31, 2019. S has total assets at the end of 2019 reported in programme L, line 14, column (d), of 7.5 million lei. The amount of total liabilities at the end of 2019 reported to S partners on K-1 Schedules is $5 million. S did not make distributions during 2019 reflected in Program M-2, line 6. S reported a loss of ($3 million) for 2019 in the M-2, line 3 program. S did not report capital adjustments in the M-2, line 4 or 7 program. S adjusted total assets for 2019 to $10.5 million, $7.5 million plus $3 million (the amount of the loss declared as a positive amount to be added to determine the total assets adjusted for 2019). This provisional amount is compared to the total liabilities at the end of 2019, as reported to partners S in the K-1 lists, and the largest of the two amounts is considered the total adjusted value of the assets. Since S has adjusted the total assets of $10 million or more for the fiscal year ended December 31, 2019, S must file the M-3 Program for 2019 and either (i) complete the M-3 program or (ii) complete the M-3 to Part I programme and complete the M-1 programme instead of completing Parts II and III of the M-3 programme. T, an American partnership, submits Form 1065 for the fiscal year ended December 31, 2019. T has total assets at the end of the fiscal year in relation to Annex L, line 14, column (d), of USD 7,5 million. Total amount of liabilities at the end of 2019 reported to T partners on Lists is $5 million. T did not make any distributions during 2019 reflected in the M-2 program, line 6. T did not report a loss for 2019 on Program M-2, Line 3. T did not report capital adjustments in the M-2 program, line 7, but reported a negative adjustment of ($3 million) on the M-2 program, line 4. T adjusted total assets for 2019 to $10.5 million, $7.5 million plus $3 million (the amount of the negative adjustment declared as a positive amount to be added to determine the total assets adjusted for 2019), which is not less than the total liabilities at the end of 2019 reported to T partners on K-1 Schedules. Since T has adjusted the total assets of $10 million or more for the fiscal year ended December 31, 2019, T must file the M-3 Program for 2019 and either (i) complete the M-3 program in full or (ii) complete the M-3 to Part I program and complete the M-1 Program instead of completing Parts II and III of the M-3 Program. Z has total assets of $50 million at the end of fiscal year 2019, completed on December 31, 2019, and file form 1065. Z must submit the M-3 program and complete it in full. For the purposes of these instructions, a reportable entity partner in respect of a 1065 Partnership Submission Form is an entity that: owns or is deemed to hold, directly or indirectly, in accordance with these instructions an interest of 50 % or more in the income, loss or capital of the partnership on any day of the fiscal year; and it was necessary to file the M-3 Program on the most recently filed U.S. Federal income tax return or return of income filed before that day. For the purposes of these instructions, the following rules shall apply. The parent company of a consolidated tax group shall be deemed to hold all corporate and partnership holdings held or deemed to be held in accordance with these instructions by any member of the consolidated tax group. The owner of an ignored entity shall be deemed to hold all corporate and partnership interests held or deemed to be held in accordance with these instructions by the unconsidered entity. The owner of 50% or more of a company by voting on any day of the corporate tax year shall be deemed to hold all corporate and partnership interests held or deemed to be held in accordance with these instructions by the corporation during the corporate tax year. The owner of 50% or more of the income, losses or capital of the partnership on any day of the fiscal year of the partnership shall be deemed to hold all corporate and partnership interests held or deemed to be held in accordance with these instructions by during the fiscal year of the partnership. The beneficial owner of 50% or more of the actual interest of a trust or of a nomination agreement on any day of the fiscal year of the trust or nomination agreement shall be deemed to hold all corporate and partnership interests held or deemed to be held in accordance with these instructions by the trust or nomination agreement. A partnership-reporting entity partner (as defined above) shall report to the following partnership within 30 days of the a reportable entity partner and, after the first reporting to the company in accordance with these instructions, thereafter, within 30 days of the date of any change in interest held or deemed to be held, directly or indirectly, in accordance with those instructions, within the framework of the partnership. Name. Postal address. Employer identification number (EIN), if applicable. Entity or organization type. the state or country in which it is organised. The date on which a reportable entity partner first became. Date on which he reports a change in his shareholding in the company, if any. Interest in the partnership it owns or is considered to be owned in the partnership, directly or indirectly (as defined in these instructions), from the date on which it reports. Any change in this interest from the date on which it reports. The partner of the reportable entity shall keep copies of the necessary reports which it makes to partnerships in accordance with these instructions. Each partnership shall retain copies of the necessary reports it receives in accordance with these instructions from the partners of the reportable entity. For more information, see Article D. Reportable Entity Partner later. Example 2. P, an American corporation, is the parent company of a financial consolidation group with 50 internal subsidiaries, DS1 through DS50, and 50 foreign subsidiaries, FS1 to FS50, all held in 100% on September 16, 2019. On 15 September 2019, P filed a consolidated tax return on Form 1120 and was required to submit the M-3 Programme for the fiscal year ended

December 31, 2018. On 16 September 2019, DS1, DS2, DS3, FS1 and FS2 each acquire a 10% partnership participation in the K partnership, which submits Form 1065 for the fiscal year ended December 31, 2019. P is considered to have, directly or indirectly, in accordance with these instructions all the corporate and partnership interests of DS1, DS2 and DS3, as the parent of the fiscal consolidation group, and is therefore considered to hold 30% of K on 16 September 2019. P is considered to hold, directly or indirectly, in accordance with these instructions all the corporate and partnership interests of FS1 and FS2 as the owner of 50% or more of each corporation by vote and is therefore deemed to hold 20% of K on 16 September 2019. Therefore, P is considered to hold 50% of K on 16 September 2019. P holds or is deemed to hold, directly or indirectly, in accordance with these instructions 50% or more of K on September 16, 2019, and was required to file the M-3 Program on the most recent U.S. income tax return filed before that date. Therefore, P is a reportable entity partner of K 16 September 2019. On 5 October 2019, P reports to K, so it is obliged to do, that P is a reportable entity partner as of 16 September 2019, considered to hold, in accordance with these instructions, a 50% interest rate in K.K. is therefore obliged to submit the M-3 program when submitting Form 1065 for the fiscal year ended 31 December 2019. During 2019, A, an LLC that submits Form 1065 for calendar year 2019, holds, as the only asset, 50% of each of B, C, D and E, E, also a SRL 1065 DEPOSITION FORM for the calendar year 2019. A is owned by individuals and S corporations that are not required to file M-3 for 2018, 2019 or 2020. B, C, D and E are owned by A and individuals and Corporations S who are not required to submit the M-3 programme for 2018, 2019 or 2020. For the fiscal years of the partnership that ended December 31, 2019, each of B, C, D and E has no debts at the end of the year, $3 million in total assets and $6 million in adjusted total assets (the difference equal to the distributions on each in 2019), and the total 2019 receipts of $20 million. As of December 31, 2019, no owner, directly or indirectly, of B, C, D or E was required to file the M-3 file on the latest U.S. income tax return or income tax return. None of B, C, D or E is required to submit the M-3 program for 2019. For the fiscal year of the partnership ended December 31, 2019, A has no debts at the end of the year, $6 million in total assets and $12 million in adjusted total assets (difference equal to 2019 distributions) and total 2019 receipts of $6 million. As of December 31, 2019, no owner, directly or indirectly, of A was required to file the M-3 file on the most recent U.S. income tax return. A must file program M-3 when submitting Form 1065 for 2019 because A has adjusted the total assets of $10 million or more. The same deeds of ownership as in example 2.2 continued until calendar year 2020. On 3 March 2020, Submit Form 1065 with the M-3 programme for the fiscal year of the partnership ending December 31, 2019. As from 4 March 2020, A shall become a reportable entity partner in respect of any partnership in which it owns or is deemed to hold, directly or indirectly, under these instructions an interest of 50 % or more in the income, losses or capital of the partnership. To hold 50% of each of B, C, D and E and is therefore a reportable entity partner for each of 4 March 2020, the day after submitting Form 1065 of 2019 with a required M-3 programme. On 20 March 2020, A reports to B, C, D and E, so it is necessary to do so within 30 days of 4 March that it is a reportable entity partner with an interest rate of 50 %. Each of B, C, D and E is required to submit the M-3 program for 2020 because each has a reportable entity partner. A will determine whether to submit the M-3 programme for 2020 on the basis of its separate facts for 2020. The same deeds of ownership as in Example 2.2 for calendar year 2019, except that A is owned in 50% by Company Z, which was obliged more to submit the M-3 Programme for the fiscal year of the company ending On 31 December 2018, and which has submitted Form 1120 with Annex M-3 for 2018 on 15 September 2019. As of 16 September 2019, Z was a reportable entity partner in respect of A and, by A, in respect of B, C, D and E. , that Z is a reportable entity partner that directly holds (in respect of A) or is considered to indirectly hold (in respect of B, C, D and E) an interest rate of 50 %. Therefore, Z has been a reportable entity partner for 2019, each of which is required to submit the M-3 programme for 2019, regardless of whether otherwise it would be necessary to submit the M-3 programme for that year. Where a non-tax income statement and the related non-tax base balance sheet are drawn up for any purpose for a period ending with or within the fiscal year, list L shall be prepared indicating the non-tax amounts. See the discussion in the instructions for list M-3, Part I, line 1, non-tax income statements and related non-tax balance sheets prepared for any purpose and the impact on the selection of the income statement used for list M-3 and the amounts relating to the non-fiscal balance sheet to be used for list L. Total assets at the end of the fiscal year shown in list L, line 14 , column (d), must be equal to the total assets of the partnership from the last day of the fiscal year and must be the same total assets reported by the company in the non-tax financial statements, if any, used for the M-3 list. Where the partnership prepares non-tax financial statements, list L shall report the total assets of non-tax financial statements. If the partnership does not prepare non-tax financial statements, programme L must be based on the registers and records of the partnership. The L Programming Balance Sheet may show the basic tax balance sheet amounts if the partnership is allowed to use ledgers and records for the M-3 list, and the partnership registers and records reflect only the tax base amounts. In general, the total assets at the beginning of the year (list L, line 14, column (b)) must be equal to the total assets at the close of the previous year (list L, line 14, column (d)). For each balance sheet item in the reported L scheme for which there is a difference between the current opening balance sheet amount and the previous closing balance sheet amount, attach a statement reporting the balance sheet, the previous closing amount, the current opening amount and a brief explanation of the change. These reasons for these differences include technical terminations and mergers. For the purpose of measuring total assets at the end of the year, the company's assets may not be offset or reduced by the liabilities of the partnership. In addition, total assets cannot be reported as a negative amount. Where the L scheme is developed on the basis of a non-tax method, an investment in another partnership may be submitted, as appropriate, in accordance with the non-fiscal accounting method of the partnership, including, where the partnership reporting methodology so requires, the method of equity in the accounting of investments. Where the L scheme is developed on the basis of a tax method, an investment of the partnership in another partnership must be registered as an asset and through the adjusted basis of the partnership in its partnership interest. Any liability contributing to such an adjusted base shall be included in Annex L as liabilities of the partnership. Example 3. A, an LLC, Form 1065 calendar folder 2019.B, a general partnership, also submits Form 1065 for the calendar year 2019. A is a general partner in B. A's capital account in B at the end of 2019 is negative of $4 million. This reflects A's 2019 contribution to B's capital of $2 million, reduced by A of the 2019 losses incurred from B, $6 million. A's adjusted base in B at December 31, 2019 is $16 million, his negative tax capital account worth $4 million in B plus his $20 million share of B's debt under Article 752. To draw up only tax-based income statements and balance sheets. In Programme L, A reports as an asset the adjusted basis of its investment in B, $16 million. It also reported its share of $20 million of B's liabilities in the liabilities section of Annex L. Do not report its $4 million negative capital account in B in program L. Example 4. The same facts as in Example 3, except that B is an LLC and A is a member of B. None of B's liabilities are appealed with regard to A. A is not obliged to restore any deficit capital account in B. To draw up income statements and non-tax income balance sheets in accordance with an accounting method requiring the use of the equity accounting method to account for its investment in B. In its non-tax registers and records, A initially reports $2 million as an investment in B, the amount of A's capital contribution. He then reduces his $2 million investment in B through his share of the allocated losses B. Because A's allocated share of B's losses is $6 million, A's investment in B under the equity method is reduced to $0. Since A is not obliged to repay any of B's liabilities and is not obliged to restore any deficit in respect of its capital account in B, A does not report any of B's liabilities in balance sheet A of Program L. For the purposes of planning M-3, references to the classification of an entity (e.g. as a company, partnership or trust) are references to the treatment of the entity for U.S. income tax purposes. An entity that is generally not considered to be separate from its owner for U.S. income tax purposes (ignored entity) shall not be reported separately in Annex M-3, except, if necessary, in Part I, line 7a or 7b. In Annex M-3, Parts II and III, any element of income, gain, loss, deduction or credit of an ignored entity shall be reported as an element of its owner. In particular, the income or loss of an ignored entity shall not be reported in Part II, Line 7, 8 or 9, as a separate partnership or other passing entity. Income or losses from the statement of an entity ignored are included in Part I, line 7a or 7b, only if the income or losses from its financial statement are included in Part I, line 11, but not in Part I, line 4a. In Programme M-3, page 1, if the partnership has reportable entity partners for the year, check Article D. A partnership shall report the name, EIN (if applicable) and the maximum percentage of actual or considered ownership of each reportable entity partner , if there is one or two the partners of the entity for the fiscal year of the partnership or, where there are more than two reportable entity partners for the fiscal year of the partnership, of the two partners of the reportable entity with the highest percentage of actual ownership or considered for the fiscal year of the partnership. The maximum percentage of actual or considered ownership for a reportable entity partner for a fiscal year of the partnership is the maximum percentage of interest held or considered held under these instructions by the partner of the reportable entity in the company's capital, profit or loss on any day during the partnership's fiscal year. The partner of the reportable entity shall keep copies of the necessary reports which it makes to partnerships in accordance with these instructions. Each partnership shall keep copies of the necessary reports it has received in accordance with these instructions from the partners of the reportable entities. See Reporting Responsibilities for Previous Reportable Entity Partners. For lines 1 through 11, use only the financial statements of the American partnership that submits Form 1065. If Form 1065 filing Form 1065 of the U.S. Partnership is controlled by another entity, the U.S. partnership must use its own financial statements for the M-3 list, Part I, and not the financial statements of the controlling entity. A tax-based income statement is permitted for Annex M-3 and a tax balance sheet for list L only if no non-tax income statement or non-fiscal balance sheet has been drawn up for any purpose and the partnership registers and records reflect only the tax base amounts. The partnership shall be deemed to have non-tax income statements and related balance sheets for the current fiscal year for the purposes of planning M-3 and Programme L, where such non-tax financial statements have been prepared and submitted to management, creditors, members or partners, governmental regulators or any other third party for a period ending with or within the fiscal year. If a 10-K form is submitted to the Securities and Exchange Commission (SEC) for the period ending with or during the fiscal year, the partnership must verify Yes for line 1a and use that income statement for the M-3 program. If Form 10-K is not filed and a non-tax income statement is prepared, which is a certified non-tax income statement for the period ending with or within the fiscal year, the partnership must verify the Yes for line 1b and use that income statement for the M-3 Program. If Form 10-K is not filed and no certified declaration income-based income is prepared, but an unaudited non-tax tax-based income statement is prepared for the period ending with or within the fiscal year, the partnership must check Yes for line 1c and use that income tax return for the M-3 Program. Order of priority in accounting standards. If form 10-K is not filed and two or more non-tax income declarations are certified both non-tax income declarations for that period, the income statement drawn up in accordance with the following accounting priority order must be used. U.s. generally accepted accounting principles (GAAP). International Financial Reporting Standards (IFRS). Any other International Accounting Standards (IAS). Any accounting of regulatory commitments. Any other accounting standard of commitments. Section 704(b) accounting. Any other standard for reporting fair market value. Any basic cash standard. If no non-tax income statement is certified and two or more non-tax income statements are drawn up, the statement of income drawn up in accordance with the first accounting standards listed above must be used. If non-tax financial statements are not prepared for the U.S. Partnership Deposit Program M-3, the U.S. partnership must check No on questions 1a, 1b, and 1c, skip lines 2 through 3b, and enter net income (loss) on the cards and records of the U.S. partnership on partnership line 4a. Where a partnership submitting an M-3(a) list is included in the non-tax-based consolidated financial statements of a group (group of consolidated financial statements) with a parent company of a U.S. tax return and the M-3 list, (b) has the income (loss) included and removed by the parent entity from the M-3 list of the parent of that entity, Part I and (c) do not have a separate, non-tax (certified or not) financial statement of its own, the partnership must answer questions 1a, 1b and 1c, as appropriate, for its own tax return and must report on its own M-3 programme, as appropriate, the amount for the net income (loss) of the partnership, which is equal to the amount included and eliminated in the m-3 list of the entity's parent , Part I. However, if, in the circumstances immediately described above, the company shall have separate non-tax financial statements (certified or otherwise) independent of the amount of the net income of the company included in the consolidated financial statements with the parent company of the entity, the company shall answer questions 1a, 1b and 1c, as appropriate, for its own tax return, on the basis of its own separate statement of non-fiscal income, and shall report on line 4a the amounts of the net income (loss) indicated in its separate income statement. Enter the start and end dates on line 2 for the annual partnership income reporting period ending with or in the current fiscal year. The questions in lines 3a and 3b, relating to re-declarations on the income statement, relate to the global consolidated revenue statement issued by the 1065 Partnership Submission Form and used to prepare the M-3 programme. Answer Yes from lines 3a and/or 3b if the partnership's annual income statement has been reaffirmed for any reason. A short one is attached reasons for the return to net income for each annual income reporting period that is revalued, including the initial amount and the reaffirmed amount of net income for each annual accounting period. The attached statement is not required to report redeclarations on an entity-to-entity basis. Report on Line 4a Global Consolidated Net Income (Loss) per (or registers and records, if any) of the partnership. Upon completion of the M-3 planning, the partnership must use the amounts in the financial statements in the financial statement type checked Yes on line 1 or in its books and records if line 1c is checked No. If line 1a is checked Yes, report on line 4a the amount of net income reported in the sec income statement on the partnership form 10-K. Where a partnership draws up non-tax financial statements, the amount on line 4a shall be equal to the net income (loss) of the financial statement for the reporting period of the result ending with or within the fiscal year, as indicated on line 2. Where the partnership draws up non-tax financial statements and the period of income declaration differs from the fiscal year of the partnership, the period of declaration of income indicated on line 2 shall apply for the purposes of lines 4a-8. If the partnership does not prepare non-tax financial statements and has checked No on line 1c, enter net income (loss) on the registers and records of the partnership on line 4a. Check the appropriate box on line 4b to indicate which of the following accounting standards was used for line 4a. U.S. Generally Accepted Accounting Principles (GAAP). International Financial Reporting Standards (IFRS). Section 704(b). The tax base. Other (specify). Report on lines 5a-10, as instructed below, all adjustment amounts required to adjust the net income (loss) worldwide relative to line 4a (either from financial statements or records and records) to the net income (loss) of the partnership to be reported to line 11. Report on line 12a global consolidated total assets and total amounts of partnership liabilities using the same financial statements (or records and records) used for the consolidated global income (loss) reported on line 4a. Remove the net income of the financial statement (line 5a) or loss (line 5b) of each foreign entity that is included on line 4a and is not the partnership (non-inclusionable foreign entity). In addition, on line 8, adjust for consolidation elimination and correct for minority interest and intercompany dividends between any non-inclusive foreign entity and the 1065 Partnership Deposit Form. Do not remove net income (loss) from the financial statement of any non-included foreign entity accounted for on line 4a using the equity method. Attach a supporting statement that provides the name, EIN (if applicable) and net income (loss) included on line 4a that is deleted on this line 5 for each non-includeable separate foreign entity. It shall also specify the total assets and liabilities for the such separate foreign entity does not include and include these assets and liabilities in the total assets and liabilities reported in Part I, line 12b. The amounts of revenue(loss) detailed in the supporting statement should be reported for each non-separate foreign entity, without taking into account the effect of strengthening or eliminating Where there are consolidation or disposal entries relating to non-inclusionable foreign entities whose income (loss) is reported in the attached declaration that are not reportable on line 8, the net amounts of all such consolidation and disposal entries shall be reported on a separate line in the attached statement so that the separate financial accounting income (loss) of each non-includeable foreign entity remains separate. For example, if the net income (after consolidation and disposal entries) of a non-inclusive foreign sub-consolidated is reported on line 5a, the attached supporting statement should report the income (loss) of each non-includeforeign foreign legal entity from each entity's own accounting or accounting accounting income statement, as well as any consolidation or disposal inflows (for intercompany dividends interests of minorities, etc.) should not be reported on the attached supporting statement as a net amount on a separate line and in addition to the lines reporting the separate net income (loss) of each non-includeable foreign entity. Remove the net income of the financial statement (line 6a) or loss (line 6b) of each U.S. entity that is included on line 4a and is not a non-inclusionable entity in the profitability of the partnership (unconvertible U.S. entity). In addition, on line 8, adjust for consolidation and correction eliminations for minority interest and intercompany dividends between any non-inclusive U.S. entity and any non-inclusive entity. Do not remove net income (loss) from the financial statement of any non-included U.S. entity accounted for on line 4a using the equity method. Attach a supporting statement that provides the name, EIN (if applicable) and net income (loss) included on line 4a that is removed on line 6a or 6b for each separate U.S. entity. Also, mention the total assets and liabilities for each such separate U.S. entity not included and include those assets and liabilities in the total assets and liabilities reported in Part I, line 12c. The amounts of revenue(loss) detailed in the supporting statement should be reported for each non-separate US entity, without taking into account the effect of consolidation or disposal inputs. If there are consolidation or disposal entries relating to non-convertible U.S. entities whose income (loss) is reported in the attached statement that are not reportable on line 8, the net amounts of all such consolidation and disposal entries must be reported on a separate line on the attached statement so that the separate financial accounting income (loss) of each non-included U.S. entity remains separate. for example, if the net income (after consolidation and disposal entries) of a non-inclusive U.S. sub-consolidated subgroup is reported on line 6a, the attached supporting statement should report the income (loss) of each non-including U.S. legal entity in each that entity the accounting statement of net income or registers and records, as well as any consolidation or elimination entries (for intercompany dividends, minority interests, etc.) that are not reportable on line 8 should be reported in the attached supporting statement as a net amount on a separate line and in addition to lines reporting the separate net income (loss) of each US entity not included). Include on line 7a or 7b the financial net income or (loss) of each entity ignored in the U.S. tax return that is not included in the consolidated financial group and is therefore not included in the reported income on line 4a but is included on line 11. Include on line 7a the financial income or (loss) of any ignored foreign entity that is not included in the reported income on line 4a but is included on line 11 (other foreign entities ignored). Include on line 7b the financial income or (loss) of any entity ignored by the US that is not included in the reported income on line 4a but that is included on line 11 (other ignored entities in the U.S.). In addition, on line 8, adjust for consolidation and correction eliminations for minority interest and intercompany dividends for any other entity ignored. Attach a supporting statement that provides the name, EIN and net income (loss) to the financial statement or books and records included on line 7a or 7b for each separate foreign or American entity ignored. The total assets and liabilities for each such separate entity included shall also be specified and those assets and liabilities included in the total assets and liabilities reported in Part I, line 12d. The amounts of revenue(loss) detailed in the supporting statement should be reported for each separate entity, without taking into account the effect of consolidation or disposal entries only between or between listed entities. Where there are consolidation or disposal entries relating to such other separate entities, the income (loss) of which is reported in the attached declaration which are not reportable on line 8, the net amounts of all such consolidation and disposal entries shall be reported on a separate line in the attached declaration so that the separate financial accounting income (loss) of each other separate entity remains separately mentioned. For example, if the net income (after consolidation and elimination entries) of a group subconsolidated by other ignored foreign entities is reported on line 7a, the attached supporting statement should report the income (loss) of each other separate foreign entity ignored from its own statement of accounting financial income or the books and records of each ignored entity, as well as any consolidation or elimination entries (for intercompany dividends interests of minorities, etc.) report on line 8 should be reported on the attached support statement as a net amount on a separate line and apart from lines reporting mutually separate to the ignored foreign entity ignored (loss). Adjustments on Line 8 to reverse certain financial accounting consolidation or removal entries are necessary to ensure that transactions between including entities and non-U.S. or foreign entities are not removed to report the correct total amount on line 11. Additional consolidation entries and disposal entries on line 8 related to transactions between includeable entities that are in the consolidated financial statements group and other includeable entities that are not in the consolidated financial statements group but are reported on line 7a or 7b may also be required to report the correct total amount on line 11. Include on line 8 the following total: (a) the amounts of any adjustments to consolidation entries and removal entries that are contained in the amount reported on line 4a required as a result of the elimination of amounts on line 5 or 6; and (b) the amounts of any additional consolidation entries and disposal entries that are required as a result of the inclusion of the amounts on line 7a or 7b. This is necessary for consolidation entries and intercompany disposal entries included in the amount relative to line 11 to be only those applicable to the financial net income (loss) of non-inclusion entities for the financial year period. For example, adjustments should be reported on line 8 to remove minority interest and reverse the elimination of intercompany dividends included on line 4a that relate to the net income of entities removed from line 5 or 6 because the income to which consolidation or disposal entries relate has been removed. Also, for example, consolidation or disposal entries must be reported on line 8 to eliminate any intercompany dividends between entities whose income is included on line 7a or 7b and other entities included in the U.S. income tax return. If an entity that owns an interest in another entity (a) accounts for the holding in the other entity in the owner's separate equity method accounting and (b) fully consolidates the other entity in the owner's consolidated financial statements, but that entity is not included in the owner's Form 1065, then as part of the reversal of all consolidation and disposal entries for the non-include entity , the owner must reverse on line 8 the elimination of the inclusion of equity income from the other entity. If the owner does not account for the other entity on the equity method in his own general ledger, he will not have eliminated the income from equity for consolidated financial statement purposes and will therefore have no disposal of equity income to reverse it. The supporting statement attached to the 8 must identify the type (e.g. minority interest, intercompany dividends, etc.) and the value of reported consolidation or disposal entries, as well as the names of the entities to which they relate. It is not necessary, but it is allowed, to report on line 8 eliminations inter-companies that net income and expenditure on intercompany interest. Include on line 9 any adjustments necessary for the income (loss) of the partnership to reconcile the differences between the income reporting period of the partnership reported on line 2 and the fiscal year of the partnership. Attach a statement describing the adjustment. Include on line 10 any other adjustments for reconciling net income (loss) on line 4a through line 9, with net income (loss) in partnership reported on line 11. For any adjustment as reported on line 10, a supporting statement with an explanation of each net adjustment included on line 10 shall be attached. Report on line 11 net income (loss) on the statement of result (or registers and records, if applicable) of the partnership. The amounts reported in column (a) of Parts II and III shall be reported in the same accounting method used to report the amount of net income (loss) on the income statement of the partnership on line 11. In any case, do not report on line 11 the net income of entities other than the 1065 partnership filing form for the fiscal year. For example, it is not permitted to eliminate the income of non-inclusionable entities on lines 5 and/or 6 above, and then add that income on lines 7 through 10, so that the amount reported on line 11 includes the net income of entities not included in the U.S. income tax return. A primary purpose of the M-3 programme is to report on line 11 only the net financial accounting income of the partnership (including any other included entities) that submits Form 1065. Whether or not the partnership prepares financial statements, line 11 must include all items that impact on the net income (loss) of the partnership, even if they are not recorded in the profit and loss accounts in the partnership's accounts, including, for example, all post-closing adjustment entries (including work paper adjustments) and dividend or other income received from non-inclusionable entities. If the partnership prepares unconsolidated financial statements using the same accounting method used to determine the global consolidated net income (loss) for Part I, line 4, and if it uses the equity method for investments, the amount reported in Part I, line 11, will be equal to the amount of unconsolidated net income (loss) reported in the unconsolidated financial statements. See examples 5.3, 5.4 and 5.5. Example 5. The US partnership P holds 60% of DS1, which is fully consolidated in P.P.'s financial statements does not take DS1 into account in P's separate accounts of the equity method. DS1 has a net income of $100 (before minority interests) and pays dividends of $50, of which P receives $30. is eliminated in the consolidated financial statements. In its financial statements, P consolidates DS1 and includes $60 of net income ($100 less minority interest of $40) on line 4a. P must eliminate the net income of $100 of DS1 on line 6a. P must reverse on line 8 eliminating the $40 minority interest net income of DS1. DS1. In addition, P reverses the elimination of the $30 intercompany dividend in its financial statements on line 8. The net result is that P includes the $30 dividend from DS1 on line 11 and on Part II, line 6, column (a). P's dividend income included in DS1's tax return shall be reported in Part II, line 6, column (d). The American partnership C holds 60% of the capital and profits of the holdings in the US LLC N.C does not take into account N in C's separate accounting of the equity method. N has a net income of $100 (before minority interests) and does not make distributions during the fiscal year. C treats N as a company for financial purposes and as a partnership for U.S. income tax purposes. In its financial statements, C consolidates N and includes $60 of net income ($100 less minority interest of $40) on line 4a. C must eliminate $100 net income of N on line 6a. C must reverse on line 8 eliminating $40 minority interest net income of N. The result is that C does not include any income for N on either line 11 or Part II, line 7, column (a). The taxable income of C in N must be reported by C in Part II, line 7, column (d). The Us partnership P holds 60% of DS1, which is fully consolidated in P.P.'s financial statements accounts for DS1 in P's separate accounts of the equity method. DS1 has a net income of $100 (before minority interests) and pays dividends of $50, of which P receives $30. The dividend reduces The P investment in DS1 for the own capital method of reporting on the separate accounting p where P includes its 60% share of DS1 revenue, which is $60. In its financial statements, P eliminates income from the DS1 equity method of $60 and consolidates DS1, including $60 of net income ($100 less minority interest of $40) on line 4a. P must eliminate $100 net income of DS1 on line 6a. P must reverse on line 8 eliminating $40 minority interest net income of DS1 and eliminating $60 of DS1 equity income. The net result is that P includes $60 of the own capital method's income from DS1 on line 11 and on Part II, line 5, column (a). P's dividend income from the tax return on his investment in DS1 shall be reported in Part II, line 6, column (d). The U.S. Partnership C holds 60% of the capital and profits of the u.S. llc N.C N accounts in C's separate equity method. N has a net income of $100 (before minority interests) and does not make distributions during the fiscal year. C treats N as a company for financial purposes and as a partnership for tax purposes came from the U.S. For reporting the equity method in C's separate accounts, C includes its 60% share of N's income, which is $60. In its financial statements, C removes $60 from the N own capital method income and consolidates the N, including $60 of the net income ($100 less minority interest of $40) on line 4a. C must eliminate $100 net income of N on line 6a. C must reverse on line 8 eliminating $40 minority interest net income of N N elimination of $60 from the N capital method income. The result is that C includes $60 of the own capital method revenue for N on line 11 and on Part II, line 7, column (a). The taxable income of C in N must be reported by C in Part II, line 7, column (d). The U.S. Partnership C holds 60% of the capital and profits of the u.S. llc N.C N accounts in C's separate equity method. N has a net income of $100 (before minority interests) and pays a $50 cash distribution, of which C receives $30. Distribution reduces C's investment in N for reporting the equity method in C's separate accounting.C treats N as a company for financial purposes and as a partnership for U.S. income tax purposes. For reporting the equity method in C's separate accounts, C includes its 60% share of N's income, which is $60. In its financial statements, C removes $60 from the N income capital method, consolidates the N, and includes $60 of the net income ($100 less minority interest of $40) on line 4a. C must eliminate the net income of $100 of N on line 6a. C must reverse the line 8 eliminating the $40 minority interest net income of N and eliminating $60 of $60 from the n capital method. The result is that C includes $60 of the own capital method revenue for N on line 11 and on Part II, line 7, column (a). The taxable income of C in N must be reported by C in Part II, line 7, column (d). The American P partnership holds 100% of the shares of U.S. LLC Q, an entity ignored. Q is included in P's federal income tax return, even if Q is not included in P's consolidated financial statements either on a consolidated basis or on the equity method. Q has the current year's net income of $100, after considering its $40 interest payment to P.P. has net income of $1,040 after recognition of interest income from Q. Since Q is an ignored entity, 100% of P's and Q's net income must be reported in Form P 1065 , and intercompany interest income and expenses must be eliminated through consolidation elimination inputs. P must report its financial account net income of $1,040 on line 4a and q reports net income of $100 on line 7b as an ignored U.S. entity are not included on line 4a, but included on line 11. Then, to reflect the full consolidation of the net financial accounting income of P and Q on line 11, the following consolidation and elimination entry is reported on line 8: clearing entries to remove $40 of interest income received from Q included by P on line 4a, and to eliminate $40 from expenses interest of Q included in line 7b for a net change of zero. The result is that line 11 reports $1,140: $1,040 from line 4a, and $100 from line 7. Declared another way, line 11 includes the entire $1,000 net income of P, measured before the recognition of intercompany interest income from Q and consolidation of Q transactions, plus the entire $140 net income of Q, measured before interest expense to P. P is not required to include on on supporting statement for line 8 compensatory adjustment of the intercompany elimination of interest income and interest expenses (although this is permitted). Line 12 must be completed by all partnerships that file the M-3 Program. Report on lines 12a, 12b, 12c and 12d total amounts (not just the share of the partnership) of the assets and liabilities of entities included or eliminated in Part I, lines 4, 5, 6 and 7. All assets and liabilities reported in Part I, lines 12a-12d, shall be reported as positive amounts. On line 12a, enter the total consolidated global assets and total liabilities of all entities included in the completion of Part I, line 4. On line 12b, enter the total assets and liabilities of the eliminated entities in addition to Part I, line 5. On line 12c, enter the total assets and liabilities of the eliminated entities in addition to Part I, line 6. On line 12d, enter the total assets and liabilities of the entities included in the addition of Part I, line 7. A schedule or statement can be attached to any line, even if none is required. For each line item in Parts II and III, report in column (a) the amount of net income (loss) included in Part I, line 11, and report in column (d) the amount included on line 1 of the Net Income (Loss) Analysis of Form 1065. Roman Part II, line 26, column (a), must be equal to Part I, line 11, and column (d) must be equal to line 1 of the Net Income (Loss) Analysis on Form 1065. Thus, column (d) of Part II and Part III must include some of the items mentioned separately in Annex K. For any item of income, gain, loss, expense or deduction for which there is a difference between columns (a) and (d), the portion of the difference which is temporary must be entered in column (b) and the portion of the difference which is permanent must be entered in column (c). Where the financial statements are prepared by the company within the GAAP, the differences that are treated as temporary under the GAAP should be reported in column (b) and the differences that are permanent (i.e. not temporary) for GAAP should be reported in column (c). Generally, according to GAAP, a temporary difference affects (creates, increases, or decreases) a deferred tax asset or liability. If the partnership does not prepare financial statements or the financial statements are not prepared in accordance with GAAP, report in column (b) any difference that the partnership considers it to reverse in a future fiscal year (i.e. it will have the opposite effect on taxable income in a future fiscal year (or years) due to the difference in recognition time for financial accounting and for U.S. income tax purposes) or is the reversal of such a difference that appeared in a previous fiscal year. in column (c) any difference which the partnership considers not to reverse in a future fiscal year (and is not the reversal of such a difference that occurred in a previous fiscal year). If the partnership cannot determine whether a difference between column (a) and column (d) for a conversely in a future fiscal year or is the reversal of a difference that occurred in a previous fiscal year, report the difference for that item in column (c). Example 6. At the end of the first fiscal year of Partnership A, 31 December 2019, it was not necessary to submit the M-3 Programme for any reason. A can choose to file the M-3 program instead of completing the M-1 program. If A chooses to submit the M-3 program, it must either (i) complete the M-3 program in its entirety or (ii) complete the M-3 program through Part I and complete the M-1 program instead of completing Parts II and III of the M-3 program. If A chooses to complete the M-3 program, it must complete all columns of Parts II and III. If A completes the M-3 to Part I programme and completes the M-1 programme instead of completing Parts II and III of the M-3 programme, line 11 of Part I of the M-3 programme shall be equal to line 1 of the M-1 programme. Where an amount can be attributed to a reportable transaction described in the Regulations in 1.6011-4(b), the amount shall be reported in columns (a), (b), (c) and (d), as appropriate, in Part II, Line 10, Items relating to reportable transactions, irrespective of whether the amount would otherwise be reported in Annex M-3, Part II or Part III. Thus, if a taxpayer submits Form 8886, a declaration of disclosure of reportable transactions, the amounts attributable to this reportable transaction must be reported in Part II, line 10. A partnership is obliged to report in column (a) of Parts II and III the value of any item specifically referred to in Annex M-3 that is included in any way in the financial statement of the current partnership year, income (loss) or in an income or expenditure account maintained in the registers and records of the partnership, even if there is no difference between this amount and the amount included in the net income (loss) for tax purposes , unless (a) in writing otherwise, in these registers and instructions or (b) the amount can be attributed to a reportable transaction described in the Regulations in paragraph 1.6011-4(b) and is therefore reported in Part II, line 10. For example, with the exception of interest income reflected in the K-1 list received by the company as a result of the partnership's investment in a partnership or other passing entity, all interest income included in Part I, line 11, or from unconsolidated affiliated entities, from third parties, banks or other entities, either from foreign sources or from domestic sources, whether taxable or tax-exempt , and if they are classified as another type of income for U.S. income tax purposes (such as dividends), they must be included in Part II, line 11, column (a). In addition, all fines and penalties included in Part I, line 11, paid to a government or other authority for any law for which fines or penalties are assessed must be included in Part III, line 7, column (a), irrespective of the governmental authority which imposed the fines or penalties, whether the fines or penalties are civil or criminal, and irrespective of the classification, nomenclature, nomenclature, terminology attached to fines or penalties by the enforcement authority. Where a partnership would be required to report in column (a) of Parts II and III the value of any item specifically referred to in Annex M-3 in accordance with the preceding subparagraph, unless the partnership has capitalised the income or expenditure element and reports the amount in the balance sheet of its financial statement or in the accounts of assets and liabilities maintained in the company's books and records , the company shall report the appropriate tax treatment of the item in columns (b), (c) and (d), as appropriate. In addition, when applying the two preceding paragraphs, a partnership is obliged to report in column (a) of Parts II and III the value of any item specifically included in Annex M-3 which is included in the financial statements of the partnership or which exists in the company's books and records, irrespective of the nomenclature associated with that item in the financial statements or registers and records. The exact completion of the M-3 programme requires reporting of amounts according to the material nature of the specific elements of the line included in the M-3 list and consistent reporting of all transactions of a similar material nature that took place during the fiscal year. For example, any amounts of expenditure that are included in the financial statements or that exist in the registers and records that represent a form of expenditure with non-performing liabilities must be reported in Part III, line 26, in column (a), regardless of whether the amounts are recorded or declared in the different nomenclature in the financial statements or in the registers and records, would be Provisions for doubtful accounts , Expenditure on non-collectable banknotes receivable, or Depreciation of commercial accounts receivable. In addition, all fines and penalties must be included in Part III, line 7, column (a), irrespective of the terminology or nomenclature attached to them by the company in its books and records or in its financial statements. With limited exceptions, Part II includes lines for certain items of income, gain or loss (income items). (See lines 1 through 21.) If an income item is described on lines 1 through 21, report the item amount on the applicable line, regardless of whether there is a difference for the item. If there is a difference for the income item or only part of the income item has a difference and part of the item does not have a difference, and the article is not described on lines 1 through 21, report and describe the entire amount of the item on line 22. With limited exceptions, Part III includes lines for certain items of expenditure or deduction (expenditure items). (See lines 1 through 29.) If an expense item is described on the lines at at 29, report the item amount on the applicable line, regardless of whether there is a difference for the item. If there is a difference for the expenditure item or only part of the expenditure item has a difference and a of the item has no difference and the item is not described on lines 1 through 29, report and describe the entire amount of the item on line 30. If there is no difference between the financial book amount and the amount reported for tax purposes of an entire item of income, loss, expense or deduction, and the item is not described or included in Part II, lines 1-22 or Part III, lines 1 to 30, report the entire amount of the item in columns (a) and (d) of Part II, line 25. Declared separately and properly disclosed. Each difference reported in Parts II and III shall be declared separately and duly communicated. In general, a difference is adequately disclosed if the difference is labelled in a way that clearly identifies the element or transaction from which the difference results. For further guidance on appropriate disclosure, see Regulations Section 1.6662-4(f). If a particular item of income, gain, loss, expense or deduction are described in Part II, lines 7-21 or Part III, lines 1 to 29, and the line does not indicate the attachment of the program or the attachment of the details, and the specific instructions for the line do not require the attachment of a program or an explanation, then the item is considered separately mentioned and duly disclosed if the item is reported on the applicable line and the amount (amounts) of the article(s) is reported in the applicable columns applicable line. See instructions for Part II, lines 1 to 9, for specific additional information to be provided for these special lines. Unless otherwise stated, the differences for the same item shall be combined or compensated and reported as a single amount on the applicable line of planning M-3. However, differences for separate items should not be combined or compensated. Each item (and the corresponding amount that can be attributed to that item) must be mentioned separately and duly presented on the applicable line of Annex M-3 or on any statement to be attached, even if the amounts are below a certain amount in dollars. Declarations required for Part II, line 22, and Part III, line 30. A separate declaration shall be attached to list M-3 (form 1065) which includes a detailed description of each article and adjustment entered in Part II, line 22 and Part III, line 30. The description for each amount entered in column (a) must be easily identifiable with the account name in the taxpayer's financial statements or books and records, below which the amount in column (a) has been recorded in the accounts. The description for each amount entered in column (a) shall also include detailed information supporting each adjustment reported in columns (b) and (c), including where the adjustment is identified in the accounts. The entire description shall be considered the tax description for the amount reported in column (d) for each item reported in Part II, line 22 or Part III, line 30. Each description should adequately describe all columns in Part II, line 22 or Part III, line 30. If additional information is required to provide an acceptable description, provide a supporting statement. Example 7. Partnership B shall draw up financial statements of gAAP. In previous years, B acquired intellectual property (PI) and goodwill. THE INVESTIGATION PERIOD is depreciable for both U.S. income tax purposes and financial statements. In the current year, the annual b amortization of IP expenses is $9,000 for U.S. income tax purposes and $6,000 for financial statement purposes. The goodwill is not depreciable for U.S. income tax purposes and is subject to depreciation for financial purposes. This year, B has a goodwill impairment fee of $5,000. B must report imputable IP depreciation on Part III, line 21, and report $6,000 in column (a), a temporary difference of $3,000 in column (b) and $9,000 in column (d). B must report goodwill impairment in Part III, line 19, and report $5,000 in column (a), a permanent difference of $5,000) in column (c) and $0 in column (d). Example 8. Partnership C is a calendar year that submits and completes the M-3 Programme for fiscal year 2019. C put into operation 10 fixed assets depreciated in a previous fiscal year. C's total depreciation expenses for fiscal year 2019 for five of the assets are $50,000 for income statement purposes and $70,000 for U.S. income tax. The total annual depreciation expenses of C for fiscal year 2019 for the other five assets are $40,000 for the purposes of the income tax return and $30,000 for U.S. income tax. C treats differences in financial statements and U.S. income tax amortisation expenses as giving rise to temporary differences that will be reversed in the years to come. C must combine all its depreciation adjustments. Accordingly, C must report on Part III, line 25, for its expenses of amortising the 2019 tax return of $90,000 in column (a), a temporary difference of USD 10,000 in column (b) and the US income tax amortization expense of USD 100,000 in column (d). Example 9. Partnership D is a calendar year that submits and completes the M-3 Programme for fiscal year 2019. As of 31 December 2019, D establishes three reserve accounts worth 100,000 lei for each account. A reserve account is an allowance for accounts receivable that are estimated to be non-collectable. The second reserve is an estimate of the outstanding coupons that can be paid. The third reserve is an estimate of future guarantee expenses. In its financial statements, D deals with the three reserve accounts giving rise to temporary differences that will be reversed in the years to come. The three reserves are expenses in D's 2019 financial statements, but there are no deductions for U.S. income tax purposes in 2019. D must not combine the differences in the M-3 scheme for the three reserve accounts. D shall report the amounts attributable to the allowance for non-collectable accounts in Part III, line 26, 26, debt expenditure and must specify separately and adequately disclose the amounts attributable to each of the other two reserves, outstanding coupons and guarantee costs, on a necessary, attached statement supporting the amounts in Part III, line 30. D shall also provide a description for each reserve meeting the requirements for Part III, line 30, discussed earlier in accordance with the mandatory declarations for Part II, line 22, and Part III, line 30. In this example, an acceptable description for the guarantee costs would be the Expenditure Reserve for the future guarantee. You do not need to add the reserve account title to the description if the account name for the amount in column (a) is already part of the adjustment description. Example 10. Partnership E is a calendar year that submits and completes the M-3 Programme for fiscal year 2019. On 2 January 2019, E shall establish an allowance for unearned accounts (reserves of non-performing claims) of 100,000 lei. During 2019, E increases the reserve by $250,000 for additional accounts receivable that may become uncollectible. In addition, during 2019, E decreases the reserve by 75,000 lei for accounts receivable that were paid into bankruptcy during 2019. The balance of the reserve account at 31 December 2019 is 275,000 lei. The $100,000 amount for the establishment of the reserve account and the $250,000 amount for the reserve account increase are expenses from E's 2019 financial statements, but are not deductible in 2019 for U.S. income tax. However, the $75,000 drop in the reserve is deductible in 2019 for U.S. income tax purposes. In its financial statements, E treats the reserve account as giving rise to a temporary difference that will be reversed in future fiscal years. E must report on Part III, line 26, Bad debt expense, for 2019 income account from the bad fiscal year expenses of $350,000 in column (a), a temporary difference of ($275,000) in column (b), and U.S. income tax bad debt expenses of $75,000 in column (d). Example 11. The F partnership had $100 of mass expenses, $100 of entertainment expenses, and therefore deducted $200 on its income statement. For federal income tax purposes, $100 of mass expenses is subject to section 274 (n) (50% allowance) and $100 of entertainment expenses is subject to section 274 (a) (0% allowance). F must report on Part III, line 6: $200 in column (a), $150 in column (c), and $50 in column (d). F must report all of its meals and entertainment expenses only on this line, whether there is a difference or not, as entertainment meals and expenses are specifically described. For item reported on lines 1 or 3-5, attach a supporting statement that provides the name of the entity for which the item is reported, the entity's EIN (if applicable), the type of entity (corporation, partnership, etc.) and the item amounts for columns (a) and (d). See instructions for lines 2 and 6-9 for the specific information required for these lines. Report on line 1, 1, (a) the financial income (loss) included in Part I, line 11, for any foreign company accounted for by the equity method and the removal of this amount from column (b) or (c), as the case may be. The amount of dividends received and other taxable amounts received or included from foreign companies shall be reported on lines 2-4, as appropriate. Unless otherwise provided in this paragraph, report line 2, column (d), the amount (before any withholding tax) of any foreign dividends included in line 1 of the Net Income (Loss) Analysis of Form 1065 and report on line 2, column (a), the amount of dividends from any foreign company included in Part I, line 11. Do not report on line 2 any amounts to be reported on line 3 or dividends that have been previously taxed and must be reported on line 4. (See instructions below for lines 3 and 4.) Report withholding tax on Part III, line 30, Other expense items/difference deduction stakes or line 25, Other items without differences, as appropriate. For any dividends reported on line 2 that are received on a class of voting shares of which the company held directly or indirectly 10 % or more of the outstanding shares of that class at any time during the fiscal year, report on a supporting statement attached to line 2: (a) the name of the dividend payer, (b) the payer's EIN (if applicable), (c) the class of voting shares on which the dividend was paid, (d) the percentage of the class held directly or indirectly and (e) the amounts for columns (a) and (d). Report on line 3, column (d), the amount included in taxable income in accordance with Section 951 (relating to Chapter F), earnings or other inclusions of election income under sections 1291(d)(2) and 1298(b)(1), and any amount included in taxable income in accordance with Section 1293 (relating to QEF). See Form 5471, return of u.S. information on certain foreign corporations and Form 8621, return of information by a shareholder of a foreign passive investment company or a qualified election fund for more information. Also include on line 3 passive foreign investment company mark-to-market gains and losses in accordance with section 1296. Do not report such gains and losses on line 14. Report on line 4, column (a), any distributions received from foreign corporations that were included in Part I, line 11, and that were previously taxed for U.S. income tax purposes. For example, include in column (a) amounts that are excluded from taxable income in sections 959 and 1293(c). Remove these amounts from column (b) or (c), as appropriate. Report the entire amount of the distribution before any withholding tax. withholding tax on Part III, line 30, Other items of expenditure/deduction with differences or line 25, Other items without differences, as applicable. Because previously taxed foreign distributions are not currently taxable, line 4, column (d), is shaded. (Also see the instructions above for line 2.) Report on line 5, column (a), (a), (loss) included in Part I, line 11, for any US company accounted for in the equity method and eliminates this amount in column (b) or (c), as the case may be. Report on line 6 the amount of dividends received from any U.S. corporations. Report on line 6, column (a), the amount of dividends included in Part I, line 11, which have been received from any U.S. corporation. Report on line 6, column (d), the amount of any U.S. dividends included in the taxable income on line 1 of the Net Income (Loss) Analysis found in Form 1065. For any dividends reported on line 6 that are received by classes of voting shares in which the company held directly or indirectly 10 % or more of the outstanding shares of that class at any time during the fiscal year, report a supporting statement attached to line 6: (1) the name of the dividend payer, (2) the payer's EIN (if applicable) , (3) the class of voting shares for which the dividend was paid , (4) the percentage of class held directly or indirectly and (5) the amounts for columns (a) and (d). For any interest held by the company that is treated as an investment in a U.S. income tax partnership (other than an interest in an ignored entity), report the amounts on line 7 or 8 as described below. In column (a), the sum of the company's share of income or losses from an American or foreign partnership that is included in Part I, line 11. In column (b) or (c), as the case may be, the sum of all differences, if any, that can be attributed to the share of distribution of income or losses in the US or foreign company. In column (d), the sum of all amounts of income, gain, loss or deduction that can be attributed to the share of the distribution of the partnership from the income or losses of an American or foreign partnership (i.e. the sum of all amounts reportable in the K-1 programme(s) of the partnership(s) received (if applicable)), without taking into account the limitations calculated at partner level (e.g. , limitations on the use of charitable contributions, capital losses and interest expenses). For each partnership as referred to in line 7 or 8, a supporting statement providing the name, EIN (if applicable), the percentage of profit sharing at the end of the year (if applicable), the loss-sharing percentage at the end of the year (if applicable) and the amount reported in column (a), (b), (c) or (d) of line 7 or 8, as applicable, shall be attached. Example 12. The U.S. Partnership H is a calendar year that fully submits and completes the M-3 Program for fiscal year 2019. H has an investment in an American USP partnership. H prepares financial statements in accordance with GAAP. For fiscal year 2019, the net income of H's financial statement includes $10,000 of the income assigned to its share of usp's net income. The H K-1 program at USP reports $5,000 of regular income, $7,000 of long-term capital gains, $4,000 of charitable contributions, and $200 of section 179 expenses. H must report on line $7 $10,000 in column (a), a permanent permanent difference ($2,200) in column (c) and $7,800 in column (d). For any interest in a passing entity (other than an interest in a reportable partnership on line 7 or 8, as applicable) held by the American partnership (other than an interest in an ignored entity), report the following on line 9. In column (a), the sum of the company's share of the revenue or losses of the passing entity that is included in Part I, line 11. In column (b) or (c), as the case may be, the sum of all differences, if any, attributable to the passing entity. In column (d), the sum of all taxable amounts of income, gain, loss or deduction that can be reported in the K-1 programme(s) of the partnership received from the passing entity(s) (if applicable). For each crossing entity reported on line 9, attach a supporting statement providing the name of that entity, EIN (if applicable), the profit-sharing percentage at the end of the partnership year (if applicable), the loss-sharing percentage at the end of the partnership year (if applicable) and the amounts reported by the partnership in column (a), (b), (c) or (d) of line 9 , as the case may be. Any amounts that can be attributed to any reportable transactions (as described in Section

1.6011-4) shall be included on line 10, regardless of whether the difference or differences would be reported elsewhere in Part II or Part III. Thus, if a taxpayer submits Form 8886 for any reportable transaction described in Section 1.6011-4 Regulations, the amounts that can be attributed to this reportable transaction must be reported on line 10. In addition, all amounts of income and expenditure attributable to a reportable transaction must be reported on line 10, columns (a) and (d), even if there is no difference between the amounts of the financial statements and the amounts in the tax return. Each difference that can be attributed to a transaction that can be reported must be declared separately and communicated accordingly. A partnership shall be deemed to have declared separately and adequately disclosed a reportable transaction on line 10 if the partnership sequentially numbers each form 8886 and lists by the declaration number (shown on line A of form 8886) on the supporting statement for line 10 each sequentially numbered reportable transaction and the amounts required for line 10, columns (a) and (d). Instead of meeting the requirements of the preceding paragraph, a partnership shall be deemed to have declared separately and duly submitted a reportable transaction if the partnership attaches a supporting statement providing the following for each reportable transaction. A description of the reportable transaction presented in form 8886 for which amounts are reported on line 10. Name and registration number of or tax haven, if applicable, in relation to lines 1a and 1c of Form 8886, respectively. Type of reportable transaction (i.e. listed transaction, confidential transaction, contractually protected transaction, etc.) reported on form line 2 Where a transaction is a listed transaction described in the regulation of Section 1.6011-4(b)(2), the description shall also include the published orientation number shown on line 3 of Form 8886. In addition, if the reportable transaction involves an investment in the transaction through another entity, it would be a partnership, the description must include the name and EIN (if applicable) of that entity, as reported on line 5 of Form 8886. Example 13. Partnership J is a calendar year that submits files and completes the M-3 Programme for fiscal year 2019. J recorded seven different dropout losses during fiscal year 2019. A loss of USD 12 million results from a reportable transaction described in section 1.6011-4(b)(5), another loss of USD 5 million results from a reportable transaction described in Section 1.6011-4(b)(4) of the Regulation, and the remaining five loss of abandonment are not reportable transactions. J discloses reportable transactions that give rise to losses of $12 million and $5 million on separate forms 8886 and counts them sequentially X1 and X2, respectively. J must separately declare and adequately disclose the losses of 12 million and 5 million dollars on line 10. The $12 million loss and $5 million loss will be adequately disclosed if J attaches a statement of support for line 10 that lists each of the sequentially numbered forms, Form 8886-X1 and Form 8886-X2, and for each reportable transaction reports the corresponding amounts required for line 10, columns (a) to (d). Alternatively, the information provided by J will be appropriate if the description provided for each loss in the supporting statement includes the names and registration numbers of transactions or tax havens that may be reported, if any, presented in the applicable form 8886, identifies the type of transaction reportable for loss and reports the corresponding amounts required for line 10, columns (a) and (d). J shall report losses attributable to the other five loss of abandonment on line 21e, regardless of whether there is a difference for any of these loss of abandonment or for all of these loss of abandonment. Example 14. Partnership K is a calendar year that submits and completes the M-3 Programme in full for fiscal year 2019. K enters into a contractually protected transaction that is a reportable transaction described in the Regulations section 1.6011-4(b)(4). This reportable transaction is the only reportable transaction for K's fiscal year 2019 and results in a capital loss of USD 7 million for both financial accounting and U.S. income tax purposes. Although the transaction results in a difference, K is obliged to report on line 10 the following amounts: ($7 million) in column (a), $0 in columns (b) and (c) and ($7 million) in column (d). The transaction will be duly disclosed if K attaches a supporting statement for line 10 which (a) sequentially numbers Form 8886 and refers to sequentially numbered form 8886-X1 and (b) reports the applicable amounts required for 10, columns (a) to (d). Alternatively, the transaction will be adequately disclosed if the supporting statement for line 10 includes a description of the transaction, the name and number of the reportable transaction, if any, and the type of reportable transaction presented in Form 8886. Attach form 8916-A, additional attachment to the M-3 program. Fill in Part II and enter the amounts shown on line 6, columns (a) to (d), in list M-3, line 11, columns (a) and (d), as appropriate. An entity that (a) is required to submit an M-3 programming and has less than $50 million in total assets at the end of the fiscal year or (b) is not required to submit an M-3 appointment and voluntarily submit an M-3 appointment, is not required to submit Form 8916-A, but may do so voluntarily. Report on line 11, column (a), the total amount of interest income included in Part I, line 11, and report on line 11, column (d), the total amount of interest income included on line 1 of the Net Income (Loss) Analysis found in Form 1065 which does not need to be reported elsewhere on the M-3 list. In column (b) or (c), as appropriate, adjust for any amounts treated for U.S. tax purposes as interest income that is treated as another form of income for financial accounting purposes or vice versa. For example, adjustments to interest income resulting from adjustments made in accordance with the instructions for line 16, Sale versus Lease, should be made in columns (b) and (c) of line 11. Do not report the reported amounts on line 11 according to the instructions for lines 7, 8, 9, 10 and 20. This line is complemented by a partnership that prepares financial statements (or records and records, if permitted) using a global method of accounting for commitments and uses a global method of cash accounting for U.S. income tax purposes (or vice versa). With the exception of the amounts to be reported under line 10, the partnership shall report to line 12 a single net amount of all adjustments that can be attributed solely to the use of different global accounting methods (e.g. adjustments related to accounts receivable, accounts payable, compensation, accrued liabilities, etc.), regardless of whether a separate line in Annex M-3 corresponds to an element in the reconciliation of cash commitments. Differences that cannot be attributed to the use of different global accounting methods should be reported on the corresponding lines in list M-3 (e.g. a depreciation difference should be reported in Part III, line 25). Example 15. The L Partnership is a calendar year partnership that fully submits and completes the M-3 Programme for fiscal year 2019. It shall draw up financial statements in accordance with GAAP using a comprehensive method of accounting for commitments. L uses a method cash accounting for U.S. income tax purposes. L's financial statements for the year ending December 31, 2019, report accounts receivable sins of $35,000, an allowance for nonperforming debts of $10,000, and accounts paid $17,000 related to the current year of acquisition and reorganisation of legal and accounting fees. In addition, for year L ending December 31, 2019, L reported $15,000 in financial amortization expenses and $25,000 in u.S. income tax amortization. For fiscal year 2019 using a global cash accounting method, it does not recognize the $35,000 inincome that can be attributed to accounts receivable, cannot deduct the $10,000 allowance for non-performing debts, and cannot deduct $17,000 accounts payable. In its financial statements, L deals with both the difference between the overall accounting methods used for the financial statements and for the purposes of U.S. income tax and the difference between depreciation expenses as temporary differences. L must combine all adjustments that can be attributed to differences related to the overall accounting methods on line 12. As a result, L must report on the $12 8,000 line in column (a) ($35,000-$10,000-$17,000), ($8,000) in column (b), and $0 in column (d). l shall not report the accumulation of cash adjustment attributable to the legal and accounting fees in Part III, line 18, the current year's acquisition/reorganisation legal and accounting fees. Since the difference between depreciation expenses does not relate to the use of the cash accounting or accumulation method, L must report the difference in depreciation in Part III, line 25, Depreciation and report 15,000 lei in column (a), 10,000 lei in column (b) and $25,000 in column (d). Report on line 13, column (a), net gain or loss from hedging transactions in Part I, line 11. Report in column (d) the amount of taxable income from hedging operations as defined in paragraph 1221(b)(2). Use columns (b) and (c) to report all differences caused by different treatment of hedging transactions for financial accounting and U.S. income tax purposes, for example, if a portion of a hedge is considered ineffective in accordance with GAAP, but is still a valid hedge under section 1221(b)(2), the difference must be reported to line 13. Coverage of a capital asset, which is not a valid cover for U.S. income tax purposes, but can be considered a cover for gaap purposes, must also be reported here. Report hedging gains and losses calculated according to the accounting method from mark to market on line 13 and not from line 14. Report any gain or loss from hedging transactions on line 13 and not on line 15. Report on line 14 any amount representing income or loss of exchange for any securities held by a trader of securities, a trader of goods who has made a valid choice in accordance with Section 475(e) or a trader of securities or commodities who has made a valid choice in accordance with Section 475(f). Securities for this purpose are securities described in Section 475(c)(2) and commodities described in Section 475(e)(2). The securities described in Section 475(c)(2)(E) do not include contracts to which Section 1256(a) applies. Reporting of hedging gains and losses calculated in accordance with the mark-to-market accounting method on line 13, hedging transactions and not line 14. Traders of securities or goods. For a trader of securities or commodities who has made a valid choice in accordance with section 475(f) to use the market marking method to account for securities or commodities held in connection with a commercial activity submitting Form 4797, sales of commercial properties, any entries in the M-3 list required as a result of the market marking of such securities or goods shall be reported following : (a) the gains and losses from the mark to the market in Form 4797, line 10, are included in the Programme M-3, Part II, Line 14; and (b) any other entries in the M-3 list required on the basis of other results (non-market mark-up and gains) included in the total reported in Form 4797, line 17, should be reported in list M-3, Part II, line 21d, unless the instructions in list M-3 require the amounts to be reported on another line. Report on line 15 any amounts deducted as part of the cost of goods sold during the fiscal year, regardless of whether the amounts would otherwise be reported elsewhere in Part II or Part III. However, do not report the items referred to in the following paragraph on line 15. Examples of amounts to be included on line 15 are amounts that can be attributed to the valuation of stocks, such as amounts that can be attributed to cost flow assumptions, additional costs to be capitalised (including depreciation), such as section 263A costs, inventory reduction commitments, inventory obsolence reserves and lower cost or market reductions (LCM). The entries in columns (a) and (d) are negative amounts. Do not report the following on line 15 or form 8916-A. Any gain or loss from hedging transactions of reported stocks on line 13. Reportable Amounts on Line 16. Reportable Amounts on Line 19. Revenue from mark-to-market or (loss) associated with the inventories of securities dealers in accordance with section 475 that can be reported on line 14. Section 481(a) adjustments related to the cost of goods sold or the valuation of stocks that may be reported to line 17. Fines and penalties that may be reported in Part III, line 7. Judgments, damages, damages and similar costs, which may be reported in Part III, Line 8. Amounts included in Part III, line 28, Purchase versus Lease. Important. Fill in and attach form 8916-A, Part I, for each item listed on line 15 in columns (a) and (d). An entity that (a) is required to submit an M-3 programming and has less than $50 million in total assets at the end of the fiscal year or (b) is not required to submit an M-3 appointment and voluntarily submit an M-3 appointment, is not required to submit Form 8916-A, but do so voluntarily. Example 16. Partnership C is a calendar year that submits and completes the M-3 Programme for fiscal year 2019. C put into operation 10 fixed assets depreciated in a previous fiscal year. C's total depreciation expenses for fiscal year 2019 for five of the assets are $50,000 for financial accounting purposes and $70,000 for U.S. income tax. Total annual depreciation expenditure of C for fiscal year 2019 for assets is $40,000 for financial accounting purposes and $30,000 for U.S. income tax purposes. In addition, C shall bear $200 of the mass expenses which C deducts in the calculation of net income for financial accounting purposes. All $200 of the mass expenses is subject to 50% limitation under section 274 (n). In its financial statements, C treats the amortization of $50,000 and $100 of meals as other costs in the calculation cost of the goods sold. C must include in form 8916-A and on line 15, in column (a), $50,000 depreciation and $100 of meals. C must also include a temporary difference of $20,000 in column (b), a permanent difference of ($50) in column (c), and $70,050 in column (d) ($70,000 depreciation and $50 meals). In addition, C must report on Part III, line 25, for its income account for fiscal year 2019, depreciation expenses of USD 40,000 in column (a), a temporary difference of ($10,000) in column (b) and $30,000 in column (d); and on Part III, line 6, tables and entertainment expenses of $100 in column (a), a permanent difference of ($50) in column (c), and $50 in column (d). All other costs of the goods sold will be added to the amounts included on line 15, detailed in this example, and reported in Form 8916-A and line 15 in the corresponding columns. Also see the instructions for Part III, Line 28, Purchase versus Leasing (for buyers and/or tenants) later. Transactions for the transfer of assets with periodic payments characterised for financial accounting purposes either as a sale or as leasing may, in certain circumstances, be characterised as contrary for tax purposes. If the transaction is treated as a lease, the seller/tenant reports the periodic payments as gross rental income and also reports depreciation or deduction expenses. If the transaction is treated as a sale, the seller/tenant reports the gross profit (selling price minus the cost of the goods sold) from the sale of the assets and reports the periodic payments as payments of principal and interest income. On line 16, column (a), gross profit or gross rental income shall be reported for financial accounting purposes for all sales or rental transactions which must be given to the opposing characterisation for tax purposes. On line 16, column (d), gross profit or gross rental income is reported for federal tax purposes. The amounts of interest income for such transactions shall be reported in line 11 of column (a) or (d), as appropriate. Depreciation expenses for such transactions shall be reported in Part III, line 25, in column (a) or (d), as appropriate. Use columns (b) and (c) of lines 11 16 and Part III, line 25, as appropriate, to report the differences between columns (a) and (d). Example 17. M is a calendar year that submits files and completes the M-3 Programme in full for fiscal year 2019. M sells and rents properties to customers. For financial accounting purposes, M accounts for each transaction as a sale. For U.S. income tax purposes, each of M's transactions must be treated as a lease. In its financial statements, M M M the difference between financial accounting and the tax treatment of such transactions as temporary. During 2019, M reports in its financial statements $1,000 in sales and $700 in the cost of goods sold for 2019 leasing transactions. M receives regular payments of $500 in 2019 for these transactions in 2019 and similar transactions from previous years and treats $400 as principal and $100 as interest income. For financial accounting purposes, M reports a gross profit of $300 ($1,000 - $700) and interest income of $100 from these transactions. For U.S. income tax purposes, M reports $500 of gross rental income (periodic payments) and (based on other facts) $200 of deduction depreciation on property. In the 2019 M-3 program, M must report on line $11$100 in column (a), ($100) in column (b) and $0 in column (d). In addition, M must report on line $16,300 of gross profit in column (a), $200 in column (b), and $500 of gross rental income in column (d). Finally, M must report on Part III, line 25, $200 in columns (b) and (d). Except for an adjustment 481(a) of section 481(a) to be reported in Part I, line 10, for reportable transactions, any difference between an item of income or expenditure that can be attributed to an authorized (or unauthorized) change in the us income tax method, which results in an adjustment of Section 481(a) shall be reported to line 17 , regardless of whether there is a separate line for that item of income or expenditure in Part II or Part III. Example 18. Partnership N is a calendar year that submits and completes the M-3 Programme for fiscal year 2019. N has depreciated certain fixed assets during a period of erroneous recovery and, as of fiscal year 2019, N receives the agreement of the IRS to modify its method of accounting for depreciated fixed assets and begins to use the corresponding recovery period. The change in the accounting method leads to a positive adjustment of section 481(a) of 100,000 lei, which must be divided over 4 fiscal years, starting with fiscal year 2019. In its financial statements, N treats the adjustment in paragraph 481(a) as a temporary difference. N shall report on line 17 25,000 IN columns (b) and (d) for fiscal year 2019 and for each of the next 3 fiscal years (unless N is required to recognise the remainder of the adjustment provided for in section 481(a) previously). N shall not report the adjustment of Section 481(a) of Part III, line 25. Report on line 18, column (a), amounts of revenue included in Part I, line 11, which have been deferred from a previous financial year. Report on line 18, column (d), amounts recognized for U.S. income tax purposes in the current tax year, which are recognized for financial accounting purposes in a different year. Also report on line 18, column (d), any amount of income reported on line 18, column (a), which are recognized for U.S. income tax purposes in the current fiscal year. Using columns (b) and (c) of the 18, as appropriate, to report the differences between columns (a) and (d). Line 18 should not be used to report recognised revenue from long-term contracts. Instead, use line 19. Report on line 19 the amount of net income or loss for financial statement purposes (or records and records, if applicable) or for U.S. income tax purposes for any contract accounted for under a long-term contract accounting method. Report any initial issue discount amounts (IDOs) and other imputed interest on line 20. The initial discount term of the issue and other imputed interest includes, but is not limited to: exceeding the declared redemption price of a debt instrument at maturity in relation to its issue price, as set out in section 1273; Amounts which are interest charged to a deferred sales contract in accordance with Section 483; Amounts treated as interest or IDP in accordance with the rules on dismembered bonds in accordance with Section 1286; and amounts treated as IDUs in accordance with lower market interest rate rules in accordance with Section 7872. Report on line 21a, column (a), all gains and losses from disposal of assets, except (a) gains and losses available to the inventory and (b) gains and losses allocated to the partnership from a passing entity (e.g. in Annex K-1) that are included in the net partnership income (loss) reported in Part I, line 11. Reverse the amount reported in column (a) of column (b) or (c), as appropriate. Corresponding U.S. income tax gains and losses are reported on lines 21b to 21g, as appropriate. Report on gross capital gains on line 21b reported in Annex D, capital gains and losses, excluding capital gains from crossinge, to be reported on lines 7, 8 or 9, as applicable. Report on gross capital losses reported on line 21c in Annex D, excluding capital losses from (a) crossing entities, to be reported on lines 7, 8 or 9, as appropriate; (b) loss of abandonment, to be reported on line 21e; and (c) loss of worthless stocks to be reported on line 21f. Report on line 21d net gain or loss reported on line 17 of form 4797, excluding amounts from (a) crossing entities, to be reported on lines 7, 8 or 9, as applicable; (b) loss of abandonment, to be reported on line 21e; and (c) loss of worthless stocks to be reported on line 21f. Traders of securities or goods who have made a valid choice in accordance with section 475(f) to use the method of marking on the market to account for securities or commodities, see instructions for Part II, line 14, previous. on line 21e any loss of abandonment, whether the loss is characterised as a common loss or a loss of capital. Report on line 21f any loss of non-valued stock, regardless of whether the loss is characterized as a regular loss or a loss of capital. Attach a statement that specifies separately and adequately discloses each transaction that gives rise to a worthless stock loss and the value of each loss. Report on line 21g any gains or from the sale or exchange of goods other than stocks not reported on lines 21b to 21f. Separate from the state and properly reveal on line 22 all items of income (loss), with differences that are not otherwise listed on lines 1 through 21. Attach a statement describing and specifying the type of income (loss) and the value of each item and provide a description that specifies the name of the income (loss) for book purposes for the amount recorded in column (a) and describes the adjustment recorded in column (b) or (c). The entire description completes the tax description for the amount included in column (d) for each item mentioned separately on this line. The attached instruction should have five columns. The first column has the description for the next four columns. The second column is Column (a), Revenue (Loss) per Income Account. The third column is Column (b), Temporary Difference. The fourth column is Column (c), Permanent Difference. The fifth column is Column (d), Income (loss) per tax return. For each item listed in the attached master for line 22, columns (a) + (b) + (c) must be equal to column (d). Each item with amounts in columns (a), (b), (c) and (d) will be totaled and included as a single line on line 22. If any overall result, as defined by the Statement of Financial Accounting Standards (SFAS) No. 130, is reported on this line, describe the item(s) in detail. Examples of sufficiently detailed descriptions include Foreign Currency Translation Adjustments – Global Outcome and Gains and Losses from Securities Available for Sale – Global Outcome. Combine lines 1 through 22 and enter the total on line 23. Line 15, Cost of goods sold, columns (a) and (d), are negative amounts that will affect the totals entered on line 23. Report on line 24, columns (a) and (d), as appropriate, the negative amounts reported in Part III, line 31, columns (a) and (d). For example, if Part III, line 31, column (a), reflects an amount of USD 1 million, report on line 24, column (a), (1 million USD). Similarly, if Part III, line 31, column (b), reflects an amount of ($50,000), then report on line 24, column (b), $50,000. If there is no difference between the accounting amount and the taxable amount of an entire item of income, gain, loss, expense or deduction, and the item is not described or included on lines 1 to 22 or Part III, lines 1 to 30, report the entire amount of the item in columns (a) and (d) of line 25. If part of an item of income, loss, expense or deduction has a difference and part of the item has no difference, do not report any part of the item on line 25. Instead, report the entire amount of the item (i.e. both the difference portion and the no difference portion) on the from lines 1 to 22 or Part III, lines 1 to 30. See example 11, previously. Amounts of expenditure which reduces financial revenue should be reported in Part III, column as positive amounts. Deduction amounts which reduce taxable income shall be reported in Part III, column (d), as positive amounts. The amounts reported in Part II, line 24, shall be negative from the amounts reported in Part III, line 31. If the partnership does not distinguish between current expenditure and deferred income tax expenses in its financial statements (or in its books and records, if applicable), report income tax expenses as current income tax expenses using lines 1 and 3, as appropriate. Report on line 5 any amounts for compensation or equity-based consideration that are reflected as expenses for financial accounting purposes (column (a)) or deducted in the US income tax return (column (d)), other than amounts reported elsewhere in list M-3, Parts II and III. Examples of amounts reportable on line 5 include items of expenditure/deductions that can be attributed to options for the purchase of capital interest units, profit interest units and other partnership equity acquisition rights, whether such payments are made to employees or non-employees, or as payment for goods or compensation for services. Report on line 6, column (a), any amounts paid or accumulated by the company during the fiscal year for meals, beverages and entertainment which are accounted for in financial accounting revenues, irrespective of the classification, nomenclature or terminology used for such amounts and irrespective of how or where such amounts are classified in the company's financial income statement or in the income and expenditure accounts kept in the partnership's books and records. Report only amounts that cannot be reported elsewhere in list M-3, Parts II and III (e.g. Part II, line 15). Report on line 7 any similar fines or penalties paid to a government or other authority for violating any law for which fines or penalties are assessed. All fines and penalties with financial accounting income (paid or accrued) must be included on line 7, column (a), irrespective of the government or other authority which has imposed the fines or penalties, whether the fines and penalties are civil or criminal, irrespective of the classification, nomenclature or terminology used for fines or penalties by the authority imposing in its actions or documents and irrespective of how or where the fines or penalties are classified in the financial statement of the partnership or in the revenue and expenditure accounts kept in the registers and records of the partnership. Also report on line 7, column (a), reversal of any surcharge of any amount described in this paragraph. See sections 162(f) and 162(g) further guidance. Report on line 7, column (d), any such amounts described in the preceding paragraph which are not included in taxable income, irrespective of the financial accounting period in which these amounts were or are included in the net income of the financial accounts. Complete columns (b) and (c), as appropriate. Do not report on line 7 the amounts needed to be reported in accordance with the instructions in line 8. Do not report on line 7 the amounts recovered from insurers or any other compensation for the fines and penalties described above. Report on line 8, column (a), the amount of any estimated or actual judgments, damages, prizes, settlements and similar costs, regardless of name or classified, included in financial accounting revenue, regardless of whether the amount deducted was attributed to an estimate of future advance payments or actual payments. Also report on line 8, column (a), reversal of any superaccrue of any amount described in this paragraph. Report on line 8, column (d), any such amounts described in the preceding paragraph which are not included in the taxable income, irrespective of the financial accounting period in which these amounts were or are included in the net income of the financial accounts. Complete columns (b) and (c), as appropriate. Do not report on line 8 the amounts to be reported in accordance with the instructions in line 7. Do not report on line 8 the amounts recovered from insurers or any other indemnify for any court orders, damages, awards or similar costs described above. Include on line 9, column (a), the amount of guaranteed payment expenses that is included in Part I, line 11. Report in column (d) the net amount of the deduction of guaranteed payments. The net amount of the deduction reported in column (d) is the amount reported as deduction in Form 1065, page 1, line 10, reduced by the amount reported as income in Form 1065, list K, line 4. The net amount of guaranteed payments reported in column (d) will be zero if the guaranteed payments are not capitalised and all are deducted in Form 1065, page 1, line 10 or a negative amount (reported in parentheses) if any of the guaranteed payments are capitalised by the partnership. In general, if the guaranteed payment costs are recognised for financial accounting purposes, the amount reported in column (c) as a permanent difference will be negative of the guaranteed payment income reported in Form 1065, list K, line 4. If no guaranteed payment expense for financial accounting purposes is recognised, the amount reported in column (c) as a permanent difference will generally be zero. Any amount of guaranteed payments capitalised for tax purposes in Form 1065, page 1, but not capitalised for financial accounting purposes, will generally be reported as a negative amount of the temporary difference in column (b). Example 19. AZ is a calendar year that submits files and completes the M-3 Programme in full for fiscal year 2019. AZ has total revenue of $5,000 in 2019 for both financial and tax accounting purposes, before taking into account expenses or deductions of guaranteed payments. Partner A is paid with a guaranteed deductible payment of $3,000 for services partnership during the fiscal year. Partner Z is paid a guaranteed payment of $1,000, which is capitalized on the land for tax accounting. Both guaranteed payments, in total $4,000, are treated as expenses in which you reach the net income of financial accounting. There are no other expenses or deductions for financial or tax accounting purposes. The amount shown in Part I, line 11, Net income (loss) per partnership income statement, is $1,000 ($5,000 − $3,000 − $1,000 = $1,000). The amount shown on line 9, column (a), is $4,000, the amount of payment expenses guaranteed for financial accounting purposes. The amount shown on line 9, column (d), is ($1,000), the net amount deducted after taking into account $4,000 of the total guaranteed payments allocated to partners as income in program K, offset by $3,000 deducted in Form 1065, page 1, line 10. The amount reported on line 9, column (b), is a temporary difference of $1,000, negative in the amount of capitalized guaranteed payments for Form 1065, page 1. The amount reported on line 9, column (c), is a permanent difference of ($4,000), equal to the guaranteed payment income shown in Form 1065, list K, line 4, expressed as a negative amount. Part II, line 23, reports $5,000 in column (a), $0 in column (b), $0 in column (c) and $5,000 in column (d). Part II, line 24, reports ($4,000) in column (a), $1,000 in column (b), $4,000 in column (c) and $1,000 in column (d). Part II, line 26, reports $1,000 in column (a), $1,000 in column (b), $4,000 in column (c) and $6,000 in column (d). The same facts as in example 19.1, except that no guaranteed payment expense is recognised for financial accounting purposes. The amount shown in Part I, line 11, is $5,000. On line 9, AZ reports $0 in column (a), ($1,000) in column (b), $0 in column (c) and $1,000 in column (d). Part II, line 23, reports $0 in column (a), $1,000 in column (b), $0 in column (c) and $1,000 in column (d). In Part II, line 25, AZ reports $5,000 in column (a), $1,000 in column (b), $0 in column (c) and $6,000 in column (d). Report on line 10 any amounts that can be attributed to the partnership pension plans, profit-sharing plans and any other pension plans. Report on line 11 any amounts that can be attributed to other post-retirement benefits that are not otherwise included on line 10 (e.g. health and life insurance coverage for pensioners, dental cover, etc.). Report on line 12, column (a), any compensation expense included in net income (loss) amount reported in Part I, line 11, which is not deductible for U.S. income tax purposes in the current fiscal year and which has not been reported elsewhere on Program M-3, column (a). Report on line 12, column (d), any deductible compensation in the current fiscal year not included in the amount of net income (loss) reported in Part I, line 11, for the fiscal year and which cannot be reported elsewhere in the M-3 program, including any deferred compensation deductions in a previous fiscal year. For example, report the origins and reversals of deferred compensation subject to section 409A on line 12. Report on line 14 any charitable contribution of the property, e.g. contributions of: intellectual property, patents (including any amounts of additional contributions admissible under the income earned by donees after the year of donation), copyrights, trademarks; Securities (including shares and derivatives, stock options and their bonds); Conservation eases (including scenic relief or air rights); Road rights; Mineral rights; and other intangible assets. Include on line 15, column (a), organizational expenses, as defined in the regulation of section 1.709-2(a). Include on line 15, column (d), the amount of organisational expenditure deducted for section 709(b). The syndication expenses are included on line 16 as defined in the Regulations of Section 1.709-2(b). Report on line 17 any investment bank fees paid or incurred in connection with a taxable or tax-exempt purchase (e.g. equity or property assets) or a tax-free reorganisation that cannot otherwise be reported in Annex M-3 (e.g. line 15 or 16). Report on this line any investment bank fees paid or incurred at any stage of the acquisition or reorganization process, including, for example, fees paid or incurred to assess whether to investigate a purchase, fees to conduct a real investigation, and fees to consume the purchase or reorganization. Report on line 18 any legal and accounting fees paid or incurred in connection with a taxable or tax-exempt property acquisition (e.g. equity or property assets) or a tax-free reorganisation that cannot otherwise be reported in Annex M-3 (e.g. line 15 or 16). Report on this line any legal and accounting fees paid or incurred at any stage of the acquisition or reorganization process, including, for example, fees paid or incurred to assess whether to investigate whether to investigate a purchase, fees to conduct a real investigation, and fees to consume the purchase or reorganization. Report on the amortisation of goodwill or amounts attributable to the depreciation of goodwill. Report on the depreciation of line 20 of acquisition, reorganization and start-up costs. For the purposes of columns (b), (c) and (d), depreciable amounts in accordance with Section 167 or 195 shall be included. Report on line 21 any depreciation or depreciation write-offs that are not otherwise included in the M-3 program. When you use this line to show amounts in other forms or tax worksheets, this line must be considered zero. Form 1065 filetshalls shall report on line 23a, column (a), any oil and gas depletion included in Part I, line 11. Report on line 23b any expenses / deduction, other than oil and gas, which does not need to be reported elsewhere on Program M-3 (e.g. on Part II, line 7, 8, 9, or 15). Intangible Drilling and Development Costs (IDc) are the costs of developing oil, gas or geothermal wells. Report on line 24, column (a), the total amount of intangible drilling and development costs (or equivalent costs classified in the partnership's financial statements) included in the I, line 11, and report on line 24, column (d), the total amount of IDC paid or borne during the current fiscal year in accordance with section 263(c) and Section 1.612-4 regulations. Report on line 25 any expense/depreciation deduction that is not required to be reported elsewhere in list M-3 (for example, in Part II, line 7, 8, 9 or 15). Report on line 26, column (a), any amounts that can be attributed to an allowance for non-collectable accounts receivable or actual write-offs of the accounts receivable included in Part I, line 11. Report in column (d) the amount of non-performing expenses deductible for federal income tax purposes in accordance with Section 166. Attach form 8916-A. Fill in Part III and enter the amounts shown on line 5, columns (a) to (d), in list M-3, line 27, columns (a) and (d), as appropriate. An entity that (a) is required to submit an M-3 programming and has less than $50 million in total assets at the end of the fiscal year or (b) is not required to submit an M-3 appointment and voluntarily submit an M-3 appointment, is not required to submit Form 8916-A, but may do so voluntarily. Report on line 27, column (a), the total amount of interest expenses included in Part I, line 11, and report on line 27, column (d), the total amount of the interest deduction included on line 1 of the Net Income (Loss) Analysis found in Form 1065 which is not reported elsewhere in list M-3. In column (b) or (c), as appropriate, adjust for any amounts treated for U.S. income tax purposes as an interest deduction that is treated as another form of expenditure for financial accounting purposes or vice versa. For example, adjustments to interest/deduction expenses resulting from adjustments made in accordance with the instructions for line 28 should be made in columns (b) and (c), as appropriate, of line 27. Do not report on Form 8916-A and line 27 the amounts reported in accordance with the instructions for (a) Part II, lines 7, 8 and 9, Revenue (Loss) from U.S. Partnerships, Foreign Partnerships and Other Crossing Entities; and (b) Part II, line 10, Items relating to transactions that can be reported. Also see instructions for Part II, line 16, for sellers and/or lessors. Transactions for the transfer of assets with periodic payments characterized for financial accounting purposes either as a purchase or as a lease may, in certain circumstances, be characterised as contrary for tax purposes. If a transaction is treated as a lease, the buyer/tenant reports periodic payments as gross rental expenses. If the transaction is treated as a purchase, the buyer/tenant reports periodic payments as payments of principal and principal and also report depreciation expenses or deduction in respect of the acquired asset. Report in column (a) gross rent expenses for a transaction treated as a lease for financial accounting purposes, but as a U.S. income tax sale. Report in column (d) gross rental deductions for a transaction treated as a lease for U.S. income tax purposes, but as a purchase for Purposes. Report interest expense or deduction amounts for such transactions on line 27, in column (a) or (d), as appropriate. Report depreciation expenses or deductions for such transactions on line 25, in column (a) or (d), as appropriate. Use columns (b) and (c) of lines 25, 27 and 28, as appropriate, to report the differences between columns (a) and (d) for such recharacterized transactions. Example 20. X is a U.S. partnership calendar year that fully submits and completes the M-3 Program for fiscal year 2019. X acquired a property in a transaction which, for financial accounting purposes, X treats as a lease. Due to its terms, the transaction is treated for U.S. income tax purposes as a purchase, and X must treat the periodic payments it makes in part as a principal payment and partly as an interest payment. In its financial statements, X treats the difference between financial accounting and the tax treatment of this transaction as a temporary difference. During 2019, X reports in its financial statements $1,000 of gross rental expenses that, for U.S. tax purposes, are recharacterized as a $700 principal payment and a $300 interest payment, accompanied by a $1,200 depreciation deduction (based on other facts). In the M-3 2019 programme, X must report the following on line 28: column (a), 1,000 lei, gross rental expenses of financial accounting; column (b), ($1,000); column (d), $0. On line 27, X reports $0 in column (a) and $300 in columns (b) and (d) for interest deduction. On line 25, X reports $0 in column (a) and $1,200 in columns (b) and (d) for depreciation deduction. Report in column (a) the amount of expenses included in the net income reported in Part I, line 11, which are related to research and development expenditure. Report in column (d) the amount of deductions included in page 1 of the declaration and/or reported separately in Annex K of the return, which are recognised and reported as the research and experienced expenditure of Section 174, in accordance with the adopted method of accounting for the partnership for such expenditure. In column (c), as appropriate, include any adjustments for any amounts treated for U.S. income tax purposes as research or experimental expenses that are treated as another form of expenditure for financial accounting purposes, or vice versa. Report any difference in timing recognition in column (b). Example 21. Partnership X is a calendar year taxpayer who submits and completes the M-3 Programme in full for fiscal year 2019. During 2019, X incurred $100,000 in research and development costs that X recognized as an expense in his financial statements. De X incurred $20,000 in attorney's fees in obtaining a patent application that X capitalized and depreciated in his financial statements. X recognized $2,000 from the depreciation deduction. In accordance with its method adopted by accounting in accordance with Section 174, X deducts research and experimental expenses for U.S. income tax purposes. U.s. X must report $100,000 in column (a), $20,000 in column (b) and $120,000 in column (d). X must also report $2,000 in column (a), ($2,000) in column (b) and $0 in column (d) of Part III, line 21. Suppose the same facts as example 21.1, with the exception of X chosen to capitalize and cushion its research and expenditure over 60 months on all its research programs for u.S. tax purposes. X first realized the benefits of such expenses on 1 August. Accordingly, X must report $100,000 in column (a), a temporary difference of $90,000) (i.e., $100,000-$10,000) in column (b), and $10,000 (i.e., $120,000/60 months, times 5 months) in column (d). Partnership X is a calendar year taxpayer who submits and completes the M-3 Programme in full for fiscal year 2019. X adopted the current expenditure method for research and experimental expenditure for U.S. income tax purposes. During 2019, X incurred $50,000 in research and development costs, which X recognized as an expense in his financial statements. X also committed to developing a new machine for his business. X spent $30,000 on the project of which $10,000 represents the actual costs of material, work, and the cost of the component to build the car, and $20,000 represents the research costs that cannot be attributed to the machine itself. X capitalized all costs of 30,000 lei related to the car and recognized the depreciation expenses of $6,000 in its financial statements. X amortization expenses on $10,000 of car-related costs itself was $2,000 for U.S. income tax purposes. Accordingly, X must report $50,000 in column (a), $20,000 (research costs not attributable to the machine itself) in column (b), and $70,000 in column (d). X must also report $6,000 in column (a), ($4,000) in column (b) and $2,000 in column (c) of Part III, line 25. Partnership X is a calendar year taxpayer who submits and completes the M-3 Programme in full for fiscal year 2019. During 2019, X incurred $10,000 in research and development costs related to the social sciences that he recognized as an expense in his financial statements. X adopted the current expenditure method for research and experimental expenditure for U.S. income tax purposes. Because such costs are not admissible costs in section 174, X must report $10,000 in column (a), permanent difference ($10,000) in column (c) and $0 in column (d). If these costs are otherwise deductible for U.S. income tax purposes, X must report this item of expenses on Part III, line 30. X is a calendar year taxpayer who submits and completes the M-3 Program in full for fiscal year 2019. In 2019, X paid $75,000 for the acquisition or registration of intangible assets under a collaboration agreement with another company that X recognized as a research and development expense in its financial statements. X adopted the current expenditure method for research and experimental expenditure for U.S. income tax purposes. As payments made for the purchase of rights to a product or technology are excluded from the definition of research and experimental expenses, X must report $75,000 in column (a), $75,000 in column (c) and $0 in column (d). X shall report any depreciation otherwise permitted in connection with payments from Part III, line 21. Separate the state and adequately disclose on line 30 all items of expenditure/deduction that are not otherwise listed on lines 1 to 29. Attach an instruction describing and removing the type of expense/deduction and the amount of each item and provide spending/deduction names for the amount posted in column (a) and describing the adjustment posted in column (b) or (c). The entire description completes the tax description for the amount included in column (d) for each item mentioned separately on this line. The statement of detail annexed to the declaration for line 30 shall specify separately and adequately disclose the nature and amount of expenditure relating to each reserve and/or contingent liabilities. The appropriate level of information depends on the operational activity of each taxpayer and the nature of his or her accounting records. For example, if the net income of a partnership reported in the income statement includes anticipated expenses for an operation discontinued as a single amount, and the accounting or other registers, records and working documents of a partnership provide details of anticipated expenditure in more explanatory and defined categories, such as the costs of terminating employees, the costs of cancelling the lease, loss on the sale of equipment, etc., a supporting statement listing these categories of expenditure and their details will satisfy the requirement to specify separately and disclose accordingly. In order to specify separately and adequately disclose the termination costs of employees, it is not necessary for an anticipated amount of termination costs to be listed for each employee or for each asset (or asset category) to be listed along with the anticipated loss available. The attached instruction should have five columns. The first column has the description for the following four columns; the second column is Column (a), Expenditure per income account; the third column is Column (b), Temporary Difference; the fourth column is Column (c), Permanent Difference; and the fifth column is Column (d), Deduction per tax return. For each item listed in the attached master for line 30, columns (a) + (b) + (c) must be equal to column (d). Each item with amounts in columns (a), (b), (c) and (d) will be totaled and included as a line on line 30 of the planning face. Overall result. If any overall result, as defined by SFAS No. 130, is reported on this line, describe the item(s) in detail as, for example, Currency Translation Adjustments - and Gains and Losses on Securities Available for Sale-Result Global. Contingent reserves and liabilities. Report on the amounts on line 30 related to the change in each reserve or contingent debt other parts of Annex M-3. Report on line 30, column (a), expenditure included in net income reported in Part I, line 11, which is linked to contingent reserves and liabilities. Report on line 30, column (d), amounts relating to reserve liabilities and contingent liabilities that are deductible in the current fiscal year for U.S. income tax purposes Examples of items to be reported on line 30 include guarantee reserves, restructuring reserves, reserves for discontinued operations and reserves for purchases and provisions. Only report on line 30 items that are not required to be reported elsewhere on Program M-3, Parts II and III. For example, the expense for a reserve for stock obolescence should be reported in Part II, line 15. Example 22. The Q Partnership is a calendar year that fully submits and completes the M-3 Programme for fiscal year 2019. On 1 July of each year, Q has a fixed debt for its annual insurance premiums, which provides a 12-month coverage period from July 1 to June 30. In addition, Q pays in advance 12 months of advertising expenses on July 1. As of July 1, 2019, Q pays its $500,000 insurance premium and $800,000 in advertising expenses in advance. For financial accounting purposes, Q capitalizes and depreciates prepaid insurance and advertising over a 12-month term. For U.S. income tax purposes, Q deducts the insurance premium when paid and depreciates the advertising for a period of 12 months. In its financial statements, Q treats the differences attributable to the treatment of financial statements and the income tax treatment of prepaid insurance and advertising as temporary differences. Q also has a legal expense reserve where $300,000 was spent for financial accounting purposes and a ($100,000) temporary difference was calculated to reach the income tax deduction of $200,000. The declaration attached to Q's declaration for Part III, line 30, shall be specified separately and duly presented as follows: Enter in Part II, line 24, columns (a) to (d), as appropriate, the positive amounts of line 31 as negatives (in parentheses) and negative amounts as positive. For example, if line 31, column (a), reflects an amount of USD 1 million, report Part II, line 24, column (a), ($1,000,000). Similarly, if line 31, column (b), reflects an amount of ($50,000), then report Part II, line 24, column (b), $50,000. $50,000.