PA-41

Pennsylvania Fiduciary Income Tax Return

2009

WHAT'S IN THIS BOOKLET

This booklet contains general information about Pennsylvania's law and regulations governing estates and trusts, the Department's filing requirements, general instructions for filing the 2009 PA-41 return, and taxpayer services offered by the Department.

DETAILED INSTRUCTIONS

Detailed instructions for the forms in this booklet can be found on the Department's Web site, www.revenue.state.pa.us, under Forms and Publications. The forms included in this booklet are:

PA-41 - PA Fiduciary Income Tax Return

PA Schedule OI - Other Information

PA Schedule RK-1 - Resident Schedule of PA S Shareholder/Partner/Beneficiary Pass Through Income, Loss, and Credits

PA Schedule NRK-1 - Nonresident Schedule of PA S Shareholder/Partner/Beneficiary Pass Through Income, Loss, and Credits

PA Schedule A - PA Taxable Interest Income

PA Schedule B - PA Taxable Dividend Income & Capital Gains Distributions

PA Schedule J - Income from Estates or Trusts

PA Schedule DD - Distribution Deduction Schedule

PA Schedule D - Sale, Exchange, or Disposition of Property

⚠ **IMPORTANT:** Amounts from Federal Form 1041 may not be correct for the PA-41. See the online instructions for each class of income to determine when federal schedules are appropriate. Read all instructions carefully before completing the PA-41.

pennsylvania
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
HARRISBURG PA 17129-0002
www.revenue.state.pa.us

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U.S. POSTAGE
PAID
COMMONWEALTH
OF
PENNSYLVANIA
DEPARTMENT OF
REVENUE

Tax Rate

The tax rate for calendar year 2009, and all fiscal years beginning in 2009, is 3.07 percent (0.0307).

WHO MUST FILE A PA-41?

- Any estate or trust earning, receiving, or realizing more than $33 of PA taxable income.
- The fiduciary of a resident estate or taxable trust that received taxable income during its taxable year.
- The fiduciary of a nonresident estate or taxable trust that received taxable income allocable to Pennsylvania during its taxable year.

For grantor and settlor-revocable trusts, see the instructions on Page 4.

IDENTIFICATION LABEL AND PAYMENT VOUCHER (FORM PA-V)

If this booklet contains an insert with a preprinted label and Form PA-V for paying any PA Fiduciary Income Tax due, verify the name and information on the label and Form PA-V. If the information on the label is correct, affix it to the 2009 PA-41 form. If any of the information on the label is wrong, do not use it – discard it.

IMPORTANT: See the online Detailed Instructions for foreign address information.

Follow the Form PA-V instructions if the estate or trust owes tax, and place the Form PA-V and check in the same envelope with the PA-41. The Department uses this form for automated payment processing. Do not use the Form PA-V for any other tax payment – discard it. Please do not staple the check to the PA-41 or to the Form PA-V.

If you ordered this booklet from the Department, you do not have a preprinted identification label or Form PA-V. When you file, print the correct information on the PA-41 and send the check without the Form PA-V.

REMINDERS FOR FILING 2009 PA-41 TAX RETURNS

- Use the label if it is correct. If using tax preparation software or if the label is incorrect, discard it.
- Print in black ink.
- Use UPPER CASE (CAPITAL) letters.
- Print one number or letter in each box.
- If the name, address, or city begins with a prefix (Mc, Van, O', etc.), do not enter a space or any punctuation.
- Leave a blank box between whole words.
- There is one line for the address. If there is a suite, room number, floor, etc., use the postal format for the mailing address.
- Fill in all the appropriate ovals completely.
- Do not use staples.

Privacy Notification

By law (42 U.S.C. §405(c)(2)(C)(i); 61 Pa. Code §117.16), the Pennsylvania Department of Revenue has the authority to use the Employer Identification Number (EIN) and Social Security Number (SSN) to administer the Pennsylvania Personal Income Tax and other Commonwealth of Pennsylvania tax laws. The Department uses the SSN to identify individual taxpayers and verify their incomes. The Department also uses the SSN to administer tax-offset and child-support programs required by federal and Pennsylvania laws. The Commonwealth may also use the SSN in exchange-of-tax-information agreements with taxing authorities. Pennsylvania law prohibits the Commonwealth from disclosing information that individuals provide on income tax returns, including the SSN(s), except for official purposes.

TAXPAYER SERVICES AND ASSISTANCE

ONLINE SERVICES

Revenue e-Services Center at www.revenue.state.pa.us

- This is the location for all the Department's electronic filing services. There are many electronic filing and payment options available for both individual and business taxpayers. Visit the Web site and learn about the services that may be available to you and take advantage of the speed, ease, convenience, and peace of mind these programs provide.

Online Customer Service Center at www.revenue.state.pa.us

- If you have Internet access, you can find answers to commonly asked questions by using the Department's Online Customer Service Center. Use the *Find an Answer* feature to search the database of commonly asked questions. If you do not find your answer in this area, you can submit your question to a customer service representative.

PA Personal Income Tax Guide (PA PIT Guide)

- The Department's PA PIT Guide has information that explains Pennsylvania's income tax, and its differences from federal rules. You can only access the PA PIT Guide at the Department's Web site. You can open the entire PA PIT Guide, or a specific chapter, and use the search features of Adobe Acrobat Reader™. The Department offers a link for free download of the Adobe Acrobat Reader™.

TELEPHONE SERVICES

Taxpayer Service and Information Center

- Call (717) 787-8201 for PA Personal Income Tax help during normal business hours, 7:30 a.m. to 5 p.m.

Automated 24-hour FACT & Information Line:

1-888-PATAXES (728-2937) or (717) 772-9739 in the Harrisburg area; you must have touch-tone service. This service provides:

- Answers to some of the most commonly asked tax questions.
- The balance of your PA estimated tax account.
- The status of a filed PA Personal Income Tax return or Property Tax/Rent Rebate claim.

FORMS ORDERING SERVICES

To obtain forms not available in this booklet, visit a Revenue district office, or use one of the following services:

Internet: www.revenue.state.pa.us

Pennsylvania income tax forms, schedules, brochures, electronic filing options, and other information are available on the Department's Web site. If you do not have Internet access, visit your local public library.

E-mail Requests for forms: ra-forms@state.pa.us

Automated 24-hour Forms Ordering Message Service: 1-800-362-2050.

- This line serves taxpayers without touch-tone telephone service.

Written Requests: PA DEPARTMENT OF REVENUE
TAX FORMS SERVICE UNIT
711 GIBSON BLVD
HARRISBURG PA 17104-3200

OTHER SERVICES

Services for Taxpayers with Special Hearing and/or Speaking Needs: 1-800-447-3020 (TTY)

Language Services

- Non-English-speaking taxpayers can receive assistance from the Department through an interpretation service.

Español

- El Departamento de Impuestos puede ayudar los contribuyentes que no hablan inglés por medio de un servicio de traducción durante el periodo de pago de impuestos.

Federal Tax Assistance

- Federal tax account or technical information and problem solving are available by calling: 1-800-829-1040.
- Recorded Tele-Tax Service on federal tax topics or tax refund information is available by calling: 1-800-829-4477.
- Federal tax forms and publications are available by calling: 1-800-829-FORM (3676).

Estate

For PA Personal Income Tax (PIT) purposes, an estate is the estate of a deceased individual. An estate for PA purposes does not include the estates of incompetents, bankrupts, or insolvents.

Taxable Trust

For PA PIT purposes, a trust includes a trust created by a will and any taxable express trust taking effect during the lifetime or after the death of the settlor.

A trust for PA purposes does not include:

- A settlor-revocable trust (see Settlor-Revocable Trust on this page) whose income is taxable to the settlor
- A charitable trust (see Charitable Trust below)
- A resulting or constructive trust created by operation of law
- A trust created exclusively for the benefit of creditors
- A principal and agent relationship
- A business trust or real estate investment trust
- A trust created exclusively for the benefit of employees, their families, or appointees under an employee benefit plan
- A pension trust or profit-sharing trust
- A trust that is a common trust fund for federal income tax purposes
- A trust:
  - (a) For which no part of the income or corpus may possibly benefit any PA Personal Income Tax taxpayer;
  - (b) For which no part of the property consists of property transferred to it (or another trust) by any PA Personal Income Tax taxpayer; and
  - (c) Created by an entity or enterprise other than a PA Personal Income Tax taxpayer.

NOTE: For purposes of (a), (b), and (c), a PA taxpayer means any individual, estate, trust, partnership or PA S corporation.

Grantor Trusts

Grantor trusts other than settlor-revocable trusts are required to file Form PA-41. The beneficiaries of the trust are taxed on income required to be distributed currently or actually distributed or credited to them. The grantor trust is taxable on the remainder.

Settlor

A settlor is a party who transfers property to a trust.

Settlor-Revocable Trust

A trust is a settlor-revocable trust if it is a Totten trust or an express trust where the trust agreement reserves in the settlor:

- The power to revoke the trust in its entirety without the declaration of new uses or the consent of any other party; and
- The concurrent power to revest in himself or herself legal title to the corpus of the trust, without the consent of any other party.

⚠ **IMPORTANT:** Trusts that are classified as grantor trusts for federal tax purposes often do not constitute settlor-revocable trusts. Grantor trusts other than settlor-revocable trusts are taxable according to the same PA Personal Income Tax rules that apply to taxable trusts (see Grantor Trusts on this page).

Corpus

The corpus is principal or property of an estate or trust. It does not include the income it earns, receives or realizes from the corpus.

Charitable Trust

A charitable trust is one operated exclusively for religious, charitable, scientific, literary or educational purposes. A trust is a charitable trust only if all of the net earnings for the taxable year and remaining life of the trust are for distribution for such purposes. No part of the earnings of a charitable trust may benefit any private individual.

Federally qualified charitable remainder annuity trusts and charitable remainder unitrusts are not charitable trusts if:

a) Any part of the trust's retained, current or future income or gains earnings may benefit any private individual in subsequent years; or

b) Any part of the trust's current income is required under the governing instrument or any applicable state law to be distributed currently or is actually distributed or credited to any private individual.

Trusts for the general care, maintenance, or improvement of public or church cemeteries are charitable trusts. However, trusts for the care, maintenance, or improvement of the burial lots of the settlor, testator or his/her family are not charitable trusts.

Income Required to be Distributed Currently

Income required to be distributed currently is income for the taxable year that the fiduciary is under a duty to distribute currently. The determination of whether trust income is required to be distributed currently depends upon the terms of the trust instrument and the applicable local law. Income required to be distributed currently is taxable as such even if, as a matter of practical necessity, it is not actually distributed until after the close of the trust's taxable year.

It is immaterial, for purposes of determining whether income is required to be distributed currently, that the amount of income allocated to a particular beneficiary is not specified in the instrument. For example, if the fiduciary is required to distribute all the income currently, but has discretion to sprinkle or spray the income among a class of beneficiaries, or among named beneficiaries, in such amount as he/she may see fit, all the income is required to be distributed currently, even though the amount distributable to a particular beneficiary is unknown until the fiduciary has exercised his/her discretion.

⚠ **IMPORTANT**: Charitable remainder annuity trusts, charitable remainder trusts, charitable remainder unitrusts and pooled income fund trusts of public charities are ordinary trusts that are not exempt from PA-41 filing requirements and/or taxation. These types of charitable trusts must file a Pennsylvania trust tax return, pay tax on any retained earnings, and report the income to the beneficiary on the same basis as any other ordinary trust.

Estates, Taxable Trusts, and Beneficiaries

The taxable income of an estate or taxable trust is the current income that it retains for future distribution or disbursement or currently applies to discharge, satisfy or reduce any person's or its own obligations.

Each estate or taxable trust must classify and report all income, gains and losses realized in the appropriate PA income classes. The estate or trust must also submit PA Schedules RK-1 and NRK-1 for each beneficiary with its PA-41. The PA Schedules RK-1 and NRK-1 show all of the distributions to each of its beneficiaries. The estate or trust must provide each beneficiary with a personalized PA Schedule RK-1 and NRK-1, showing that beneficiary's share of its 2009 PA taxable income.

A taxable trust (and its beneficiaries) and an estate (and its beneficiaries) are not subject to tax on income set aside exclusively for charitable purposes.

Members of Partnerships and PA S Corporations

If the estate or trust is a member of a partnership or a PA S corporation, it must report its share of the income or loss, whether distributed or not, in the same class in which the partnership or PA S corporation reported the income. Each resident estate or trust must submit the PA Schedule RK-1 and each nonresident estate or trust must submit the PA Schedule NRK-1 received from the partnership or PA S corporation.

Resident Estates or Trusts

A resident trust is any of the following:

- A trust created by the will of a decedent who, at the time of death, was a PA resident individual;
- A trust consisting of property transferred to a trust by a person who, at the time of such transfer, was a PA resident; or
- A trust created by a person who, at the time of such creation, was a PA resident.

A resident estate is the estate created by an individual who at the time of his/her death was a PA resident.

Pennsylvania taxes the income of a resident estate or trust from sources both inside and outside Pennsylvania. A resident estate or trust may claim a Resident Credit if it is subject to and pays income tax to another state or country on income that is also taxable to Pennsylvania during the same taxable year. This credit is nonrefundable and cannot exceed the amount of the total PA tax liability of the estate or trust. To claim a Resident Credit, the estate or trust must submit a completed PA Schedule G-S or G-L.

NOTE: Do not complete PA Schedule G-R to summarize the resident credits claimed on Form PA-41.

Resident Beneficiaries

The taxable income of a resident beneficiary from a resident or nonresident estate or taxable trust is the taxable income, regardless of source, received by the estate or trust for the taxable year that:

- Is required to be distributed currently to the beneficiary, or
- Is credited or distributed to the beneficiary.

Nonresident Estates or Trusts

A nonresident estate or a nonresident trust is any estate or taxable trust that is not a PA resident estate or PA resident trust. An inter vivos trust created by a resident is also nonresident if all of the following conditions are met:

- The assets of the trust currently consist in no part of:
  - (a) real property or tangible personal property located within PA;
  - (b) stock, securities or intangible personal property, evidenced by documents, certificates or other instruments that are physically located, or have a business situs, within PA;
- The trust is taxable as a resident elsewhere for the period in question;
- The trust has no resident fiduciary, beneficiary, or remainderman;
- All administration, accounting, bookkeeping, sales, and purchases currently take place outside Pennsylvania;
- The settlor is no longer a resident of Pennsylvania or died a nonresident of Pennsylvania;
- The settlor is not a resident at the times when, during his or her lifetime:
  - (a) An application is made to a court concerning the trust; or
  - (b) He, she, or another might have exercised a reserved power of revocation; and
- Both of the following apply:
  - (a) a Pennsylvania court having jurisdiction over the trust has directed that the situs of the trust be changed to a place outside PA, and
  - (b) the courts of such place have assumed jurisdiction to
    - (1) adjudicate disputes involving the trust; or
    - (2) order accountings to protect the trust corpus, beneficiaries and remaindermen.

PA law imposes the Fiduciary Income Tax on the income of a nonresident estate or trust from PA sources. A nonresident estate or trust must ignore items of income, loss, cost, expense, and liability that are not directly related to Pennsylvania when computing its PA taxable income.

Nonresident Beneficiaries

The income of a nonresident beneficiary from a resident or nonresident estate or taxable trust is the taxable income from PA sources received by the estate or trust for its taxable year that the estate or trust distributed, was required to distribute currently or was credited to the beneficiary.

Taxable Income

Estates or trusts must report taxable income (loss) realized from the following classes:

- Interest Income
- Dividend Income
- Net Income or Loss from the Operation of a Business, Profession, or Farm
- Net Gain or Loss from the Sale, Exchange, or Disposition of Property
- Net Income or Loss from Rents, Royalties, Patents, or Copyrights
- Estate or Trust Income

See the online Detailed Instructions for an explanation of taxable income for nonresident estates and trusts.

Costs and Expenses

A fiduciary may not deduct:

- Expenses and fees related to administering the estate or trust
- Costs and expenses attributable to earning or receiving interest and dividend income
- Costs and expenses attributable to receiving income from other estates or trusts
- Inheritance, succession, estate, gift taxes, or taxes based on income
- Funeral expenses
- Expenses for preservation or maintenance of non-income producing property
- Expenses related to exempt income
- Satisfaction of personal debts of the decedent

A fiduciary may deduct only the ordinary, necessary, and reasonable costs and expenses directly incurred in realizing income or loss from:

- The operation of a business or farm;
- The sale, exchange, or other disposition of property; and
- The receipt of rental or royalty income.

Gains or Losses

Estates or trusts cannot offset income in one PA income class with a loss in any other PA income class. Estates or trusts cannot

carry income or losses back or forward to other tax years. Include the appropriate completed schedule for the income, gain, or loss reported.

IMPORTANT: If the estate or trust realized a net loss in an income class, enter the amount of the loss on the appropriate line on the PA-41. Next to that line, completely fill in the oval for the loss.

Tax Year

For Pennsylvania, an estate or trust must use its federal taxable year.

When to File?

- The 2009 filing due date for a calendar year estate or trust is midnight, Thursday, April 15, 2010.
- The filing due date for an estate or trust with a fiscal year that begins in 2009 is midnight of the 15th day of the fourth month following the close of the fiscal year.
- The PA-41 for a short year is due the 15th day of the fourth month following the close of the short year.

The U.S. Postal Service postmark date on the envelope is proof of timely filing.

Signature and Verification

Be sure to sign the PA-41 return. An unsigned PA-41 is not a valid tax return. The signature on the PA-41 verifies by written declaration, under penalties of perjury, that the fiduciary personally examined the PA-41 and its accompanying schedules, and to the best of his/her knowledge, the PA-41 is true, correct, and complete.

Preparer/Company Name, Telephone Number, SSN or Preparer Tax Identification Number and Firm Federal Employer Identification Number

If someone other than the fiduciary or officer representing the fiduciary prepared the PA-41 return, the preparer should enter his/her name, or the company name, telephone number, and his/her Social Security Number (SSN) or Preparer Tax Identification Number (PTIN) and the company's Federal Employer Identification Number (FEIN) in the spaces provided on the return.

How to Pay

The estate or trust must pay the balance of tax due shown on the PA-41 by April 15, 2010. Fiscal year filers must pay by the 15th day of the fourth month following the close of the tax year. Make the check or money order payable to PA Dept. of Revenue. The estate or trust must file a PA-41 even if no payment is due. Use the PA Payment Voucher (Form PA-V) on the insert to make the payment with the PA-41. If the fiduciary does not have a preprinted Form PA-V, include the check with the PA-41. Do not staple the check to the Form PA-V or to the PA-41. Please write on the check or money order (1) the estate or trust's FEIN, (2) "2009 PA-V", and (3) the daytime telephone number of the estate or trust's representative.

Assembling the PA-41 Return

The PA-41 should be assembled with PA-41 Pages 1 and 2 on top followed by:

- A copy of the federal extension or statement showing the electronically filed extension confirmation number if no PA Form REV-276 is required to be filed;
- Copies of Federal Forms 1099, W-2, or other documents showing PA tax withheld;
- Copies of any completed PA schedules in alphabetical order;
- Copies of all statements providing listings for or additional explanations of the income (loss) on the PA-41 or its schedules, in the order of presentation on the PA-41 or in relation to the appropriate schedule;
- Copies of all PA Schedules RK-1, PA Schedules NRK-1, and/or Federal Form 1065/1120S Schedules K-1 for income/loss reported from partnerships and S corporations;
- Copies of any Federal Form 1041 Schedules K-1 for income received from other estates and/or trusts if no PA Schedules RK-1 and NRK-1 are received;
- A copy of Federal Form 8271 if it is required to be included with the Federal Form 1041;
- Copies of Pages 1 and 2 of Federal Form 1041 for the estate or trust; and
- Copies of the PA Schedules RK-1 and NRK-1 for each beneficiary of the estate or trust.

CAUTION: Assemble documents in the order above. Do not staple the documents together.

IMPORTANT: On any additional statements you include with your return, please include the estate or trust's name, FEIN, tax year, and a brief line reference to Form PA-41 or PA-41 schedule.

MAILING INSTRUCTIONS

If there is Tax Due on Line 17 of the PA-41, mail the return, check, and Form PA-V to:

PA DEPARTMENT OF REVENUE
BUREAU OF IMAGING AND DOCUMENT MANAGEMENT
PO BOX 280413
HARRISBURG PA 17128-0413

If there is an Overpayment on Line 20 of the PA-41, mail the PA-41 return to:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280505
HARRISBURG PA 17128-0505

If there is No Tax Due or Overpayment, mail the PA-41 to:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280506
HARRISBURG PA 17128-0506

Extension of Time to File

The Department will not grant an extension for more than five months, except for taxpayers outside the U.S. An extension of time to file does not extend the payment deadline.

Follow these procedures when applying for an extension of time to file:

1. If you owe income tax on your PA-41 tax return, you must pay by check with a timely Application for Extension of Time to File (Form REV-276). Obtain the Form REV-276 from one of the Forms Ordering Services on Page 3. Follow the instructions on the PA extension form. The Department will not send a letter granting the extension, but it will write if there is a question concerning the request.
2. If you have requested an extension for filing your federal income tax return and you do not owe PA income tax on your 2009 tax return, the Department will grant you the same extension for filing your PA-41 tax return. You do not have to submit a Form REV-276 or Federal Form 7004 before the due date.
3. If you do not have an extension for filing your federal income tax return, request an extension on Form REV-276, and file

it in sufficient time for the Department to consider and act upon it prior to the return due date.

Mail your Form REV-276, with or without a payment, to:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280504
HARRISBURG PA 17128-0504

When filing your PA-41 return with an extension:

- Fill in the extension request oval at the top of your PA-41.
- If you did not file a Form REV-276, submit a copy of Federal Form 7004 with your PA tax return.
- If you electronically filed your federal extension, submit a statement with an explanation and the confirmation number you received.
- If you submitted Form REV-276, you do not have to submit extension paperwork with your PA-41 tax return.

⚠ **IMPORTANT:** An extension of time to file the PA-41 does not extend the Fiduciary Income Tax payment deadline. The Department will assess an underpayment penalty if:

- The estate or trust does not pay at least 90 percent of the 2009 tax due by April 15, 2010, or by the 15th day of the fourth month following the close of the estate or trust's fiscal year; and
- The estate or trust does not pay the remaining tax with a timely filed PA-41.

The Department will charge interest on the amount not paid by April 15, 2010.

2010 PA Estimated Fiduciary Income Tax Requirements

If the estate or trust expects more than $8,000 of PA taxable income in 2010, the fiduciary must file a declaration of PA Estimated Tax and make installment payments. Estates and trusts follow federal annualization of income rules in determining the amount of quarterly estimated payments due. The Form REV-413(F), Instructions for Estimating PA Fiduciary Income Tax (Estates and Trusts), Form REV-414(F), Estimated Tax Worksheet (Estates and Trusts), and Form REV-1630F, Underpayment of Estimated Tax by Fiduciaries, provide additional information regarding this method. To obtain these forms and instructions, use one of the Forms Ordering Services on Page 3.

Penalty and Interest

The Department will bill you for any penalty and interest that you owe. Calculate penalty and interest by visiting the Revenue e-Services Center at www.revenue.state.pa.us.

Estimated Underpayment Penalty

The estate or trust is subject to this penalty if:

- It owes more than $246 on its return (3.07 percent on $8,000 of PA taxable income); and
- The estate or trust made estimated payments, but did not meet one of the exceptions described below.

The Department will not impose this penalty on an estate or trust when:

1. Its total timely estimated payments and credits are at least 90 percent of the tax due as shown on its 2009 PA-41;
2. Its total timely estimated payments and credits are at least equal to an amount calculated using the current year's tax rate and the income on its prior year's PA-41;
3. For each installment period, its timely estimated payment is at least 90 percent of the actual tax due on the income earned or received for each installment period; or
4. This is the first or second year the estate or trust receiving the residue of a probate estate is required to file a PA-41 tax return.

The fiduciary may calculate and pay this penalty on Form REV-1630F, Underpayment of Estimated Tax by Fiduciaries, submitted with the PA-41.

The Department will send a notice to the estate or trust if it owes this penalty. A fiduciary who disagrees with the Department's notice should submit Form REV-1630F to support the calculations for the estate or trust or to claim an exception.

Interest for Nonpayment or Late Payment of the Tax

If the estate or trust does not pay its tax by the due date, the Department imposes interest from the due date to the date of payment. The annual interest rate is the rate established by the U.S. Secretary of the Treasury, in effect on January 1 of each calendar year.

Penalties for Not Filing or Filing a Late Return

If the estate or trust does not file its PA-41 timely, PA law imposes a penalty. The penalty is 5 percent of the tax due for each month or fraction of a month the PA-41 is late. The maximum penalty is 25 percent. The minimum penalty is $5. Any estate or trust that attempts to evade or defeat PA Fiduciary Income Tax responsibility is subject to prosecution.

Penalty for Uncollectible Funds

PA tax law imposes an additional penalty on funds submitted via check and not paid on presentment (bad checks). The penalty is 10 percent of the face amount of the check. The penalty imposed cannot exceed $1,000 nor be less than $25.

Other Penalties

PA law also imposes:

- A 5 percent underpayment penalty if the estate or trust does not pay the full amount of its tax due by the original due date.
- An additional penalty of 25 percent of the tax due on the unreported income, if the estate or trust does not report an amount of taxable income that is more than 25 percent of the taxable income that it reported on the PA-41.

⚠ **IMPORTANT:** The Department may assess both late filing and underpayment penalties if the fiduciary files the PA-41 after the due date, or extended due date, and does not pay the tax due by the original due date.

PA law also may impose:

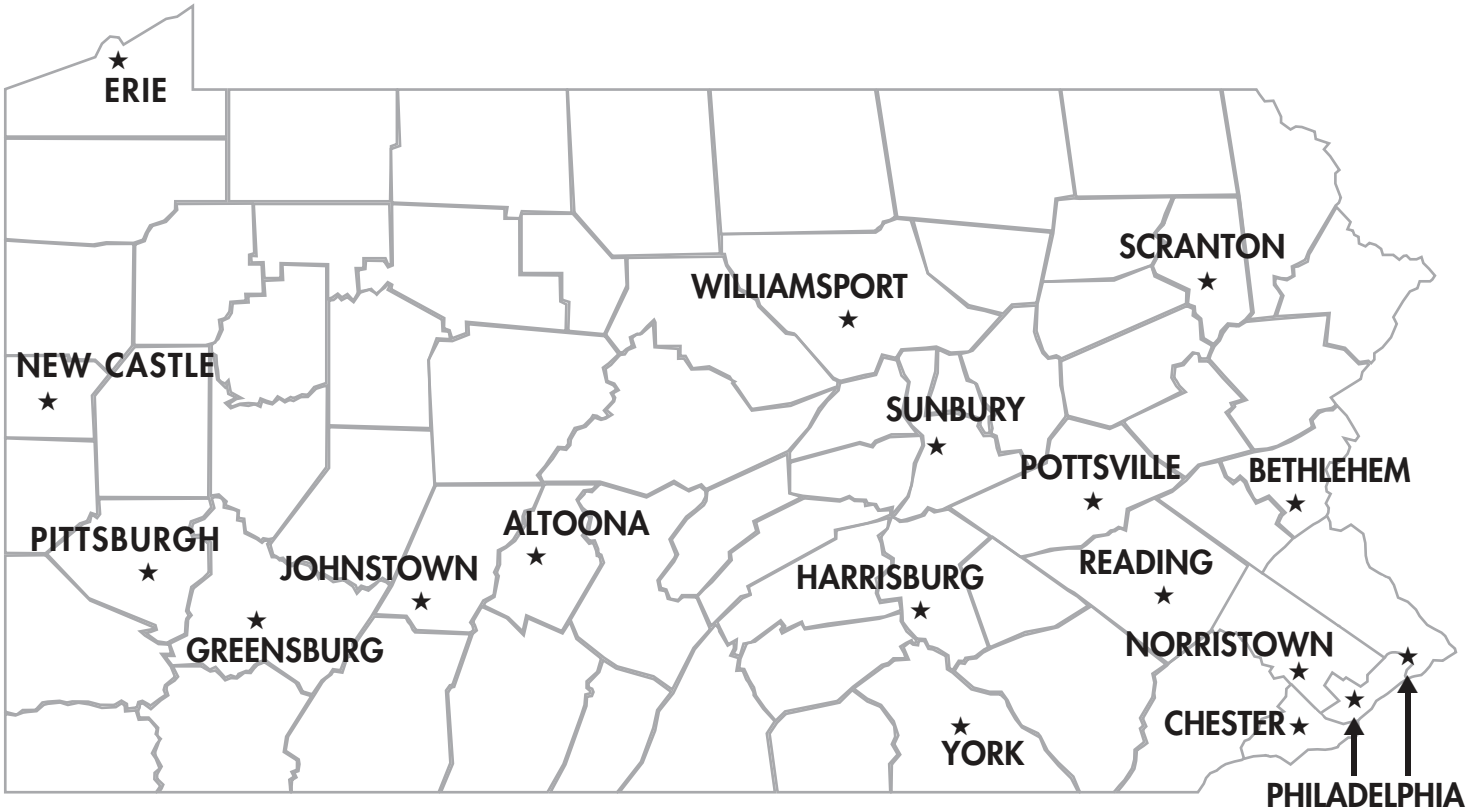
- An additional 50 percent penalty on the underpayment of the tax due if any part of the underpayment is due to fraud.
- A $500 penalty if the estate or trust:
  - (a) Files a return that contains information that indicates the liability is significantly incorrect; and
  - (b) Files a return frivolously, or in a manner to delay or impede the administration of the tax law.
- A penalty of $250 for each instance when any person required to furnish an information return either furnishes a false or fraudulent return, or fails to furnish an information return.

Abatement of Penalties

Penalties may be abated only if the estate or trust can show reasonable cause for abatement in its petition for reassessment of the penalty. To be timely, the petition must be filed with the Department's Board of Appeals within 90 days of the mailing date of the assessment of the penalty.

PA DEPARTMENT OF REVENUE DISTRICT OFFICES

NOTE: Please call ahead to verify a district office's address and its services or visit the Department's Web site at www.revenue.state.pa.us for information. Taxpayer assistance hours are 9 a.m. to 12 p.m. and from 1 to 4 p.m.



ALTOONA
STE 204
CRICKET FIELD PLZ
615 HOWARD AVE
ALTOONA PA 16601-4867
(814) 946-7310

BETHLEHEM
44 E BROAD ST
BETHLEHEM PA 18018-5998
(610) 861-2000

CHESTER
6TH FL STE 602
419 AVENUE OF THE STATES
CHESTER PA 19013-4451
(610) 619-8018

ERIE
448 W 11TH ST
ERIE PA 16501-1501
(814) 871-4491

GREENSBURG
SECOND FL
15 W THIRD ST
GREENSBURG PA 15601-3003
(724) 832-5283

HARRISBURG
LOBBY
STRAWBERRY SQ
HARRISBURG PA 17128-0101
(717) 783-1405

JOHNSTOWN
425 MAIN ST
JOHNSTOWN PA 15901-1808
(814) 533-2495

NEW CASTLE
103 S MERCER ST
NEW CASTLE PA 16101-3849
(724) 656-3203

NORRISTOWN
SECOND FL
STONY CREEK OFFICE CENTER
151 W MARSHALL ST
NORRISTOWN PA 19401-4739
(610) 270-1780

PHILADELPHIA
STE 204A
110 N 8TH ST
PHILADELPHIA PA 19107-2412
(215) 560-2056

PHILADELPHIA
ACDMY PLZ SHPG CTR
3240 RED LION RD
PHILADELPHIA PA 19114-1109
(215) 821-1860

PITTSBURGH
CHMBR COMMRCE BLDG
411 7TH AVE
PITTSBURGH PA 15219-1919
(412) 565-7540

POTTSVILLE
115 S CENTRE ST
POTTSVILLE PA 17901-3047
(570) 621-3175

READING
STE 239
625 CHERRY ST
READING PA 19602-1186
(610) 378-4401

SCRANTON
RM 200
SAMTERS BLDG
101 PENN AVE
SCRANTON PA 18503-1970
(570) 963-4585

SUNBURY
535 CHESTNUT ST
SUNBURY PA 17801-2834
(570) 988-5520

WILLIAMSPORT
440 LITTLE LEAGUE BLVD
WILLIAMSPORT PA 17701-5055
(570) 327-3475

YORK
140 N DUKE ST
YORK PA 17401-1110
(717) 845-6661