Form 700 (Rev. 8/98)
STATE OF GEORGIA
DEPARTMENT OF REVENUE
INCOME TAX DIVISION

PARTNERSHIP INCOME TAX RETURN GEORGIA INCOME TAX FORMS FOR 1998 AND GENERAL INSTRUCTIONS

GENERAL INSTRUCTIONS

FILING REQUIREMENTS
A partnership, limited liability company, syndicate, group, pool, joint venture and unincorporated organization which is engaged in business or deriving income from property located in Georgia and which is required to file a Federal Income Tax return on Form 1065 is required to file a Georgia Income Tax return on Form 700.

WHEN AND WHERE TO FILE
Form 700 must be filed on or before the 15th day of the fourth month following the close of the taxable year with:

GEORGIA INCOME TAX DIVISION
DEPARTMENT OF REVENUE
P.O. BOX 740399
ATLANTA, GEORGIA 30374-0399

RELATION TO FEDERAL RETURN
The Georgia return is correlative with the Federal return in most respects. The accounting period and method for the Georgia return must be the same as the Federal. A COPY OF THE FEDERAL RETURN AND ALL SUPPORTING SCHEDULES MUST BE ATTACHED TO THE GEORGIA RETURN.

FEDERAL AUDIT
If the Internal Revenue Service has adjusted net income within the last 5 years, a detailed statement of such adjustments must be submitted under separate cover to:

GEORGIA INCOME TAX DIVISION
P.O. BOX 740399
ATLANTA, GEORGIA 30374-0399

DEPRECIATION
Continue to depreciate or otherwise recover the cost of property based on the federal rules, unless an election was made on the 1987 tax return (on form IT-87 D.E. or a written statement) to use the methods previously allowed by Georgia Law.

ADJUSTMENT TO FEDERAL INCOME (Schedule 3 and 4)
To determine total income for Georgia purposes, certain additions and subtractions as provided by Georgia Tax Laws are included in the Schedules 3 and 4 computation. Lines 9 and 11 of Schedule 6 are provided for the modifications required by Georgia Law.
The total of additions to Federal Income is to be shown on line 9 of Schedule 6 and listed in Schedule 3. The total of subtractions from Federal income is to be shown on line 11 of Schedule 6, and listed in Schedule 4. The more commonly used items are listed in each of these schedules.
Any expense which is subject to further limitation (eg section 179 Deduction, Charitable Contributions, etc.) is not deductible in the calculation of Total Income for Georgia purposes.

Where salaries and wages are reduced in computing Federal taxable income because a federal jobs tax credit has been taken, which required, as a condition to the use of the federal jobs tax credit, the elimination of salary and wages deduction, the eliminated salary and wage deduction shall be subtracted from Georgia taxable income.

TAXPAYERS WHO ARE PARTIES TO STATE CONTRACTS MAY SUBTRACT FROM FEDERAL TAXABLE INCOME OR FEDERAL ADJUSTED GROSS INCOME 10% OF QUALIFIED PAYMENTS TO MINORITY SUBCONTRACTORS OR $100,000, WHICHEVER IS LESS, PER TAXABLE YEAR. A LIST OF CERTIFIED MINORITY SUBCONTRACTORS WILL BE MAINTAINED BY THE COMMISSIONER OF ADMINISTRATIVE SERVICES FOR THE REVENUE DEPARTMENT AND GENERAL PUBLIC. (For further information, call (404) 656-6315).

APPORTIONMENT AND ALLOCATION OF INCOME (Schedules 5 and 1)
If any Partnership, domestic or foreign, is doing business or receiving income both within and without Georgia, the average ratio as computed in Schedule 5 should be used to compute Georgia Net Income in Schedule 1.

If the business income of the partnership is derived from property owned or business done within this state and in part from property owned or business done without this state, the tax shall be imposed only on that portion of the business income which is reasonably attributable to the property owned and business done within this state, to be determined as follows:

(1) Interest received on bonds held for investment and income received from other intangible property held for investment are not subject to apportionment. Rentals received from real estate held purely for investment purposes and not used in the operation of the business are also not subject to apportionment. All expenses connected with the interest and rentals realized from such investments are likewise not subject to apportionment but must be applied against the investment income. The net investment income from intangible property shall be allocated to Georgia if the situs of the partnership is in Georgia or the intangible property was acquired as income from property held in Georgia, or as a result of business done in Georgia. The net investment income from tangible property in Georgia shall be allocated to Georgia.
(2) Gains from the sale of tangible or intangible property not

of the partnership nor for sale in the regular course of business shall be allocated to this State if the property sold is real or tangible personal property situated in this state, or intangible property having an actual situs or a business situs within this state. Otherwise the gains shall not be allocated to this state.

(3) Net income of the above classes having been separately allocated and deducted, the remainder of the net business income shall be apportioned as follows:

Where income is derived principally from the holding and/or sale of intangible property, having a taxable situs in this state, the tax shall be imposed on the entire business income; where a portion of the intangible property has a taxable situs outside this state, the portion of the income derived from the holding and/or sale of such property attributable to this state shall be the percentage which the gross receipts from such intangible property in this state for the taxable year bear to the total gross receipts from such sources. The taxable situs of intangible property held or owned by any domestic partnership or by any foreign partnership whose principal place of business is in Georgia, shall be deemed to be in this state even though a domicile of the partnership is established outside this state.

(4) Where the net business income is derived principally from business other than the manufacture, production, or sale of tangible personal property or from the holding or sale of intangible property, the net business income of the partnership shall be equitably apportioned within and outside this state in the ratio that the business within this state bears to the total business of the partnership.

(5) Where income is derived principally from the manufacture, production, or sale of tangible personal property, the portion of the net income therefrom attributable to property owned or business done within this state shall be taken to be the portion arrived at by application of the following:

THREE FACTOR FORMULA
(a) Property Factor. The property factor is composed of the average value of real and tangible personal property owned or rented and used during that taxable year. Property owned is valued at its original cost. Property rented is valued at eight times the net annual rental rate. The net annual rental rate is the annual rental rate paid less any annual rental rate received from any subrentals.

(b) PAYROLL FACTOR. The payroll factor is the ratio of all salaries, wages, commissions, and other compensation paid by the taxpayer in this state for personal services performed by employees in connection with the trade or business of the taxpayer during the taxable year to the total salaries, wages, commissions, and other compensation paid by the taxpayer for personal services performed by employees in connection with its entire trade or business, wherever conducted, during the taxable year. Payments made to an independent contractor or any other person not properly classified as an employee are excluded. Compensation is paid in this state if the employee's service outside Georgia is incidental to the service performed in the state or some of the service is performed in Georgia and the base of operations from which the service is directed is in this state, or some of the service is performed in Georgia and the base of operations from which the service is directed is not in any state where some part of the service is performed but the employee's residence is in Georgia.

(c) GROSS RECEIPTS FACTOR. The ratio of gross receipts from business done within this state to total gross receipts from business done everywhere. For the purpose of this section, receipts shall be deemed to have been derived from business done within this state only if received from products shipped to customers in this state, or delivered within this state to customers. In determining the gross receipts within Georgia, receipts from sales negotiated or effected through offices of the taxpayer outside the state and delivered from storage in the state to customers outside the state shall be excluded.

(d) For the purpose of this section, the word "sale" shall include the extraction and recovery of natural resources and all processes of fabricating and curing.

TIP (e) The apportionment factors determined above shall be weighted 25% to property, 25% to payroll and 50% to sales. If the denominator for either the property or payroll factor is zero, the weighted percentage for the other will be 331/3% and the weighted percentage for the sales factor will be 662/3%. If the denominator for the sales is zero, the weighted percentage for the property and payroll will change to 50% each. If the denominators for any two factors are zero, the weighted percentage for the remaining factor will be 100%. **Fill in the applicable percentage in Schedule 5 column d.**

COMPUTATION OF TOTAL INCOME FOR GEORGIA PURPOSES (Schedule 6)
Schedule 6 reflects flow thru income from the federal return which is taxable to the individual partner. A resident partner is required to report his full share of partnership income or loss. A nonresident partner is required to report only his share of the Georgia apportioned and allocated income.

PAYMENTS MADE TO A PARTNER FOR SERVICES RENDERED OR INTEREST ON CAPITAL CONTRIBUTIONS ARE NOT DEDUCTIBLE IN COMPUTING THE NET INCOME OF THE PARTNERSHIP.

Schedule 6 is similar to the Federal Schedule K. Enter the total amounts from each category on Schedule 6 where applicable.

DISTRIBUTABLE INCOME TO PARTNERS (Schedule 2)
This schedule provides space for showing identifying information and distributable income to the individual partners.

Enter for each partner*: 1. Name 2. Street and Number 3. City, State and Zip Code 4. Social Security or Federal Identification Number 5. Profit (Loss) sharing ratio 6. Individual's Georgia Source Income.

TOTAL GEORGIA SOURCE INCOME MAY BE DIFFERENT THAN THE TOTAL NET INCOME DUE TO THE FACT THAT SOME OF THE PARTNERSHIP INCOME (e.g., Guaranteed Payments) MAY NOT BE BASED ON THE PROFIT SHARING RATIO, OR THE PARTNER IS A GEORGIA RESIDENT.

*IF THE PARTNERSHIP HAS MORE THAN 4 PARTNERS, ATTACH A SEPARATE SCHEDULE FOR THE ADDITIONAL PARTNERS IN THE SAME FORMAT.

TIP PARTNERSHIP WITH NUMEROUS PARTNERS MAY AVOID FILING K-1'S, IF IT AGREES TO PROVIDE UPON REQUEST.

LOW EMISSION VEHICLE CREDIT
Refer to Georgia Code Section 48-7-40.5.

BASIC SKILLS EDUCATION CREDIT
Refer to Georgia Code Section 48-7-41.

EMPLOYER CREDIT FOR APPROVED EMPLOYEE RETRAINING
Refer to Georgia Code Section 48-7-40.5.

EMPLOYERS NEW JOB CREDIT
Refer to Georgia Code Section 48-7-40.

EMPLOYERS CREDIT FOR PROVIDING OR SPONSORING CHILD CARE FOR EMPLOYEES
Refer to Georgia Code Section 48-7-40.6.

MANUFACTURER'S INVESTMENT TAX CREDIT
Refer to Georgia Code Section 48-7-40.2, .3 and .4.

OPTIONAL INVESTMENT TAX CREDIT
Refer to Georgia Code Section 48-7-40.7, .8 and .9.

EXCLUDABLE INCOME FOR NONRESIDENT PARTNER
Refer to Georgia Code Section 48-7-23 and 24.

***SPECIAL NOTE**
Beginning January 1, 1994, withholding is required on nonresident partners or as an alternative, a composite return may be filed. No permission is required. Form IT-CR is available.

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DEPARTMENT OF REVENUE
INCOME TAX DIVISION

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1998

or other taxable year

STATE OF GEORGIA
PARTNERSHIP INCOME TAX RETURN

Beginning _____ 19___ ,and ending _____ 19____ .

A. Federal Employer Id. No.	Name	Location of Books for Audit
B. Ga. W/hold. Tax Acct. No.	Number and Street	
C. Ga. Sales Tax Reg. No.	City or Town and State County Postal zip code no.	Telephone #
D. Name & address on last year's return if different from above. If no return was filed last year, state reason.		
E. Business Code No. shown on Federal Return	F. Kind of Business	Basis of this return CASH [ ] ACCRUAL [ ] OTHER [ ]
G. Indicate latest taxable year (within last 5 years) adjusted by INTERNAL REVENUE SERVICE	H. Number of Partners	I. Do you have Non-Resident Partners Yes or No

MAIL TO: GEORGIA INCOME DIVISION P.O . BOX 740399 ATLANTA GEORGIA 30374-0399

SCHEDULE 1- COMPUTATION OF GEORGIA NET INCOME (Round to nearest dollar)

1. Total Income for Georgia purposes (Line 12, Schedule 6)		1	
2. Income allocated everywhere (Attach Schedule)		2	
3. Business income subject to apportionment (Line 1 less Line 2)		3	
4. Georgia ratio (Line 4, Schedule 5, Part 2)	4		
5. Net business income apportioned to Georgia (Line 3 X Line 4)		5	
6. Net income allocated to Georgia (Attach Schedule)		6	
7. Total Georgia net income (Add Line 5 and Line 6)		7	

SCHEDULE 2					5. PROFIT SHARING %	6.GEORGIA SOURCE INCOME
A	1					
	2					
	3	4				
B	1					
	2					
	3	4				
C	1					
	2					
	3	4				
D	1					
	2					
	3	4				
TOTAL						

DECLARATION

I/we declare under the penalties of perjury that I/we have examined this return (including accompanying schedules and statements) and to the best of our knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGNATURE OF PARTNER (Must be signed by a partner)	DATE	Signature and Federal Number of preparer other than partner or member

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SCHEDULE 3 - ADDITIONS TO FEDERAL INCOME

1. State and municipal bond interest other than Georgia or political subdivision thereof	1	
2. Net income or net profits taxes imposed by taxing jurisdictions other than Georgia	2	
3. Expenses attributable to tax exempt income	3	
4. Accelerated Depreciation (ACRS) deducted on Federal return (electing partnership)	4	
5. Other additions	5	
6.	6	
7. Total (Add Lines 1 through 6) Enter here and on Line 9. Schedule 6	7	

SCHEDULE 4 - SUBTRACTIONS FROM FEDERAL INCOME

1. Interest on obligations of United States	1	
2. Depreciation allowed per IRC Code as of 1-1-81 (ACRS assets electing partnership only)	2	
3. Other subtractions	3	
4	4	
5. Total (Add Lines 1 through 4) enter here and on Line 11, Schedule 6	5	

SCHEDULE 5 - APPORTIONMENT OF INCOME (PART 1)

	WITHIN GEORGIA		TOTAL EVERYWHERE	
	a. Beginning of year	b. End of year	a. Beginning of year	b. End of year
1. Inventories				
2. Buildings (cost)				
3. Machinery & Equipment				
4. Land				
5. Other Tangible Assets				
6. Total (lines 1 through 5)				
7. Average (add columns a and b and divide by 2)				
8. Rented Property (Annual Rate X 8)				
9. Total Property (Add Lines 7 and 8)				

APPORTIONMENT OF INCOME (Part 2)	a. Within Georgia	b. Everywhere	c. col. (a) ÷ col. (b) Compute to Six Decimals	d. See Instructions	e. col. (c) x col. (d) Georgia Factor Compute to Six Decimals
1. Total Property (Part 1 line 9) ➤					
2. Salaries, wages, commissions, and compensation ➤					
3. Gross receipts from business ➤					
4. Georgia ratio (total column e) ➤					

SCHEDULE 6 - COMPUTATION OF TOTAL INCOME FOR GEORGIA PURPOSES

1. Ordinary income (loss)		1	
2. Net income (loss) from rental real estate activities		2	
3a. Gross income from other rental activities	3a		
b. Less expenses (attach schedule)	3b		
c. Net income (loss) from other rental activities		3c	
4. Portfolio income (loss):			
a. Interest Income		4a	
b. Dividend Income		4b	
c. Royalty income		4c	
d. Net short-term capital gain (loss)		4d	
e. Net long-term capital gain (loss)		4e	
f. Other portfolio income (loss)		4f	
5. Guaranteed payments to partners		5	
6. Net gain (loss) under section 1231		6	
7. Other income (loss)		7	
8. Total federal income (add lines 1 through 7)		8	
9. Additions to federal income (schedule 3 above)		9	
10. Total (add lines 8 and 9)		10	
11. Subtractions from federal income (schedule 4 above)		11	
12. Total income for Georgia purposes (subtract Line 11 from Line 10)		12	