DELAWARE FORM 300-I

DELAWARE PARTNERSHIP RETURN INSTRUCTIONS FOR TAX YEAR 2008

GENERAL INSTRUCTIONS

WHO MUST FILE RETURNS:

A PARTNERSHIP RETURN MUST BE COMPLETED BY ANY BUSINESS TREATED AS A PARTNERSHIP FOR FEDERAL PURPOSES WHICH HAS ANY INCOME OR LOSS, REGARDLESS OF AMOUNT, DERIVED FROM OR CONNECTED WITH A DELAWARE SOURCE. IF THE PARTNERSHIP HAS NO DELAWARE SOURCED INCOME OR LOSS, NO RETURN IS REQUIRED TO BE FILED.

Income derived from Delaware sources includes: (a) income attributable to the ownership of any interest in real property or tangible personal property located in Delaware and intangible personal property to the extent the intangible is used in a trade, business, profession or occupation carried on in Delaware; and
(b) income attributable to a trade, business, profession or occupation conducted in Delaware.

COMPUTATION OF THE TAX:

A partnership, as such, is not subject to tax. Instead, the partnership's partners are liable for Delaware personal income tax on their respective shares of partnership income.

A non-resident partner of a partnership with income from Delaware sources must file Form 200-02 NR (Non-Resident Delaware Income Tax Return or a Composite Return) and report their share of Delaware sourced partnership income or loss. A resident partner must file Form 200-01 (Delaware Resident Income Tax Return) and must report their share of partnership income or loss.

WHEN AND WHERE TO FILE:

Partnerships must file by the 30th day of the fourth month following the close of their tax year. Returns should be mailed to the Delaware Division of Revenue, P.O. Box 8703, Wilmington, DE 19899-8703.

EXTENSION OF TIME TO FILE:

Extension of time to file returns may be obtained by submitting a copy of the Federal Extension Application on or before the due date of the partnership return. A photocopy of the approved Federal extension ***MUST*** be attached to the final return when filed. The approved Federal extension will extend the due date of the Delaware return to the same date as your Federal extension due date.

PENALTIES AND INTEREST:

PENALTY – FAILURE TO FILE – A penalty will be imposed on partnerships for failure to file a partnership return or failure to furnish the information on such return. The amount of the penalty imposed for each month such failure continues, is the product of $25.00 times the number of partners during any part of the taxable year, but is limited to a maximum of 5 months.

PENALTY – NEGLIGENCE/FRAUD – The law provides severe penalties for a false or fraudulent return, or for making a false certification. The mere fact that the figures you report on your Delaware return are taken from your Federal return will not relieve you from the imposition of these penalties.

AMENDED RETURNS:

The Partnership can make changes to income, deductions, credits, etc., by filing an Amended Partnership Return. This form should also be filed when you have been notified as to the results of a Federal Audit. A copy of the Federal Audit and/or Amended Federal Form 1065, with all supporting schedules, must be attached to the Delaware Amended Return.

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SPECIFIC INSTRUCTIONS

NATURE OF BUSINESS:

Please enter the Business code number from Federal Form 1065, Item C on page 1.

LINE A:

If the address of the partnership has changed, check the Change of Address box. Also indicate which address has changed by checking the box for Location, Mailing and/or Billing address.

LINE C:

Every partnership must attach a complete copy of the Federal Form 1065, as filed with the Internal Revenue Service, including all schedules other than Schedule K-1.

SCHEDULE 1:

This schedule is to be completed by all partnerships required to file in Delaware. Any partnership claiming the pass-through of any Delaware Business Tax Credit should consult with the Bureau of Office Audit, 577-8994.

LINE 3 – If the partnership did business in Delaware and one or more other states during the year, Line 3 should be derived by multiplying the partnerships income on line 1 times the apportionment factor calculated on Schedule 2, Section D, Line 16, unless the partnership has maintained records of allowing for a complete separate accounting for its items of Delaware sourced income and deductions. If the partnership did business only in Delaware, then it is not necessary to complete Schedule 2, and Columns A and B will be the same.

You must attach an explanatory statement: (a) with respect to any item allocated, in whole or in part, to a source outside Delaware; and (b) in the event a partnership conducting business in Delaware and in one or more other states does not calculate Column B by means of the apportionment percentage method.

LINES 5 THROUGH 14 – Items connected with or derived from sources within Delaware include: (1) taxable dividends, net gains or losses from sales of intangible personal property when Delaware is the place from which the trade or business of the filing partnership is directed or managed provided the property is used in a trade or business of the partnership; and (2) income derived by virtue of an activity conducted, or tangible property located, in Delaware.

SCHEDULE 2:

Partnerships with (a) income or loss derived from or connected with sources within Delaware and another State, and (b) one or more partners who are non-residents of Delaware, must file Schedule 2.

Include in the factor on the appropriate line the partnership's share of: a) real and tangible property owned and/or rented; b) wages, salaries, bonuses and other compensation; c) gross receipts from the sale of tangible personal property; and, d) gross income from other sources resulting from the partnership's proportionate ownership as a general or limited partner in an active partnership.

NOTE: COLUMN A RELATES TO PROPERTY AND ITEMS OF INCOME AND/OR LOSS FOR THE PARTNERSHIP DERIVED FROM SOURCES WITHIN DELAWARE. COLUMN B RELATES TO THE TOTAL OF ALL SOURCES OF PROPERTY AND ITEMS OF INCOME AND/OR LOSS FOR THE PARTNERSHIP.

LINE 1 – Enter the original cost value of real and tangible personal property owned and used by the partnership; for the beginning and at the end of the taxable year.

LINE 2 – Enter the value of rented real and tangible property used by the partnership. The value is computed as eight (8) times the annual rental cost of the property.

NOTE: REAL AND TANGIBLE PERSONAL PROPERTY OWNED BY THE UNITED STATES GOVERNMENT THAT IS USED OR OPERATED BY THE PARTNERSHIP SHALL BE DISREGARDED.

LINE 3 - Add Lines 1 and 2.

LINE 4 - Enter the original cost value of any real and tangible personal property for which income was reported on Page 1, Schedule 1, Line 2 through 7.

LINE 5 - Net Values. Subtract Line 4 from Line 3.

LINE 6 - Combine the totals on Line 5 for each column.

LINE 7 - Divide the amount on Line 6 by two (2) for each column. **SECTION B - WAGES, SALARIES AND OTHER COMPENSATION LINE 8 -** Enter in Column A, the total wages, salaries, bonuses and other compensation you paid or accrued to employees and/or officers engaged in employment within the State of Delaware. Enter in Column B, the total wages, salaries, bonuses and other compensation you paid or accrued to ALL employees and/or officers regardless of place of employment.

SECTION C – GROSS RECEIPTS SUBJECT TO APPORTIONMENT LINE 9 - Enter in Column A, the partnership's gross receipts from sales of tangible personal property physically delivered to the purchaser or his agent within the State of Delaware. DO NOT INCLUDE delivery to the United States Mail or to a common or contract carrier for shipment to a place outside Delaware. Enter in Column B, the partnership's total gross receipts from the sales of tangible personal property for the taxable year.

LINE 10 - Enter in Column A, all other gross income (if any) of the partnership from sources derived from activities performed within the State of Delaware which is not tax exempt and/or reflected on Page 1, Schedule 1, Lines 2 through 7. Enter in Column B, all other gross income (if any) of the partnership, regardless of source, which is not tax exempt and/or reflected on Page 1, Schedule 1, Lines 2 through 7.

LINE 11 - Add Lines 9 and 10.

SECTION D - DETERMINATION OF APPORTIONMENT PERCENTAGE ***NOTE: ALL PERCENTAGES SHOULD BE COMPUTED TO AT LEAST SIX (6) DECIMAL PLACES (FOR EXAMPLE: 33.1234%).***

LINE 12a Enter the amount from Column A, Line 7.

LINE 12b Enter the amount from Column B, Line 7.

LINE 12c Divide Line 12a by Line 12b and enter the result on Line 12c.

LINE 13a Enter the amount from Column A, Line 8.

LINE 13b Enter the amount from Column B, Line 8.

LINE 13c Divide Line 13a by Line 13b and enter the result on Line 13c.

LINE 14a Enter the amount from Column A, Line 11.

LINE 14b Enter the amount from Column B, Line 11.

LINE 14c Divide Line 14a by Line 14b and enter the result on Line 14c.

LINE 15 Add Lines 12c, 13c and 14c.

LINE 16 If the partnership has a percentage for all three apportionment factors (Lines 12c, 13c and 14c), divide Line 15 by three (3). If the partnership only has two apportionment factors, divide Line 15 by two (2). If the partnership has only one apportionment factor, enter the amount of Line 15 on Line 16.

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SCHEDULE K-1:

The partnership is required to prepare and give a Schedule K-1 to each person who was a partner in the partnership at any time during the year.

For an individual partner, enter the partner's social security number (SSN) or individual taxpayer identification number (ITIN). For all other partners, enter the partner's EIN.

Identify the partner's type of entity by entering the appropriate code and descriptions. These codes are identified below:

Partner's Type of Entity Codes and Descriptions			
CODE	**DESCRIPTION**	**CODE**	**DESCRIPTION**
01	Individual	08	Trust
02	Partnerships	09	Cooperative
03	Non-Profit Organization	10	Holding/Investment Corporation
04	Domestic Corporation	11	Professional Association
05	Foreign Corporation	12	Bank/Financial Institution
06	Subchapter S Corporation	13	Limited Liability Company
07	Estate	14	Other – Please Describe

The amounts reported in Column B should equal, in the case of Delaware residents, the total of Lines 1 through 11 of the Federal Form K-1. In the case of non-residents, it should equal the total of the Column B ("Within Delaware") from Page 1, Schedule 1, Lines 4 through 14.

Toll-free telephone number (Delaware only) 1-800-292-7826

New Castle County
Carvel State Office Building
820 North French Street
Wilmington, DE 19801
(302) 577-8200

Kent County
Thomas Collins Building
540 S. DuPont Highway
Suite 2
Dover, DE 19901
(302) 744-1085

Sussex County
20653 N. DuPont Highway
Suite 2
Georgetown, DE 19947
(302) 856-5358

Mail return to Delaware Division of Revenue, P.O. Box 8703, Wilmington, Delaware 19899-8703 (REVISED 01/23/09)