

Resident Partner's Share of Adjustment to Partnership Income

For the calendar year 2013 or fiscal year beginning MM,DD,2013 and ending MM,DD,YYYY.

CHECK ONE: Original Amended

Partner's Identifying Number	Partnership's Employer Identification Number (EIN)
Partner's Name	Partnership's Name
Partner's Address – number and street or rural route	Partnership's Address – number and street or rural route
Partner's City, Town or Post Office State ZIP Code	Partnership's City, Town or Post Office State ZIP Code

Partner's Percentage of:	Before Change or Termination	End of Year
Profit sharing	%	%
Loss sharing	%	%
Ownership of capital	%	%
Type of partner (individual, trust, etc.)		

NOTE: Corporate partners must use Form 165, Schedule K-1(NR)

Part I: Arizona Partnership Adjustment

- 1 Adjustment of partnership income from federal to Arizona basis – from Form 165, page 1, line 6 1 00
- 2 Partner's percentage of profit or loss (expressed as a decimal)..... 2 .
- 3 Partner's distributive share of the adjustment of partnership income from federal to Arizona basis – multiply line 1 by line 2..... 3 00

PARTNER'S INSTRUCTIONS FOR PART I:

The partnership is required to adjust its income from a federal to Arizona basis. Line 3 of Form 165, Schedule K-1, is the partner's distributive share of that adjustment. Report the amount from line 3 on your Arizona tax return according to the instructions below.

Resident Individuals:

If line 3 is a positive number, enter the amount on Form 140, page 2, line B11.
 If line 3 is a negative number, enter the amount on Form 140, page 2, line C29.

Part-Year Resident Individuals:

If line 3 is a positive number, enter that portion of line 3 that is allocable to partnership income taxable by Arizona on Form 140PY, page 2, line C23.
 If line 3 is a negative number, enter that portion of line 3 that is allocable to partnership income taxable by Arizona on Form 140PY, page 2, line D35.

Resident Estates or Resident Trusts:

If line 3 is a positive number, enter the amount on Form 141AZ, page 2, Schedule B, line B3.
 If line 3 is a negative number, enter the amount on Form 141AZ, page 2, Schedule B, line B8.

Name of Partnership (as shown on page 1)	Employer Identification Number
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Part II: Net Long-Term Capital Gain Subtraction – Information Schedule

INSTRUCTIONS FOR THE PARTNERSHIP:

Beginning in 2013, Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired **after** December 31, 2011, and included in the individual taxpayer's federal adjusted gross income or the federal taxable income of the estate or trust. Although the subtraction is only available to individuals, estates and trusts, a partner that is a pass-through entity (estate or trust) will need this information to calculate the subtraction for the estate or trust or complete the Arizona Form 141AZ, Schedule K-1 or Schedule K-1(NR), for each beneficiary.

If the partner's federal Schedule K-1 (Form 1065) does not include any capital gain (loss), the partnership is not required to complete Part II.

Pro Rata Share Items From Federal Form 1065, Schedule K-1	(a) Distributive Share Amount	(b) Net long-term capital gain (loss) included in column (a) from assets acquired before January 1, 2012	(c) Net long-term capital gain (loss) included in column (a) from assets acquired after December 31, 2011
4 Net short-term capital gain (loss)..... 4			
5 Net long-term capital gain (loss)..... 5			

INSTRUCTIONS FOR THE INDIVIDUAL PARTNER:

To determine if you qualify to take a subtraction from income on your Arizona personal income tax return, the individual partner must complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*. The worksheet is included in the instructions for the resident and part-year resident income tax returns (Arizona Form 140 and Arizona Form 140PY).

Full-year residents use the amount on line 5, column (c) to figure the allowable subtraction on the worksheet included with Arizona Form 140.

Part-year residents use only the amount on line 5, column (c) that is included in your Arizona gross income to figure the allowable subtraction on the worksheet that is included with Arizona Form 140PY.

INSTRUCTIONS FOR THE FIDUCIARY PARTNER:

If the net long-term capital gain (loss) on line 5, above, is taxed at the estate or trust level, use the information above to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*, included in the instructions of Arizona Form 141AZ for the estate or trust.

If the net long-term capital gain (loss) on Part II, line 5, above, is distributed to the beneficiaries, use the information above to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*, included in the instructions of Arizona Form 141AZ. The worksheet will assist the estate or trust in completing the *Net Long-Term Capital Gain Subtraction – Information Schedule* on Arizona Form 141AZ, Schedule K-1 or Schedule K-1(NR), for each beneficiary.