

Instructions for PA-41 Schedule B

Dividend and Capital Gains Distributions Income

GENERAL INFORMATION

PURPOSE OF SCHEDULE

Use PA-41 Schedule B to report dividend and capital gains distributions income of estates and trusts.

FORM INSTRUCTIONS

Name

Enter the complete name of the estate or trust as shown on the PA-41, Fiduciary Income Tax Return.

FEIN or Decedent's SSN

Enter the nine-digit federal employer identification number (FEIN) of the estate or trust or the decedent's Social Security number as shown on the PA-41, Fiduciary Income Tax Return.

 **TIP:** An estate with a FEIN should not use the decedent's Social Security number.

LINE INSTRUCTIONS

LINE 1

Dividend and Capital Gains Distributions Income

All taxable dividend income must be reported. If the estate or trust has Pennsylvania-taxable dividend income that is more than \$2,500, PA-41 Schedule B must be completed listing the name of each payer and amount of Pennsylvania-taxable dividend of the payer from each federal Form 1099-DIV or other statement.

 **TIP:** Under a Stock Dividend Reinvestment Plans, dividends are elected in the form of stock, rather than cash or other property. The estate or trust must include the stock's fair market value as dividend income as of the date paid.

LINE 2

Total Dividend Income

Add all amounts from Line 1 including amounts on additional schedules.

LINE 3

Capital Gains Distributions

Capital gains distributions are taxable as dividend income on Line 2 of the PA-41, Fiduciary Income Tax Return, not capital gains as for federal purposes.

 **TIP:** Do not report capital gains distributions on PA-41 Schedule D.

LINE 4

Dividend Income from Partnerships from PA Schedules RK-1

If the estate or trust is an owner in a partnership or entity formed as a limited liability company that is classified as a partnership for federal income tax purposes, it will receive a PA-20S/PA-65 Schedule RK-1 showing its share of any dividend income. Report the amount of any dividend income from PA-20S/PA-65 Schedule RK-1, Line 3 on PA-41 Schedule B, Line 4 or 5.

Submit all such schedules to support the amount reported on PA-41 Schedule B. Include a copy of federal Form 1065 Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied by the partnership or entity formed as a limited liability company that is classified as a partnership for federal income tax purposes. If the estate or trust receives only a federal Form 1065 Schedule K-1, it must adjust and classify the income from the federal Form 1065 Schedule K-1 according to Pennsylvania rules. See the PA PIT Guide, Chapter 16, Pass Through Entities, for additional information on the adjustments required and the proper classification of income.

If the estate or trust realizes income from more than one partnership, provide a statement showing the FEIN, name, and amount of distributable/distributed income by the partnership. Also include the PA-20S/PA-65 Schedules RK-1 or federal Form 1065 Schedule K-1 when filing your PA-41, Fiduciary Income Tax Return.

LINE 5

Dividend Income from PA S Corporations from PA Schedules RK-1

If the estate or trust is an owner in a PA S corporation or entity formed as a limited liability company that is classified as a PA S corporation for federal income tax purposes, it will receive a PA-20S/PA-65 Schedule RK-1 showing its share of any dividend income. Report the amount of any dividend income from PA-20S/PA-65 Schedule RK-1, Line 3 on PA-41 Schedule B, Line 4 or 5.

Submit all such schedules to support the amount reported on PA-41 Schedule B. Include a copy of the federal Form 1020S Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied by the PA S corporation or entity formed as a limited liability company that is classified as a PA S corporation for federal income tax purposes. If the estate or trust receives only a federal Form 1120S Schedule K-1, the estate or trust must obtain a PA-20S/PA-65 Schedule RK-1 from the entity. The department will only permit the estate or trust to adjust and reclassify the income from federal Form 1120S Schedule K-1 according to Pennsylvania rules in limited circumstances. See the PA PIT Guide, Chapter 16, Pass Through Entities, for additional information on the adjustments required and the proper classification of income.

If the estate or trust realizes income from more than one PA S corporation, provide a statement showing the FEIN, name, and amount of distributable/distributed income by the PA S corporation. Also include the PA-20S/PA-65 Schedules RK-1 or federal Form 1120S Schedule K-1 when filing your PA-41, Fiduciary Income Tax Return.

LINE 6

Total Dividend Income

Add Lines 2, 3, 4 and 5 on the PA-41 Schedule B. Enter the amount here and on the PA-41, Fiduciary Income Tax Return, Line 2.