

Partner's Adjusted Basis Worksheet

Name of Partner Jerry Taxit TIN 359-00-0000 Tax Year Ending 12/31/19
 Name of Partnership Shout and Jump EIN 41-1234567

1) Adjusted basis from preceding year (enter zero if this is the first tax year in which the taxpayer is a member of the partnership). (Line 1 cannot be less than zero.) 1) 0

2) Gain (if any) recognized this year on contribution of property to partnership (other than gain from transfer of liabilities)..... 2) _____

3) Cash contributed during the year 3) 69,000

4) Adjusted basis of property contributed during the year (reduced by the amount of liabilities to which the property is subject, but not below zero) 4) _____

5) Items of income or gain this year including tax-exempt income:

a) Ordinary Income a) 76,934

b) Interest Income b) 190

c) _____ c) _____

d) _____ d) _____

Add lines 5a through 5d..... 5) 77,124

6) Partner's share of partnership liabilities (current-year item K, Schedule K-1) 6) 80,390

7) Liabilities from prior year included in line 1 above—enter as a negative number ... 7) _____

8) Other increases to basis including excess depletion deductions over basis of depletable property (list) 8) _____

9) Add lines 1 through 8 (if less than zero, enter zero)..... 9) 226,514

10) Withdrawals and distributions during the year (for property other than money, enter adjusted basis of the property). If amount is greater than line 9, enter amount on line 9. Excess may be taxable. See *Partnership Distributions* on Page 16-13. 10) 12,000

11) Items of deduction this year including nondeductible expenses and any deduction for oil and gas percentage depletion (also include carryforward amounts from prior years):

a) Section 179 Deduction a) 15,000

b) Meals b) 168

c) _____ c) _____

d) _____ d) _____

Add lines 11a through 11d 11) 15,168

12) Add lines 10 and 11 12) 27,168

13) Subtract line 12 from line 9. (If less than zero, enter zero.)..... 13) 199,346

14) Items of loss this year (also include losses not deducted in prior years due to the partnership interest basis limitation):

a) _____ a) _____

b) _____ b) _____

c) _____ c) _____

d) _____ d) _____

Add lines 14a through 14d..... 14) _____

15) **Adjusted basis** of partnership interest (line 13 minus line 14). (If less than zero, enter zero.) The deductible loss for the year is equal to the lesser of line 13 or line 14 15) 199,346

16) Allocation of loss to be carried forward—allocate amounts from line 11 and line 14 that must be carried to next year:

a) _____ a) _____

b) _____ b) _____

c) _____ c) _____

d) _____ d) _____

Add lines 16a through 16d. **Carry this amount to next year**..... 16) _____

17) **At-risk adjustment:** Combine lines 1, 2, 3, 4, 6 and 7 17) _____

18) Enter line 10 as a negative number..... 18) _____

19) Enter as a negative number any nonrecourse loans, amounts protected against loss by guarantee or stop-loss agreements and nonrecourse liabilities on property contributed to the partnership. Do not include "qualified" nonrecourse financing as defined in IRC Sec. 465(b)(6)..... 19) _____

20) Enter as a positive number the fair market value (FMV) of partner's personal property not used in the partnership that secures a nonrecourse loan taken as a negative on line 19 20) _____

21) **Combine lines 17 through 20.** If negative, no current-year loss can be deducted. See Form 6198. If line 21 is less than line 5 of Form 6198, losses on line 5 (Form 6198) must be allocated and carried to next year.
Note: Form 6198 must be completed if there is an entry on line 19 above.....21) _____

option is selected, make sure line 11 of Schedule M-3, Part I equals line 1 of Schedule M-1.

Partner's Basis

Every partner must keep track of his adjusted basis in the partnership. See Tab A for a blank worksheet. Do not attach the worksheet to Form 1065 or Form 1040.

The partner's adjusted basis is used to determine the amount of loss deductible by the partner. A partner cannot deduct a loss in excess of his adjusted basis.

A loss may further be limited by the amount the partner is at risk. For example, a partner's at-risk basis is reduced by his share of any partnership liabilities for which no partner is personally liable (nonrecourse loans). See Tab 8 for a discussion of these limitations.

Notes:

- Jerry's adjusted basis is not the same as his ending capital account on Schedule K-1. The capital account does not include his share of the partnership liabilities.
- The guaranteed payment and health insurance are not included in the adjusted basis computation because the amounts are treated as payments to nonpartners. The following page illustrates how Jerry uses the information on his Schedule K-1 to complete his personal tax return.

Personal Tax Forms

Schedule E. Ordinary income and guaranteed payments are reported on line 28A, column (j), as nonpassive income. The Section 179 deduction is first entered on Form 4562, and then carried to line 28A in column (j) of Schedule E (Part II).

In this example, Jerry spent \$1,000 for trade publications and education and was not reimbursed by the partnership. As the partnership agreement states that Jerry is to pay for these expenses, they are deducted on Schedule E labeled "UPE." Any expenses that Jerry had a right to have reimbursed but chose not to are not deductible.

Schedule SE. The earned income from Schedule K-1 is netted against the Schedule E Section 179 deduction and UPE.

Form 1040. 100% of the health insurance amount from line 13 of Schedule K-1 is entered on page 1 of Form 1040.

QBI deduction. The Taxits are eligible for the QBI deduction for their pass-through income from Shout and Jump. Since their AGI is less than \$321,400, the MFJ threshold, their deduction is not limited. Based on Jerry's allocation of QBI, W-2 wages, and qualified property, his QBI deduction is **\$10,467** (20% of income allocated from Shout and Jump less **items shown below**). This amount is reported on Form 1040, line 10. Form 8995 must be attached. QBI is computed as follows:

Jerry's QBI from K-1	\$ 61,934
Jerry's Sch 1 SE tax deduction.....	(6,997)
Jerry's Sch 1 SE health insurance....	(1,600)
Jerry's Sch E UPE	(1,000)
Jerry's QBI.....	\$ 52,337

Jerry's QBI deduction is \$52,337 × 20%.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial Jerry	Last name Taxit	Your social security number 359 00 0000
If joint return, spouse's first name and middle initial Susie	Last name Taxit	Spouse's social security number 456 00 0000
Home address (numb[er] and street), P.O. box, or instructions. 007 Like-Kind Ave.		Appt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Phase-Out, AZ 55555		Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign country name	Foreign province/state/county	Foreign postal code

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1955 Are blind **Spouse:** Was born before January 2, 1955 Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a Tax-exempt interest	2a	
3a Qualified dividends	3a	
4a IRA distributions	4a	
c Pensions and annuities	4c	
5a Social security benefits	5a	
6 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	6	
7a Other income from Schedule 1, line 9	7a	99,034
b Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income	7b	99,224
8a Adjustments to income from Schedule 1, line 22	8a	8,597
b Subtract line 8a from line 7b. This is your adjusted gross income	8b	90,627
9 Standard deduction or itemized deductions (from Schedule A)	9	24,400
10 Qualified business income deduction. Attach Form 8995 or Form 8995-A	10	10,467
11a Add lines 9 and 10	11a	34,867
b Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-	11b	55,760

Standard Deduction for—
 • Single or Married filing separately, \$12,200
 • Married filing jointly or Qualifying widow(er), \$24,400
 • Head of household, \$18,350
 • If you checked any box under Standard Deduction, see instructions.

12a Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	6,305
b Add Schedule 2, line 3, and line 12a and enter the total	12b	6,305
13a Child tax credit or credit for other dependents	13a	
b Add Schedule 3, line 7, and line 13a and enter the total	13b	
14 Subtract line 13b from line 12b. If zero or less, enter -0-	14	6,305
15 Other taxes, including self-employment tax, from Schedule 2, line 10	15	13,993
16 Add lines 14 and 15. This is your total tax	16	20,298
17 Federal income tax withheld from Forms W-2 and 1099	17	
18 Other payments and refundable credits:		
a Earned income credit (EIC)	18a	
b Additional child tax credit. Attach Schedule 8812	18b	
c American opportunity credit from Form 8863, line 8	18c	
d Schedule 3, line 14	18d	
e Add lines 18a through 18d. These are your total other payments and refundable credits		
19 Subtract line 19e from line 16. If zero or less, enter -0-.	19	
20 Amount you owe. Subtract line 19 from line 16. For details on how to pay, see instructions	20	20,298
21 Estimated tax paid through 2019	21	
22 Amount of line 20 you want applied to your 2020 estimated tax	22	
23 Amount you owe. Subtract line 19 from line 16. For details on how to pay, see instructions	23	20,298
24 Estimated tax penalty (see instructions)	24	

• If you have a qualifying child, attach Sch. EIC.
 • If you have nontaxable combat pay, see instructions.

Amount You Owe **23** Amount you owe. Subtract line 19 from line 16. For details on how to pay, see instructions **20,298**
24 Estimated tax penalty (see instructions)

Third Party Designee Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. Yes. Complete below. No

Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶
-------------------	-------------	--

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
----------------	------	-----------------	---

SCHEDULE 1
(Form 1040 or 1040-SR)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2019

Attachment
Sequence No. **01**

Department of the Treasury
Internal Revenue Service

▶ **Attach to Form 1040 or 1040-SR.**

▶ **Go to www.irs.gov/Form1040 for instructions and the latest information.**

Name(s) shown on Form 1040 or 1040-SR
Jerry Taxit

Your social security number
359-00-0000

At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? Yes No

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	99,034
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ▶	8	
9	Combine lines 1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a	9	99,034

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	6,997
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	1,600
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN ▶		
c	Date of original divorce or separation agreement (see instructions) ▶		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Reserved for future use	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040 or 1040-SR, line 8a	22	8,597

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040 or 1040-SR) 2019

SCHEDULE 2
(Form 1040 or 1040-SR)

Additional Taxes

OMB No. 1545-0074

2019

Attachment
Sequence No. **02**

Department of the Treasury
Internal Revenue Service

▶ **Attach to Form 1040 or 1040-SR.**

▶ **Go to www.irs.gov/Form1040 for instructions and the latest information.**

Name(s) shown on Form 1040 or 1040-SR
Jerry Taxit

Your social security number
359-00-0000

Part I Tax

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and include on Form 1040 or 1040-SR, line 12b	3	

Part II Other Taxes

4	Self-employment tax. Attach Schedule SE	4	13,993
5	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	5	
6	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required	6	
7a	Household employment taxes. Attach Schedule H	7a	
b	Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required	7b	
8	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	8	
9	Section 965 net tax liability installment from Form 965-A	9	
10	Add lines 4 through 8. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 15	10	13,993

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71478U

Schedule 2 (Form 1040 or 1040-SR) 2019

1040 U.S. Individual Income Tax Return 2019
Filing Status: Single
Married filing jointly
Name: Jerry Taxit
Social Security Number: 359-00-0000
Address: 007 Like-Kind Ave, Phase-Out, AZ 85555
Tax: 6,725
Total Taxable Income: 35,748
Total Deductions: 11,348
Net Taxable Income: 24,400
Standard Deduction: 11,348

Form 1040 (2019) Page 2
Tax (see instructions): 6,725
Child tax credit: 6,725
Other tax credits: 6,725
Total tax credits: 13,445
Total tax liability: 0
Refundable: 13,445

SCHEDULE 1 (Form 1040 or 1040-SR) Additional Income and Adjustments to Income
Part I Additional Income
1 Taxable refunds, credits, or offsets of state and local income taxes: 1
2a Alimony received: 2a
3 Business income or (loss): 3
4 Other gains or (losses): 4
5 Rental real estate, royalties, partnerships, S corporations, trusts, etc.: 5 58,342
6 Farm income or (loss): 6
7 Unemployment compensation: 7
8 Other income: 8
9 Combine lines 1 through 8: 9 58,342
Part II Adjustments to Income
10 Educator expenses: 10
11 Certain business expenses of reservists, performing artists, and fee-basis government officials: 11
12 Health savings account deduction: 12
13 Moving expenses for members of the Armed Forces: 13
14 Deductible part of self-employment tax: 14
15 Self-employed SEP, SIMPLE, and qualified plans: 15 1,600
16 Self-employed health insurance deduction: 16
17 Penalty on early withdrawal of savings: 17
18a Alimony paid: 18a
19 IRA deduction: 19
20 Student loan interest deduction: 20
21 Reserved for future use: 21
22 Add lines 10 through 21: 22 1,600

Schedule E (Form 1040 or 1040-SR) 2019 Attachment Sequence No. 13 Page 2
Name(s) shown on return: Jerry Taxit
Your social security number: 359-00-0000
Part II Income or Loss From Partnerships and S Corporations
27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or un reimbursed partnership expenses? If you answered 'Yes,' see instructions before completing this section.
28 Name: Shout and Jump, Inc.
Employer identification number: 41-1234567
29a Totals: 29a
29b Totals: 29b
30 Add columns (h) and (i) of line 29a: 30 73,342
31 Add columns (g), (i), and (j) of line 29b: 31 15,000
32 Total partnership and S corporation income or (loss): 32 58,342