

SCHEDULE M-3 (Form 1065)

(Rev. December 2021)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Certain Partnerships

OMB No. 1545-0123

► Attach to Form 1065.

► Go to www.irs.gov/Form1065 for instructions and the latest information.



Form 1065 Schedule M-3 (Rev. 12-2021) Catalog Number 75276K
Department of the Treasury **Internal Revenue Service** www.irs.gov



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**Net Income (Loss) Reconciliation
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Name of partnership	Employer identification number
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This Schedule M-3 is being filed because (check all that apply):

- A** ☐ The amount of the partnership’s total assets at the end of the tax year is equal to \$10 million or more.
- B** ☐ The amount of the partnership’s adjusted total assets for the tax year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year _____.
- C** ☐ The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year _____.
- D** ☐ An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50% or more in the partnership’s capital, profit, or loss on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

- E** ☐ Voluntary filer.

Part I Financial Information and Net Income (Loss) Reconciliation

- 1a** Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
- ☐ **Yes.** Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.
- ☐ **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b** Did the partnership prepare a certified audited non-tax-basis income statement for that period?
- ☐ **Yes.** Skip line 1c and complete lines 2 through 11 with respect to that income statement.
- ☐ **No.** Go to line 1c.
- c** Did the partnership prepare a non-tax-basis income statement for that period?
- ☐ **Yes.** Complete lines 2 through 11 with respect to that income statement.
- ☐ **No.** Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.
- 2** Enter the income statement period: Beginning _____ / _____ / _____ Ending _____ / _____ / _____
- 3a** Has the partnership's income statement been restated for the income statement period on line 2?
- ☐ **Yes.** (If "Yes," attach a statement and the amount of each item restated.)
- ☐ **No.**
- b** Has the partnership's income statement been restated for any of the 5 income statement periods immediately preceding the period on line 2?
- ☐ **Yes.** (If "Yes," attach a statement and the amount of each item restated.)
- ☐ **No.**

4a	Worldwide consolidated net income (loss) from income statement source identified on Part I, line 1 .	4a	
b	Indicate accounting standard used for line 4a. See instructions.		
1	<input type="checkbox"/> GAAP	2	<input type="checkbox"/> IFRS
3	<input type="checkbox"/> Section 704(b)		
4	<input type="checkbox"/> Tax-basis	5	<input type="checkbox"/> Other (specify) ► _____
5a	Net income from nonincludible foreign entities (attach statement)	5a	()
b	Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . .	5b	
6a	Net income from nonincludible U.S. entities (attach statement)	6a	()
b	Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7a	Net income (loss) of other foreign disregarded entities (attach statement)	7a	
b	Net income (loss) of other U.S. disregarded entities (attach statement)	7b	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9	Adjustment to reconcile income statement period to tax year (attach statement)	9	
10	Other adjustments to reconcile to amount on line 11 (attach statement)	10	
11	Net income (loss) per income statement of the partnership. Combine lines 4a through 10	11	
Note: Part I, line 11, must equal Part II, line 26, column (a); or Form 1065, Schedule M-1, line 1. See instructions.			
12	Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines.		
	Total Assets	Total Liabilities	
a	Included on Part I, line 4		
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7		

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Part II

Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return

Income (Loss) Items		(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
Attach statements for lines 1 through 10.					
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed . . .				
3	Subpart F, QEF, and similar income inclusions . .				
4	Gross foreign distributions previously taxed . . .				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships				
9	Income (loss) from other pass-through entities . .				
10	Items relating to reportable transactions				

11	Interest income (see instructions)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
15	Cost of goods sold (see instructions)	()
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest				

21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .				
e	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	Total income (loss) items. Combine lines 1 through 22				
24	Total expense/deduction items. (From Part III, line 31) (see instructions)				
25	Other items with no differences				
26	Reconciliation totals. Combine lines 23 through 25				

Note: Line 26, column (a), must equal Part I, line 11, and column (d) must equal Form 1065, Analysis of Net Income (Loss), line 1.

Name of partnership	Employer identification number
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Part III

Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return – Expense/Deduction Items

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense . . .				
2 State and local deferred income tax expense . . .				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment				
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs . .				
9 Guaranteed payments				
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property . . .				

15	Organizational expenses as per Regulations section 1.709-2(a)				
16	Syndication expenses as per Regulations section 1.709-2(b)				
17	Current year acquisition/reorganization investment banking fees				
18	Current year acquisition/reorganization legal and accounting fees				
19	Amortization/impairment of goodwill				
20	Amortization of acquisition, reorganization, and start-up costs				
21	Other amortization or impairment write-offs				
22	Reserved for future use				
23a	Depletion—oil & gas				
b	Depletion—other than oil & gas				

24	Intangible drilling and development costs (IDC)				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (see instructions)				
28	Purchase versus lease (for purchasers and/or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive				

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