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London
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23 November 2012

Dear Sirs

Implementing the UK-US FATCA Agreement: Consultation document

A. Introduction

We are writing to provide the BVCA's response to the consultation document entitled "Implementing the UK-US FATCA Agreement" published by HMRC on 18 September (the *ConDoc*) and the US-UK Agreement set out in Annex A to the ConDoc (the *Agreement*).

The BVCA welcomes the Agreement and is appreciative of the efforts made by the UK Government and HMRC in reaching this position. It is our view that the Agreement will ease the additional burden imposed by FATCA on UK institutions with US investors.

The BVCA has been in an ongoing and constructive dialogue with HMRC regarding the introduction of FATCA and as such some of the matters raised in this letter reflect our discussions to date.

We are responding to the questions in the ConDoc (in section D of this letter) and summarise the key issues for your attention in section C.

B. About the BVCA

This response is submitted on behalf of the Tax Committee of the British Private Equity and Venture Capital Association ("BVCA").

The BVCA is the industry body and public body advocate for the private equity and venture capital industry in the UK. More than 500 firms make up the BVCA members, including over 250 private equity, mid-market, venture capital firms and angel investors, together with over 250 professional advisory firms, including legal, accounting, regulatory and tax advisers, corporate financiers, due diligence professionals, environmental advisers, transaction services providers, and placement agents. Additional members include international investors and funds-of-funds,

secondary purchasers, university teams and academics and fellow national private equity and venture capital associations globally.

Private equity funds managed in the UK currently back around 3,800 companies, employing around 1.2m people on a full-time equivalent basis (FTEs) across the world. Of these, around 515,000 FTEs are employed in the UK. In 2011, 1,048 companies, employing around 300,000 FTEs, were invested in by private equity funds managed in the UK. Of these, 803 were in the UK, employing around 130,000 FTEs.

The BVCA Tax Committee includes amongst its objectives the shaping of policy and the implementation of policy to ensure that it accommodates the needs of the British venture capital and private equity community.

C. Key Issues

Please find below a summary of the key issues for your attention. We have discussed these with you over the past 12-18 months and look forward to continuing this dialogue as we seek to resolve these outstanding issues.

- The BVCA welcomes the exclusion from withholding on US source income and gains for institutions that comply with FATCA (under Article 4 of the Agreement). This exclusion will alleviate to a great extent the additional reporting and administrative requirements of FATCA compliance on private equity funds.
- We have discussed with you how important it is to define where a partnership is resident for these purposes and agreed an approach. As limited partnerships are generally tax transparent and not resident in any jurisdiction we suggest that it is made clear that a limited partnership is considered to be resident where its place of management is located, i.e. this is where the general partner is resident, as the general partner carries on the management of the fund.
- Private equity funds may use a range of investing vehicles and such vehicles may not fall within the general definitions of 'holding companies' under FATCA. A typical private equity fund may have up to fifty portfolio investments, with each investment involving a number of holding companies for commercial and legal reasons. Investing funds regard these holding companies as part of the portfolio company group. However for the purposes of FATCA these could be financial institutions. Accordingly, the reporting and administrative burden may be disproportionately increased for a private equity fund.
- Private equity structures may also span multiple jurisdictions therefore it is critical to avoid potential duplication of reporting. This should be achieved by extending the 'expanded affiliated group' provisions. Alternatively, a centralised reporting function could be adopted for fund structures. This would reduce potential duplication of reporting in different jurisdictions. See Appendix 1 for an illustration of the potential duplication of FATCA reporting faced by a typical private equity fund.

D. Responses to the Questions

Question 1

Are there practical issues with applying the definition of Custodial Institution? If so, what are they and how would they arise? How could these issues be addressed in UK legislation or guidance?

Not applicable

Question 2

Are there concerns that the reference to “similar business”, when read in conjunction with other parts of the Agreement, could result in institutions being caught unintentionally? If so, what are they and when would they arise?

Not applicable

Question 3

Do you agree that it would be most appropriate for the fund to carry the obligations imposed on financial institutions and for the fund manager or other service provider to carry out the reporting on behalf of the fund? Is there a suitable alternative and if so how could it be provided for?

We would make no distinction between these regulations and other compliance requirements, and therefore the most appropriate solution is for the general partner of the fund to determine if it will take on these obligations or appoint an agent to act on its behalf. This would most likely be either the tax agent, or the administrator who has responsibility for identification of its investors/client take-on procedures (in line with the anti-money laundering regulations). In any event, the general partner of the fund or its manager should have the ability to appoint the most appropriate person to fulfil its obligations.

Question 4

Are there any other definitions in Article 1 that give rise to uncertainty or raise practical issues which could usefully be clarified in the UK legislation or guidance, and if so how?

We suggest that it is made clear that a limited partnership is considered to be resident where its place of management is located, i.e. this is where the general partner is resident, as the general partner carries on the management of the fund. As Para 1(l) of Article 1 of the Agreement sets out that a UK financial institution is one which is “resident” in the UK, therefore, this would apply to limited partnerships with a UK general partner.

We have also discussed with you previously the complexity of FATCA compliance for private equity fund structures and so any simplification which can be achieved would be welcome. Private equity funds may use a range of investing vehicles and such vehicles may not fall within the general definitions of ‘holding companies’ under the FATCA regime. A typical Private Equity fund may have up to fifty portfolio investments, with each investment involving a number of holding companies due to

commercial and legal reasons. These holding companies could all be regarded as financial institutions for the purposes of FATCA for the reasons set out in the Appendix even where such companies are considered to be part of the group of the trading portfolio companies. Accordingly, the withholding and administrative burden may be disproportionately increased for a private equity fund.

In order to overcome practical difficulties for private equity fund structures, a solution could be to adapt the definition of an 'expanded affiliated group' in the US tax provisions (section 1471(e)(2) of the Internal Revenue Code of 1986) to include a partnership structure which is not controlled by one of the group companies.

An alternative practical solution would be to introduce a single, centralised reporting arrangement (similar to that described in the IRS memo 2011-34 and reproduced in Appendix 2).

Question 5

Are there any classes of product, aside from certain insurance policies or insurance products where it would be appropriate to use a reporting period other than the calendar year and if so why?

Since private equity funds with US investors are already undertaking US tax reporting on K-1 forms, FATCA reporting on a calendar year basis should not be problematic. However, it is strongly requested that the annual reporting deadline is 30 June after the calendar year end, rather than 31 March. This is because most funds have a 31 March deadline to produce their financial statements and then they have an obligation to prepare K-1s. Imposing an identical March deadline for FATCA is considered an excessive burden.

Question 6

In what circumstances would imposing a UK definition of "other income" include income types not included under FATCA? What would be the best way to address this issue, balancing reporting on a broader category of income with the administrative burdens of separating different types of income?

Not applicable

Question 7

What would be the main concerns, especially for entities new to reporting account information, to take into account when considering whether to specify the data format and method of transmission?

We refer to the complexities set out in question 4 (i.e. private equity funds may span numerous jurisdictions and contain numerous entities with potential duplicate reporting).

The main concerns are the combined objectives of administrative ease to comply with the regulations and low additional cost of achieving compliance. It is therefore imperative that:

- a single reporting standard be adopted across all jurisdictions to minimise any inconsistencies in reporting across jurisdictions.
- the data reporting standard format is based on existing K-1 reporting.
- online filing/interface is available for the provision of the data to HMRC.

Question 8

By when would you need to know the data format and transmission method in order to be in a position to report in the first half of 2015? Would any transitional measures (such as phasing in the requirements) be useful to allow for any necessary systems changes to take place?

Put simply, the greater the period of advance notice, the better.

Following the response to Question 7, if the data reporting format follows existing K-1 reporting, then advance notice of the new requirements of at least 12 months is suggested. If the data reporting format does not dovetail with K-1 reporting, then at least 18 months' advance notice is suggested.

Please find enclosed a blank K-1 form for reference.

Question 9

Would it be reasonable to restrict the availability of transitional measures to financial institutions which have to report on fewer numbers of accounts? What should the limit on the number of accounts be?

Since private equity funds (and their managers) do not anticipate the need for transitional reporting requirements, electronic filing should be adopted from the outset.

Question 10

Do you have any concerns regarding the implementation of Article 4 and if so how could they be addressed in UK legislation or guidance?

We have no further comments.

Question 11

Does UK legislation need to include provisions regarding a suitable period for repair of any errors where they are spotted by the financial institution or HMRC? Also we would welcome views on any potential difficulties with applying HMRC's existing penalty regimes to non-compliance with the Agreement.

There are a number of practical concerns with the proposed penalty regime.

Take the scenario where an institution reports to HMRC which then passes the reporting to the IRS. If the IRS were to identify incomplete or inaccurate reporting and notifies HMRC, is it appropriate for HMRC to levy penalties according to UK domestic provisions?

Notwithstanding the comments above, any UK penalty regime adopted should be in line with the existing self assessment filing penalties. Since the FATCA reporting would not have a bearing on UK tax, we assume the penalty regime will not be tax-gearred. It is suggested that the penalty regime should not be determined on an account by account basis, but on an underlying return by return basis. This would avoid numerous members (e.g. limited partners in a fund partnership) each paying a penalty for an error in the reporting at the fund level.

There should be a timeframe (enacted in legislation) which allows the institution time to correct errors, where those errors are uncovered by the institution. It is proposed that such a time limit is 12 months from the filing deadline, to coincide with similar existing provisions for a UK taxpayer to amend their self assessment return. (See Question 14 for errors identified by the IRS.)

Question 12

Would it be desirable to have examples of minor and significant non-compliance contained in guidance material?

The examples for significant non-compliance provided in the Condoc are clear and helpful. We request that any other infringements would be considered minor.

It is imperative to clarify whether compliance by UK institutions with the FATCA regulations will be determined according to any guidance issued by HMRC or the IRS. Can HMRC clarify that the examples in the Condoc are agreed with the IRS and that there are procedures in place to agree any guidance?

Under the Agreement, a UK institution will be subject to HMRC's interpretation of the seriousness of an infringement. However, there needs to be certainty that allows for a high level of consistency in approach across different jurisdictions.

Question 13

We think there would be benefits in having a nominated individual undertaking certain compliance responsibilities and providing assurance that the financial institution's obligations have been met. We would welcome thoughts on such a role, and on its potential scope.

We suggest that responsibility for compliance should rest with the 'corporate' (i.e. the private equity fund or its manager) rather than at a personal level. While an individual may be nominated as a point of contact for an 'affiliated group' (e.g. a designated partner for limited liability partnerships), the individual should not be held responsible for compliance. This scenario is described in paragraph 3.53 in the Condoc

Question 14

Do you have any concerns regarding the implementation of Article 5 and if so how could they be addressed in UK legislation or guidance?

We would suggest there is an 18 month window from the date an error is communicated to a financial institution for it to repair any incomplete/inaccurate reporting as determined by HMRC.

Question 15

Do you have any concerns regarding the implementation of the commitment to require UK financial institutions to obtain and report US TINs and if so how could they be aligned with other data gathering requirements in UK legislation?

It is assumed that a practical approach to adhere to Article 5 would be to request copies of the W8 BEN, W8 IMY, or the new W8 BEN-E. We wish that self-certification and reliance on such IRS forms would provide the institution with a 'safe harbour'.

The requirement to obtain US TINs for new accounts by 2017 is a reasonable objective. This is particularly important for recalcitrant account holders that may have US indicia but refuse to provide information in order to refute or confirm whether they are US reportable accounts or not. In such a situation, it is unlikely that the institution would be able to obtain the account holder's US TIN and we do not believe that the institution should be penalised for this.

There should be a carve-out for existing accounts on the basis that an institution attempts to obtain US TINs on a 'best efforts' basis, i.e. the institution should not be penalised should it not be possible to obtain TINs for existing accounts.

Question 16

We welcome comments on any circumstances where applying the US Regulations provide a less burdensome approach than applying the terms of the Agreement.

We have no comments.

Question 17

Comments are welcomed on whether the use of the term "value" in relation to specific financial products causes any difficulties for product providers.

As we have previously discussed with you, our conclusion is that since private equity funds already provide K-1 reporting to US investors, it is critical that the same basis for calculating account 'value' for FATCA purposes follows the K-1 procedures.

In the highly unlikely event that the FATCA reporting would uncover US recalcitrant investors (given the existing K-1 reporting requirements), it is proposed that FATCA reporting would be incorporated into the existing reporting procedures.

Question 18

Do respondents feel that the ability under an election to choose whether to apply the limits set out in Annex II cause data protection issues? If so could you state why and provide examples?

For the majority of private equity funds in the majority of instances, it will be unlikely that account holders (under normal circumstances) will have balances under \$1million.

For administrative simplicity, in order to deal with the scenario where this does not apply, we propose that there should be an election to opt-out (enacted in legislation) from the *de minimis* reporting (i.e. that institutions can notify their investors that all investors will be subject to FATCA reporting and this would be included in the investment terms and conditions).

Question 19

We would welcome comments on the type issues that should be taken into account when considering the format of a similar agreed form. For example with regard to the interaction between financial institutions and third party service providers undertaking the necessary AML or in relation to electronic accounts such as internet banking.

We are strongly in favour of not introducing an additional form. The introduction of a UK-specific form is likely to lead to an inconsistent approach across a number of different jurisdictions. We are firmly of the view that the W-8 BEN (or associated W-8 forms and accompanying IRS guidance) would be sufficient.

Question 20

We welcome comments with regard to the role of a relationship manager and on how to define this term appropriately for UK institutions.

We would suggest a tightly-drafted definition for relationship manager, such as “a relationship manager is an individual who is the regular point of contact for an institution’s investors and who is responsible for the relationship with those investors”.

As a fall back position, we would suggest that where a relationship manager is not available, the expectation is that the institution would perform the other elements of an ‘enhanced review’.

Question 21

We again welcome comments on whether the ability to have such a choice is desirable as well as examples of when and why such a choice might be useful.

There does not need to be a distinction between new accounts and pre-existing accounts.

Question 22

We welcome comments on how respondents see this process impacting on differing operating procedures, particularly regarding any timing issues this will raise and how this process will work where third party service providers are used to carry out the AML process.

This requires the investor to provide self-certification to ascertain if they are a US taxpayer, and for members to check whether this self-certification is reasonable based on anti-money laundering documentation. It is expected that this procedure can be adapted into existing client take-on procedures.

Question 23

We welcome comments on whether institutions would favour the definition of a change of circumstances to be set out only in guidance or also defined in the legislation. What would be the pros and cons of either approach?

It is imperative in our view that the rules are enacted in detailed legislation and supplemented by guidance rather than scant detail in the legislation with the bulk of the regulations in guidance. While guidance may be easily altered, given the additional complexity of the regulations (and the interaction of the IRS' standards and HMRC's implementation of the regulations) in order to give institutions the peace of mind that they are sure of the law they are following, legislation is the strongly preferred route.

Question 24

Does this aggregation process cause any particular difficulties for businesses? For example where systems can link accounts together but don't go as far as totalling up separate balances. How would this affect an entity's ability to undertake the due diligence required?

It is not expected that the aggregation process would cause issues for private equity funds.

Please feel free to contact me on 020 7804 0497 and sara.clark@uk.pwc.com if you have any queries about this letter or if you consider that a meeting with BVCA representatives would be helpful.

Yours faithfully,



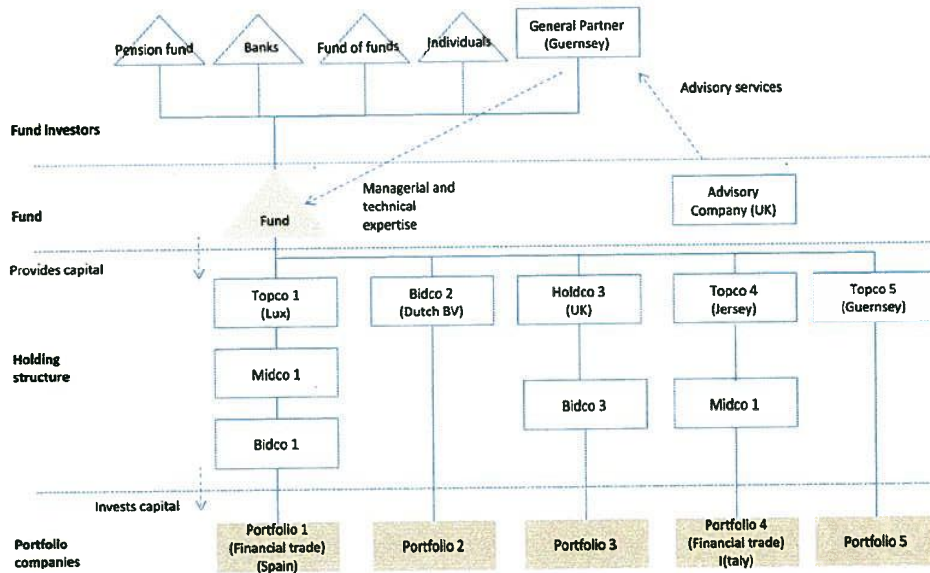
Sara Clark
on behalf of the BVCA Tax Committee

Encl - Schedule K-1 (Form 1065)

Appendix 1

Typical private equity fund structure for cross-border investments

The diagram below illustrates a typical private equity fund structure.



Analysis of FATCA reporting obligations for the Private Equity fund

There are five major components to a private equity fund and its investments: the investors, the fund, the portfolio company, the General Partner of the fund (the Fund Manager), and one or several advisory companies.

As you can see from the above diagram, under the FATCA regulations within a single private equity fund there are multiple reporting entities in multiple jurisdictions. These are identified below.

General Partner - Guernsey

Topco 1 – Luxembourg

Bidco 2 – Netherlands

Holdco 3 – UK

Topco 4 – Jersey

Topco 5 – Guernsey

Portfolio 1 – Spain

Portfolio 4 – Italy

A description of each of the components within a Private Equity fund structure is below for background purposes.

i) Investors

Investors provide capital, which is pooled together by the Fund Manager into collective investment vehicles (usually called private equity funds). The investors seek Fund Managers with the investment objectives, track record and capabilities that best match their requirements.

In the case of a transparent fund structure (the most common type), the investors are the fund's 'Limited partners' with limited liability.

The vast majority of private equity financing comes from investors with long-term investment horizons, such as institutional investors, (including banks, sovereign wealth funds, family offices, funds of funds and pension funds) and high net-worth individuals. They invest for a period of approximately 13-17 years on behalf of themselves and their investors (who are acting on behalf of their own policy holders, e.g., pension policy holders) to achieve risk-adjusted returns. The usual return the investors receive takes the form of capital gains.

ii) The Fund

This is a collective investment vehicle into which the investors commit their capital. Typically the fund's life is 13-17 years, but this varies considerably between funds. Private equity funds can be established under a variety of legal forms and regimes – typically:

- Partnerships – with or without legal personality (usually transparent for tax purposes)
- Corporations – with legal personality (non-transparent for tax purposes)

In the EU, Private Equity funds are typically structured as transparent limited partnerships.

iii) The Portfolio Company

The fund acquires portfolio companies using a mixture of the fund's capital (in the form of equity or shareholder debt) and external borrowings. Typically the fund will set up an acquisition structure consisting of holding companies to acquire the portfolio companies – depending on the fund, there may be a common holding company which holds all of the fund's investments, or a holding company structure may be set up for each of the fund's investments.

The acquisition structure typically consists of a number of holding companies whereby the number of holding companies is driven by commercial, legal or tax requirements. At a minimum, a Bidco would be incorporated to facilitate the acquisition of the portfolio company. Further holding companies may be created to facilitate structural subordination of shareholder debt, to separate the fund's holding of equity and debt instruments etc.

Portfolio companies are typically unlisted companies, but a fund may also acquire listed companies (public-to-private transactions). The objective of the fund is to help the companies achieve growth and add value through active ownership.

iv) The Fund Manager

This entity manages the fund. In the case of a transparent fund structure, the Fund Manager is usually the fund's 'General Partner' with unlimited liability. In certain cases, the General Partner may be a related entity in the Fund Manager's group.

v) The Advisory Company

In the case of cross-border investments a local presence in other EU jurisdictions may be required to enable the Fund Manager to find new investments in those jurisdictions and oversee investments once acquired.

These advisory entities analyse the local market, identify and evaluate potential investment opportunities and prepare investment proposals with appropriate input from the Fund Manager. These proposals are then submitted to the Fund Manager for a decision on whether to proceed with an investment or not.

Appendix 2

Excerpt from IRS memo 2011-34

"Centralised options for funds"

Treasury and the IRS are also considering whether a centralized compliance option should be provided for certain collective investment entities (funds) that are associated with a common asset manager or other agent.

"Under this approach, an asset manager or other agent would execute a single FFI Agreement on behalf of each member of a group of funds that contracts with the asset manager or other agent to perform the functions required under the FFI Agreement with respect to the fund. This option would be restricted to those cases in which the asset manager or other agent is able to monitor each fund's compliance with its FFI Agreement based on its legal agreements and other arrangements with each fund.

"An asset manager or other agent executing an agreement of this type would be required to act as a point of contact for the IRS with respect to all issues concerning the FFIs in its group, or designate an agent to assume this responsibility. It would further be required to implement policies and procedures covering the section 1471(b) and (c)(1) requirements for each participating FFI fund included in the single agreement, and would also be required to account to the IRS with respect to each such fund's compliance with these procedures and their section 1471 requirements. Each fund participating in an agreement under this option would remain liable for the performance of its obligations under its FFI Agreement.

"See also Section III.C of this Notice concerning the proposed requirements for certain investment funds to obtain deemed-compliant treatment." (IRS 2011-34)

Section III C - Certain Investment Vehicles

"...Under this guidance, a fund will be deemed-compliant if it meets the following three requirements:

- (1) all holders of record of direct interests in the fund (e.g. the holders of its units or global certificates) are participating FFIs or deemed-compliant FFIs holding on behalf of other investors, or entities described in section 1471(f);*
- (2) the fund prohibits the subscription for or acquisition of any interests in the fund by any person that is not a participating FFI, a deemed-compliant FFI, or an entity described in section 1471(f); and*
- (3) the fund certifies that any passthru payment percentages that it calculates and publishes will be done in accordance with Section II of this Notice."*

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning ending 2012 ending 20

Final K-1 Amended K-1

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
B Partnership's name, address, city, state, and ZIP code
C IRS Center where partnership filed return
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
F Partner's name, address, city, state, and ZIP code
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner?
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital
K Partner's share of liabilities at year end
L Partner's capital account analysis
M Did the partner contribute property with a built-in gain or loss?

Table with 4 columns: Line number, Description, Line number, Description. Rows include: 1 Ordinary business income (loss), 2 Net rental real estate income (loss), 3 Other net rental income (loss), 4 Guaranteed payments, 5 Interest income, 6a Ordinary dividends, 6b Qualified dividends, 7 Royalties, 8 Net short-term capital gain (loss), 9a Net long-term capital gain (loss), 9b Collectibles (28%) gain (loss), 9c Unrecaptured section 1250 gain, 10 Net section 1231 gain (loss), 11 Other income (loss), 12 Section 179 deduction, 13 Other deductions, 14 Self-employment earnings (loss), 15 Credits, 16 Foreign transactions, 17 Alternative minimum tax (AMT) items, 18 Tax-exempt income and nondeductible expenses, 19 Distributions, 20 Other information.

*See attached statement for additional information. For IRS Use Only

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1. Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (g)	
Nonpassive loss	Schedule E, line 28, column (h)	
Nonpassive income	Schedule E, line 28, column (j)	
2. Net rental real estate income (loss)	See the Partner's Instructions	
3. Other net rental income (loss)		
Net income	Schedule E, line 28, column (g)	
Net loss	See the Partner's Instructions	
4. Guaranteed payments	Form 1040, line 8a	
5. Interest income	Form 1040, line 9a	
6a. Ordinary dividends	Form 1040, line 9b	
6b. Qualified dividends	Schedule E, line 4	
7. Royalties	Schedule D, line 5	
8. Net short-term capital gain (loss)	Schedule D, line 12	
9a. Net long-term capital gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)	
9b. Collectibles (28%) gain (loss)	See the Partner's Instructions	
9c. Unrecaptured section 1250 gain	See the Partner's Instructions	
10. Net section 1231 gain (loss)	See the Partner's Instructions	
11. Other income (loss)		
Code		
A Other portfolio income (loss)	See the Partner's Instructions	
B Involuntary conversions	See the Partner's Instructions	
C Sec. 1256 contracts & straddles	Form 6781, line 1	
D Mining exploration costs recapture	See Pub. 535	
E Cancellation of debt	Form 1040, line 21 or Form 982	
F Other income (loss)	See the Partner's Instructions	
12. Section 179 deduction	See the Partner's Instructions	
13. Other deductions		
A Cash contributions (50%)	See the Partner's Instructions	
B Cash contributions (30%)		
C Noncash contributions (50%)		
D Noncash contributions (30%)		
E Capital gain property to a 50% organization (30%)		
F Capital gain property (20%)		
G Contributions (100%)		
H Investment interest expense	Form 4952, line 1	
I Deductions—royalty income	Schedule E, line 19	
J Section 59(e)(2) expenditures	See the Partner's Instructions	
K Deductions—portfolio (2% floor)	Schedule A, line 23	
L Deductions—portfolio (other)	Schedule A, line 28	
M Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	
N Educational assistance benefits	See the Partner's Instructions	
O Dependent care benefits	Form 2441, line 12	
P Preproductive period expenses	See the Partner's Instructions	
Q Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions	
R Pensions and IRAs	See the Partner's Instructions	
S Reforestation expense deduction	See the Partner's Instructions	
T Domestic production activities information	See Form 8903 instructions	
U Qualified production activities income	Form 8903, line 7b	
V Employer's Form W-2 wages	Form 8903, line 17	
W Other deductions	See the Partner's Instructions	
14. Self-employment earnings (loss)		
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
A Net earnings (loss) from self-employment	Schedule SE, Section A or B	
B Gross farming or fishing income	See the Partner's Instructions	
C Gross non-farm income	See the Partner's Instructions	
15. Credits		
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	
B Low-income housing credit (other) from pre-2008 buildings		
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
D Low-income housing credit (other) from post-2007 buildings		
E Qualified rehabilitation expenditures (rental real estate)		
F Other rental real estate credits		
G Other rental credits		
H Undistributed capital gains credit		Form 1040, line 71; check box a
I Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions
16. Foreign transactions		
A Name of country or U.S. possession	Form 1116, Part I	
B Gross income from all sources		
C Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
D Passive category	Form 1116, Part I	
E General category		
F Other		
<i>Deductions allocated and apportioned at partner level</i>		
G Interest expense	Form 1116, Part I	
H Other	Form 1116, Part I	
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
I Passive category	Form 1116, Part I	
J General category		
K Other		
<i>Other information</i>		
L Total foreign taxes paid	Form 1116, Part II	
M Total foreign taxes accrued	Form 1116, Part II	
N Reduction in taxes available for credit	Form 1116, line 12	
O Foreign trading gross receipts	Form 8873	
P Extraterritorial income exclusion	Form 8873	
Q Other foreign transactions	See the Partner's Instructions	
17. Alternative minimum tax (AMT) items		
A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251	
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal—gross income		
E Oil, gas, & geothermal—deductions		
F Other AMT items		
18. Tax-exempt income and nondeductible expenses		
A Tax-exempt interest income	Form 1040, line 8b	
B Other tax-exempt income	See the Partner's Instructions	
C Nondeductible expenses	See the Partner's Instructions	
19. Distributions		
A Cash and marketable securities	See the Partner's Instructions	
B Distribution subject to section 737		
C Other property		
20. Other information		
A Investment income	Form 4952, line 4a	
B Investment expenses	Form 4952, line 5	
C Fuel tax credit information	Form 4136	
D Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions	
E Basis of energy property	See the Partner's Instructions	
F Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8	
G Recapture of low-income housing credit (other)	Form 8611, line 8	
H Recapture of investment credit	See Form 4255	
I Recapture of other credits	See the Partner's Instructions	
J Look-back interest—completed long-term contracts	See Form 8697	
K Look-back interest—income forecast method	See Form 8866	
L Dispositions of property with section 179 deductions	See the Partner's Instructions	
M Recapture of section 179 deduction		
N Interest expense for corporate partners		
O Section 453(l)(3) information		
P Section 453A(c) information		
Q Section 1260(b) information		
R Interest allocable to production expenditures		
S CCF nonqualified withdrawals		
T Depletion information—oil and gas		
U Amortization of reforestation costs		
V Unrelated business taxable income		
W Precontribution gain (loss)		
X Section 108(f) information		
Y Other information		