GUIDE

Form 1065 instructions for partnerships and LLCs

Form 1065 is the federal information return for partnerships and multi-member LLCs. The business pays no income tax itself; it reports income and deductions and gives each partner a Schedule K-1. It's due March 15 for calendar-year partnerships, and the late penalty is charged for every partner, every month.

QUICK FACTS

- **Who files.** Partnerships and multi-member LLCs
- **Due.** March 15, 2027 for 2026, or September 15 with Form 7004
- **Late penalty.** Charged for each partner, for each month, up to 12 months

Who files Form 1065?

Every domestic partnership files Form 1065, and so does every LLC with two or more members unless it elected to be taxed as a corporation. A partnership files even if it had no income, as long as it had income, deductions or credits to report, or was doing business. A married couple who co-own an LLC in a community property state can sometimes treat it as a single-member LLC instead.

When is Form 1065 due?

The 15th day of the third month after the tax year ends: March 15 for calendar-year partnerships, so March 15, 2027 for the 2026 return. Form 7004 gives an automatic six-month extension to September 15. The extension covers the return and the K-1s, and partners who are waiting on K-1s often extend their own returns too.

General information, not tax advice for your situation.

What's in the return?

SECTION	WHAT IT REPORTS
Page 1	Ordinary business income: gross receipts, cost of goods sold, salaries, guaranteed payments, rent, depreciation and other deductions
Schedule B	Questions about the partnership's type, owners and filings
Schedule K	The total of every item that passes through to partners
Schedule L, M-1, M-2	The balance sheet and how book income ties to tax income, unless you qualify to skip them
Schedule K-1	Each partner's share, sent to the partner and filed with the return
Schedules K-2 and K-3	International items, unless the partnership meets the domestic filing exception

What do partners do with their K-1s?

Each partner reports their K-1 on their own Form 1040, mostly on Schedule E. Partners who work in the business usually pay self-employment tax on their share of ordinary income and on guaranteed payments. Each partner also tracks their own basis, because losses and distributions above basis can't be deducted or become taxable. Our Schedule K-1 guide explains each box.

Which elections and rules trip people up?

- **Partnership representative.** Under the centralized audit rules, every partnership names one on the return unless it qualifies to opt out
- **Guaranteed payments.** Payments to partners for work are deducted by the partnership and taxed to the partner, not run through payroll
- **Capital accounts.** K-1s report them on the tax basis, so the books need to track contributions and distributions by partner
- **State returns.** Most states want a partnership return too, and some charge an entity-level tax

Common questions

Does a partnership pay tax on Form 1065?
Generally no. It reports the income and passes it to the partners, who pay the tax on their own returns. Some states do charge the partnership.

What is the late filing penalty for Form 1065?
A set dollar amount for each partner for each month the return is late, up to 12 months. For a partnership with several partners it adds up quickly, so extend if you can't file on time.

Does a two-member LLC have to file Form 1065?
Yes, unless it elected to be taxed as an S-Corp or C-Corp, or it's a husband-and-wife LLC in a community property state treated as a single owner.

Can partners take a salary?

Not a W-2 salary. Partners receive guaranteed payments or distributions. If you want owner payroll, look at an S-Corp election.

Want your business return done?

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