



# PA-41 Pennsylvania Fiduciary Income Tax Return

## INTERNET VERSION

### WHAT'S IN THIS PUBLICATION

This Internet publication contains information about Pennsylvania's law and regulations governing estates and trusts, the PA Department of Revenue's (Department) filing requirements, and instructions for filing the 2009 PA-41. Additional information is also available in the PA Personal Income Tax Guide on the Department's Web site. If using tax preparation software, you can also obtain information about approved software on the Department's Web site.



**IMPORTANT:** Amounts from the 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.

### PA Personal Income Tax Guide (PA PIT Guide)

The PA PIT Guide explains PA's filing requirements and the differences between PA PIT law and the Internal Revenue Code. Fiduciaries can access the PA PIT Guide from the Department's Web site at [www.revenue.state.pa.us](http://www.revenue.state.pa.us). Fiduciaries will find information needed to comply with the requirements of PA PIT law.

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## **YOUR USE TAX RESPONSIBILITY**

If the estate or trust buys items that are subject to Sales Tax for which the seller does not charge and collect the tax on the invoice (or receipt), the estate or trust is responsible for remitting the tax directly to the PA Department of Revenue. This tax is called Use Tax.

Purchases made over the Internet, through toll-free numbers (800, 866, 888, and 877), from mail order catalogs or from an out-of-state location are examples of purchases that would be subject to Use Tax. The tax rate is the same as the Sales Tax - 6 percent state plus 1 percent local tax if the purchaser is located in Allegheny County or plus 2 percent local tax if the purchaser is in Philadelphia County. Please see the Department's brochure; Pennsylvania Use Tax (REV-1748), for more information and examples of what may be taxable purchases for Use Tax purposes. The tax is to be reported on Form PA-1, Use Tax Return. The estate or trust can obtain this form from the Department's Web site, any Department of Revenue district office, or from one of the Forms Ordering Services on Page 37.

Pennsylvania statutes generally exclude from Sales and Use Tax such items as clothing, most foods purchased from a grocery store, and prescription medicines. Examples of taxable items include: computers, sports and recreational equipment, and formal clothing.

## **PRIVACY NOTIFICATION**

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

## WHO MUST FILE A PA-41?

- Any estate or trust earning, receiving, or realizing more than \$33 of PA taxable income must file a PA-41 income tax return.
- 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 6.

## 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.
- Include all supporting schedules and documentation; see Assembling the PA-41 Return on Page 11.
- Do not use staples.

# GENERAL INFORMATION

## Tax Rate

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

## 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.

## Trust

For PA PIT purposes, a trust includes a taxable 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 on Page 7)
- 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; and
  - (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 as an 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 other trusts (see Grantor Trusts on Page 6).

### **Corpus**

The corpus is principal or property of an estate or trust as opposed to the income it earns, receives or realizes from its 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 during the current taxable year:

- a) Any part of the trust's retained 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 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-41 Schedules RK-1 and NRK-1 for each beneficiary with its PA-41. The PA-41 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-41 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 that is 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-20S/PA-65 Schedule RK-1 and each nonresident estate or trust must submit the PA-20S/PA-65 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; or
- 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 or 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, cannot exceed the amount of the total PA tax liability of the estate or trust and may not be passed through to a beneficiary. 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 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 irrevocable 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 the documents, certificates or other instruments that are physically located, or have a business situs, within PA; and
- The trust is taxable as a resident elsewhere for the period in question; and
- The trust has no resident fiduciary, beneficiary, or remainderman; and
- All administration, accounting, bookkeeping, sales, and purchases currently take place outside Pennsylvania; and
- The settlor is no longer a resident of Pennsylvania or died a nonresident of Pennsylvania; and
- 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 Pennsylvania 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 taxable income of a nonresident beneficiary from a resident or nonresident estate or taxable trust is the taxable income from taxable 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

**CAUTION:** Compensation from a deceased individual's final W-2 cannot be reported on a fiduciary return. This income should be reported on the individual's final PA Personal Income Tax return (Form PA-40). An explanation should accompany the final return, advising that the income was received after the individual's death as a death benefit and therefore is not subject to PA Personal Income Tax. Any compensation paid after the individual's death, plus any tax refund, must be included as assets of the decedent's estate, and as such, are subject to inheritance tax.

### **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. 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 has examined the PA-41 and its accompanying schedules and to the best of his or her knowledge, the PA-41 is true, correct, and complete.

## Preparer/Company Name, Telephone Number, SSN or Preparer Tax Identification Number (PTIN) and Firm Federal Employer Identification Number (FEIN)

If someone other than the fiduciary or officer representing the fiduciary prepared the PA-41, the preparer should enter his or her name, or the company name, the telephone number, the Firm's Federal Employer Identification Number (FEIN), and his or her Social Security Number (SSN) or Preparer Tax Identification Number (PTIN) 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 Form PA-V on the insert of the PA-41 booklet 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 Payment Voucher (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 return should be assembled with the 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 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-20S/PA-65 Schedules RK-1, PA-20S/PA-65 Schedules NRK-1, and/or Federal 1065 or 1120S Schedules K-1 for income/loss reported from partnerships and S corporations;
- Copies of any Federal 1041 Schedules K-1 for income received from other estates and/or trusts if no PA-41 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 the Federal Form 1041 for the estate or trust;
- Copies of the PA-41 Schedules RK-1 and NRK-1 for each beneficiary of the estate or trust; and
- Copies of any PA Schedule G-S and/or G-L completed on behalf of the estate or trust.

**CAUTION:** Assemble documents in the order above. Do not staple the documents together once they are assembled in the order shown above.



**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 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 return 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 37. 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 the 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;
- Any estate or trust which uses a fiscal filing year does not pay at least 90 percent of the 2009 tax due by the 15th day of the fourth month following the close of the 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 the due date of the return.

## **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 REV-413(F), Instructions for Estimating PA Fiduciary Income Tax (Estates and Trusts), 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 37.

### **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](http://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; or
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; or
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 we determine it owes this penalty. A fiduciary who disagrees with the Department's notice should submit a 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 that is in effect on Jan. 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, unless the estate or trust can show reasonable cause for late filing. The penalty is 5 percent of the tax due for each month or fraction of a month that 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 their 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.

### **Filing Amended Returns**

It is not necessary to include a complete copy of the original PA-41 return. Use the Form(s) PA-41 from the same tax year(s) the fiduciary must amend. For example, to amend for 2009, use another 2009 PA-41, fill in the "Amended" oval on Form PA-41, and follow these steps:

1. Enter the amounts from the original Form PA-41 that are not changing.
2. Enter the amended amounts, and submit an explanation/reason for amending the original PA-41 return and the forms or schedules supporting the amended amounts.
3. Calculate Line 8, Deductions from PA Schedule DD, distributed to each beneficiary and complete amended PA Estate or Trust Schedules RK-1 and NRK-1.
4. Calculate Line 9, Net PA Taxable Income.
5. Calculate Line 10, Total PA Tax Liability. If the estate or trust received a refund on its original PA-41 return, add that amount to Line 10, Total PA Tax Liability.
6. Calculate Line 16, 2009 Payments and Credits. If the estate or trust paid tax with its original PA-41 return, add that payment to Line 16, 2009 Credits and Payments.
7. Calculate Line 17, Tax Due or Line 20, Overpayment. If an overpayment, be sure to complete Lines 20 and/or 21.

The Department will take the original refund or payment into account when reviewing the amended PA-41 return. Be sure to sign the amended return. Mail the amended return with all explanations and attachments to one of the addresses as shown on Page 11 of the instructions. If the amended return results in tax due, mail the return to the **Tax Due** address. If the amended return results in an overpayment, mail the return to the **Overpayment** address. If the amended return results in no tax due or overpayment return, mail the return to the **No Tax Due or Overpayment** address.

### **Required Amended Returns**

If at any time after filing the PA-41 return, the estate or trust discovers that it underreported or over-reported the tax or erroneously claimed unallowable credits or deductions as a result of incomplete information, the fiduciary must correct the error within 30 days by filing an amended PA-41 return. The estate or trust must pay the additional tax plus applicable penalty and interest.

### **Overpaid PA Fiduciary Income Tax**

If the estate or trust over-reported its income or did not claim allowable credits on its original PA-41 return, the fiduciary must file an amended PA-41 return within three years of the original due date.



**IMPORTANT:** Do not file an amended PA-41 return after the Department issues an assessment if the amendment relates to the same taxable year and assessed item of income, gain, deduction, or loss. In this instance, either file a timely petition for reassessment or pay the assessment and file a timely petition for a refund via the Department's e-Services Center. Taxpayers may also order a paper Petition Form (Form REV-65) through the Forms Ordering Services on Page 37.

## Records Must Be Maintained

All amounts reported on the PA-41 return and accompanying schedules are subject to verification and audit by the Department. The fiduciary must retain books and records for at least four years after filing to verify any information reported on the PA-41 return. Information that substantiates the calculation of the estate or trust's basis in any investment (partnership, S corporation, stocks, bonds, real estate, etc.) must be retained indefinitely or for at least four years after the investment is sold. Information that substantiates the calculation of basis in an investment shall include, but not be limited to, broker statements, Pennsylvania and other states' income tax returns, PA Schedules RK-1, closing statements, etc.

# GENERAL INSTRUCTIONS FOR THE PA-41 RETURN

### Governing Instrument

The governing or trust instrument is a written document that defines and describes the nature of and provides instructions for the administration and settlement of an estate or trust. The document can be a deed of trust; will; written trust agreement; an instrument creating or exercising a power of appointment; or a dispositive, appointive or nominative instrument of a similar type. The Department does not require a copy of the governing instrument with the PA-41 return, but the estate or trust must submit it upon request.

### Special Rules

Before preparation of this return, determine all of the following under the terms of the governing instrument and the laws applicable to the administration of estates or trusts:

- Whether an item of receipt or expense is allocable to corpus or income;
- What part, if any, of the undistributed net income of a trust (for administrative purposes) is required to be added to corpus;
- Whether property distributed in kind is distributed as a gift or bequest of specific property;
- Whether an amount is properly paid out of corpus as a gift or bequest of a specific amount of money;
- Whether payment of a distribution is directed without reference to the existence or absence of income; and
- Whether the estate or trust must distribute an amount, and whether it pays such amount out of income or corpus, or it may pay such amount out of either income or corpus.

When the governing instrument specifically provides the source from which amounts are to be permanently set aside or used, the provisions of the governing instrument control the distribution and calculation of income. The governing instrument determines when amounts, including particular items of income received by the estate or trust, are set aside or when those amounts are used for specific purposes. In the absence of specific provisions in the governing instrument, the amount shall be deemed to consist of the same proportion of each class of the items of income of the estate or trust as the total of each class bears to the total of all classes.

In determining whether income derived from a partnership, PA S corporation, estate, or trust is required to be distributed currently, or is distributed or credited to a beneficiary, the excess of the PA taxable income derived through such partnership, PA S corporation, estate, or trust over the amount of distributions or withdrawals there from shall be considered to be income that is required to be retained, accumulated, or set aside.

Amounts disbursed to pay taxes measured by the income for another taxable period may not be treated as set aside from current income. Generally, amounts disbursed to pay nondeductible trustee commissions, legal, and accounting expenses and other current expenses that do not reduce the amount of taxable or nontaxable income or gain of the trust for the taxable year, shall be treated as nontaxable income or gain which is required to be accumulated, retained, or set aside. This is true as long as total distributions for the year do not equal or exceed the excess of total taxable and nontaxable income received by the estate or trust for the taxable year over total taxable and nontaxable income received by the estate or trust for the taxable year, which is required to be accumulated, retained, or set aside for future distribution. However, if total distributions for the year do equal or exceed the excess of total taxable and nontaxable income received by the estate or trust for the taxable year over total taxable and nontaxable income received by the estate or trust for the taxable year, which is required to be

accumulated, retained or set aside for future distribution, the amounts shall be treated as distributions by the estate or trust and beneficiaries.

If a trust consists in part of intangible investment property, such as stock or securities, or tangible investment property, such as real estate located outside Pennsylvania transferred to it by a person who at the time of the transfer was a nonresident, the income or gains realized from such property shall be excludable from tax by the trust.

## **PA S CORPORATIONS, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

### **PA-20S/PA-65 Schedules RK-1 and NRK-1**

These schedules show the share of income (loss) for each PA income class from PA S corporations, partnerships and limited liability companies. If the estate or trust received any guaranteed payments from a partnership or limited liability company, add those payments to the estate or trust's share of income (loss) as shown on the Pennsylvania schedules. The PA S corporation, partnership or limited liability company deducts all allowable expenses and other allowable adjustments. An estate or trust may not deduct additional expenses incurred on behalf of the PA S corporation, partnership or limited liability company that it may be able to deduct for federal purposes.

### **PA Resident Estate or Trust Shareholders, Partners, and/or Members**

If the resident estate or trust is a shareholder of a PA S corporation, a partner in a partnership, or a member of a limited liability company, the estate or trust should **receive** a PA-20S/PA-65 Schedule RK-1 **and** a PA-20S/PA-65 Schedule NRK-1. Although a resident estate or trust receives both of the PA-20S/PA-65 Schedules RK-1 and Schedules NRK-1, a resident estate or trust must only submit a copy of each PA-20S/PA-65 Schedule RK-1 and report its share of income whether distributed or not as shown on its PA Schedule(s).

A PA-20S/PA-65 Schedule NRK-1 is also required to report PA-source income necessary for calculations involved with PA-41 Schedule DD for nonresident beneficiaries. Please see the instructions that begin on Page 32 for more information. The copy of the PA-20S/PA-65 Schedule NRK-1 is not required to be included with a resident estate or trust tax return. However, the PA-20S/PA-65 Schedule NRK-1 is required to be included with a nonresident estate or trust tax return (see the instructions for Nonresident Estate or Trust Partners, Shareholders, and/or Members).

If the partnership or limited liability company does not provide PA-20S/PA-65 Schedules RK-1 or NRK-1, the estate or trust still must report and classify the income (loss) from the Federal 1065 Schedule K-1 according to the instructions for each PA income class. The estate or trust must then submit a copy of the Federal 1065 Schedule K-1 and related supporting schedules where applicable that provide information as to the classification of the income from the Federal 1065 Schedule K-1. If the resident estate or trust is a shareholder in a PA S corporation, the PA S corporation must provide the PA-20S/PA-65 Schedules RK-1 and NRK-1 to the estate or trust. Federal 1120S Schedules K-1 are not acceptable substitutes in these instances.

### **Nonresident Estate or Trust Shareholders, Partners, and/or Members**

If the estate or trust is not a Pennsylvania estate or trust, but is a shareholder of a PA S corporation, a partner in a partnership, or a member of a limited liability company, the estate or trust should **receive** a PA-20S/PA-65 Schedule NRK-1 **and** a PA-20S/PA-65 Schedule RK-1. Although a resident estate or trust receives both of the PA-20S/PA-65 Schedules NRK-1 and RK-1 and is only required to submit the PA-20S/PA-65 Schedule RK-1, a nonresident estate or trust must submit a copy of each PA-20S/PA-65 Schedules NRK-1 and RK-1 when there are PA resident beneficiaries of the estate or trust and report their share of PA taxable income (loss) whether distributed or not as shown on their PA-20S/PA-65 Schedule(s) RK-1. If a nonresident estate or trust has no resident beneficiaries, the nonresident estate or trust must only submit a copy of the PA-20S/PA-65 Schedule(s) NRK-1 and report their share of PA taxable income (loss) whether distributed or not as shown on their PA-20S/PA-65 Schedule(s) RK-1.

A PA-20S/PA-65 Schedule RK-1 is required to report PA worldwide income necessary for calculations involved with PA-41 Schedule DD for nonresident estate or trusts with resident beneficiaries. Please see the instructions that begin on Page 32 for more information. The copy of the PA-20S/PA-65 Schedule RK-1 is required to be included with a nonresident estate or trust tax return. The PA-20S/PA-65 Schedule RK-1 is also required to be included with a resident estate or trust tax return (see the instructions for Resident Estate or Trust Partners, Shareholders, and/or Members).

If the partnership or limited liability company does not provide a PA-20S/PA-65 Schedule NRK-1 or RK-1, the nonresident estate or trust still must report and classify the income (loss) from a Federal 1065 Schedule K-1 according to the instructions for each PA income class. The nonresident estate or trust must then submit a copy of its Federal 1065 Schedule K-1 and related supporting schedules where applicable that provide information as to the classification of the income from the Federal 1065 Schedule K-1. If the income (loss) is being reported to PA from a Federal 1065 Schedule K-1 and the income (loss) is not 100 percent of the amount from the Federal 1065 Schedule K-1, a schedule or written explanation should be submitted along with the Federal 1065 Schedule K-1 explaining how the amount reported was determined. If the nonresident estate or trust is a shareholder in a PA S corporation, the PA S corporation must provide the PA 20S/PA-65 Schedules NRK-1 and RK-1 to the estate or trust. Federal 1120S Schedules K-1 are not acceptable substitutes in these instances.

#### **PA Resident or Nonresident Estate or Trust Beneficiaries**

The Department requires the reporting of PA resident estate or trust income on PA-41 Schedules RK-1 and NRK-1. If the estate or trust is a beneficiary of a PA estate or trust, the estate or trust should receive a PA-41 Schedule RK-1 and PA-41 Schedule NRK-1. The income from the PA-41 Schedule RK-1 should be reported on PA-41 Schedule J and on Line 6 of the PA-41. A PA-41 Schedule NRK-1 is required to report PA-source income necessary for calculations involved with PA-41 Schedule DD. If the estate or trust is a beneficiary of a nonresident estate or trust, the estate or trust should also receive a PA-41 Schedule RK-1 and NRK-1. The income from the PA-41 Schedule NRK-1 should be reported on PA-41 Schedule J and on Line 6 of Form PA-41. A PA-41 Schedule RK-1 is required to report PA-source income necessary for calculations involved with PA-41 Schedule DD. As a beneficiary of an estate or trust, the income from that estate or trust should be reported on Line 6 of the PA-41 Schedule RK-1 for a resident estate or trust and on Line 4 of the PA-41 Schedule NRK-1 for a nonresident estate or trust.



**IMPORTANT:** The estate or trust should receive PA-41 Schedules RK-1 and NRK-1, if it has income from a resident estate or trust. It is important to remember that the PA-41 Schedules RK-1 and NRK-1 submitted to the resident beneficiary should reflect the taxable income to PA residents even if the estate or trust is a nonresident.

If the estate or trust does not receive a PA-41 Schedule RK-1 or NRK-1, the estate or trust must report and include the income from the Federal 1041 Schedule K-1 as a single class - estate or trust income. If the estate or trust is a beneficiary in a resident estate or trust and a PA-41 Schedule RK-1 or NRK-1 is received, a copy of that document is not required to be submitted with the PA-41 return. However, if no PA-41 Schedules RK-1 or NRK-1 are received, a copy of the Federal 1041 Schedule K-1 is required to be submitted with the return. Furthermore, if the estate or trust income of a nonresident estate or trust is from a PA source and the nonresident estate or trust does not receive a PA-41 Schedule RK-1 or NRK-1, a copy of the Federal 1041 Schedule K-1 must be provided along with a written explanation of how the PA-source income was determined.

## **PA-41 FORMS, SCHEDULES, AND PUBLICATIONS**

All forms, schedules, and publications are available for download from the Department's Web site. The forms are in .pdf format. Fill-in forms require Adobe Acrobat Reader 7.0 or higher in order to complete them. You can download the latest version of Adobe Acrobat Reader for free at [www.adobe.com](http://www.adobe.com).

**NOTE:** When a fill-in form or schedule is started, it must be completed and printed at that time. You cannot save a completed fill-in form or schedule to your hard drive. You can also order forms online using the Forms Ordering Services on Page 37.

#### **Federal Forms 1041 and 8271**

Copies of the first two pages of the estate or trust Federal Form 1041 are required to be included with the filing of each PA-41 return for an estate or trust. Also, if the estate or trust is required to file Federal Form 8271 with its Federal Form 1041, a copy of that form should be included with the PA-41 return as well. See [Assembling the PA-41 Return](#) found on Page 11 for the detailed instructions of where and what must be included with a PA-41 return.

# INSTRUCTIONS FOR COMPLETING THE PA-41

## Identification Number

Enter the Federal Employer Identification Number (FEIN) of the estate or trust on all schedules. If the estate has not yet received its FEIN from the IRS, please use the decedent's social security number with an F following the last digit. If a trust has not yet received its FEIN from the IRS, please write "APPLIEDFR" in the space provided. The estate or trust should then send the Department a copy of the notice identifying the assigned FEIN as soon as it is received from the IRS. The copy of the notice should be sent to the same address to which any previous returns or extensions were filed.

## Name and Address

If you do not receive a preprinted label or if the label information is not correct, print the identification number and name of the estate or trust, as described below. Print the name and the title of the fiduciary, the fiduciary's complete address, and daytime telephone number. Print the name and FEIN of the estate or trust on each schedule included with Form PA-41.

Please enter the name of the estate or trust in this format:

For an estate                      Taxpayer's last name, first name and middle initial  
**EXAMPLE . . . TAXPAYER JOHN T ESTATE OF**

For a trust                              Taxpayer's last name, first name and middle initial  
**EXAMPLE . . . TAXPAYER MARY S TRUST**

## Foreign Address Instructions

If the estate or trust is located outside the U.S., it is important to write the foreign address on Form PA-41 according to U.S. Postal Service standards. Failure to use these standards may delay any refunds requested or any correspondence necessary to complete the processing of the return.

To comply with foreign address standards, use the following rules when completing the address portion of Form PA-41: write the name of the estate or trust in the spaces provided; write the name and title of the fiduciary in the spaces provided; write the address in the space provided, including street and building name and number, apartment or suite numbers, city name, and city or provincial codes; write only the name of the country in the space provided for the city or post office; and DO NOT include any entries in the state or ZIP code spaces on Form PA-41. Providing the address in this format will better ensure that the Department is able to contact the estate or trust if we need additional information or to send a refund on a timely basis. Below are two examples of properly completed foreign addresses.

SAUNDERS HELEN ESTATE OF  
JANET SAUNDERS ADMIN  
10 BOW ST OTTAWA ON K1A 0B1  
CANADA

DIETRIC-FISCHER INGE TRUST  
PATRIK FISCHER TTEE  
WEIMARER STR 7 5300 BONN 1  
GERMANY

If the estate or trust's address cannot be fit into the available spaces on Form PA-41 using this format, please include a separate statement with the return showing the complete address.

## Estate or Trust Identification Change

Fill in this oval if any of the identification or filing information is different from the 2008 PA-41 return, or if the estate or trust did not file a 2008 PA-41 return. Destroy the label if it is incorrect.

## Extension Enclosed

Fill in this oval if you obtained an extension to file your 2009 PA-41 return. Read the instructions on Page 11.

**Amended PA-41 Return**

Fill in this oval only if you are amending your 2009 PA-41 return. Read the instructions beginning on Page 14.

**Fiscal Year**

If this return is for a period other than a calendar year, including a short year, fill in this oval. Enter the beginning and closing dates of the taxable year.

**Residency Status**

Fill in only one oval. Enter the name of the other state or country, if a nonresident estate or trust.

**Final Return**

Fill in this oval if this is the final PA-41 return that the estate or trust must file. Enter the ending date. Record any income and distributions from the beginning of the year to the date of closing. Submit a statement explaining the reason for the final return, such as termination or transfer of jurisdiction.

To facilitate the settlement and distribution of a decedent's estate, the Department accepts the final return of the estate as a request for final determination of Personal Income Tax liability. Upon payment of the tax, interest, and penalty liability determined to be due, the fiduciary shall be discharged from personal liability except upon proof of fraud, misrepresentation, or nondisclosure of a material fact.

**Do You Want a 2010 PA-41 Booklet?**

If the fiduciary or tax professional does not use the forms provided by the Department, fill in this oval and the Department will not mail a 2010 PA-41 booklet to the estate or trust.

## LINE INSTRUCTIONS FOR FORM PA-41

**Line 1. PA Taxable Interest Income**

You must complete PA-41 Schedule A if the amount of interest income reported on the return is greater than \$2,500. If you are required to complete PA-41 Schedule A, please include the amount from Line 5 of PA-41 Schedule A on Line 1. If you are not required to complete PA-41 Schedule A, record the total amount of interest income earned for the year on Line 1. The PA-41 Schedule A instructions begin on Page 29. Report interest received during the taxable year from bank deposits, bonds, certificates of deposit, interest-bearing checking accounts, tax refunds, other obligations, etc.

**CAUTION:** Report dividends paid by savings and loan associations, mutual savings banks, cooperative banks, and credit unions on deposits, or withdrawals from accounts, as interest. Also, include in interest income any interest from an installment sale that PA law does not permit, such as an installment sale of intangible property.

Generally, Federal Forms 1099 issued by financial institutions will indicate the amount of interest from such institutions. Interest from GNMA and FNMA certificates is PA taxable income. Interest received from obligations of other states and countries is PA taxable income. Also, include interest from PA-20S/PA65 Schedules RK-1. If the estate or trust received only a Federal 1065 or 1120S Schedule K-1, classify interest income according to PA rules.

**PA Tax-Exempt Interest**

Do not report interest received from direct obligations of the Commonwealth of Pennsylvania or its political subdivisions. Do not report interest from direct obligations of the U.S., such as Series E, F, G, H, I, and EE bonds, federal treasury bills and notes, etc. Interest received from obligations of federal instrumentalities is not taxable. Request REV-1643, Tax-Exempt Obligations for PA Personal Income Tax Purposes, for a list of exempt obligations.

**Distributions from Money Market Funds, Mutual Funds, and Other Investment Companies**

Estates or trusts must report distributions from the earnings and profits of money market or mutual funds, investment trusts, and investment companies as dividend income on Line 2, not as interest income.

**Forfeited Interest Penalty**

Estates or trusts may use forfeited interest penalty, incurred for premature redemption or withdrawal of a time savings account or certificate of deposit, to offset only the interest income from that account or certificate. It may not offset other interest income. If the total penalty exceeds the interest on an account or certificate, the excess is a loss on PA-41 Schedule D.

### Interest Received by Nonresident Estates or Trusts

Generally, interest received by nonresident estates or trusts is not taxable even when paid by a PA bank. Interest is taxable to a nonresident only if derived from the ownership or disposition of real or personal tangible property in PA, or received in connection with doing business in PA. Although the interest income may not be taxable, the information may be necessary in the completion of PA-41 Schedule DD. See the instructions that begin on Page 32 for more information.

### Line 2. PA Taxable Dividend Income

You must complete PA-41 Schedule B if the amount of dividend income reported on the return is greater than \$2,500. If you are required to complete PA-41 Schedule B, please include the amount from Line 6 of PA-41 Schedule B here on Line 2. If you are not required to complete PA-41 Schedule B, record the total amount of dividend income earned for the year on Line 2. The PA-41 Schedule B instructions are on Page 30. Report dividend income received from stocks, non PA S corporations, mutual funds, other business associations, etc. as well as capital gains distributions from mutual funds. A resident estate or trust that is a shareholder of a corporation, other than a PA S corporation, must report as taxable dividend income distributions by a business corporation or business association out of its earnings and profits, without regard to the manner in which the business derived the income. For PA purposes, a business association is an unincorporated business enterprise, organized in a manner similar to a business corporation. Business corporations or business associations include, but are not limited to, business trusts, federally qualified real estate investment companies, mutual funds, and other federally regulated investment companies.



**IMPORTANT:** If the estate or trust is a shareholder in a Subchapter S corporation in another state, and that corporation elected not to be treated as a PA S corporation, include the cash or property the estate or trust actually received out of the corporation's earnings and profits as dividend income on Line 2. The estate or trust must submit Federal 1120S Schedule K-1. If the estate or trust received distributions in excess of the corporation's earnings and profits, report these distributions on PA-41 Schedule D. Do not report the amount of the estate or trust's distributable income, and do not submit the Federal 1120S Schedule K-1. A shareholder may not claim a credit for income tax paid to another state by an S corporation that elected not to be treated as a PA S corporation.

**CAUTION:** Report capital gains distributions from mutual funds and regulated investment companies as dividend income for PA purposes, even though reported on Federal Schedule D for federal purposes.

### Mutual Funds, Money Market Funds, and Investment Trusts

Distributions, including dividends in the form of capital gains, received from mutual funds and money market funds, real estate investment trusts, and other investment trusts, except for ordinary dividends from exempt PA obligations and exempt federal obligations, are fully taxable as dividends unless they are a return of capital.

### Dividend Income Does Not Include:

1. Dividends distributed by a corporation to its stockholders in the form of stock, when the distribution is not taxable as income for federal purposes.
2. Distributions designated as a return of capital by a utility company or other corporation. Once such distributions reduce the basis of the stock to zero, further distributions are taxable as gain from the sale or disposition of property on PA-41 Schedule D.
3. Dividends from deposits or withdrawals from accounts paid by savings and loan associations, mutual savings banks, cooperative banks, and credit unions. Report these payments as PA taxable interest income on Line 1.
4. Ordinary dividends paid by a mutual fund or a registered investment company that the fund/company statement designates as being exempt-interest dividends. Use the percentage of the total dividend income that is from exempt PA and exempt federal obligations.
5. Income from an estate or trust, even if reported on a Federal 1041 Schedule K-1. Report such income on PA-41 Schedule J.
6. Dividends from PA tax-exempt obligations. You can request REV-1643, Tax-Exempt Obligations for Pennsylvania Personal Income Tax Purposes, for a list of exempt obligations.
7. Dividends distributed under a charitable gift annuity are not taxable. However, after you recovered the amount you donated, you must report further distributions as taxable gains on PA-41 Schedule D.

### Dividends Received by Nonresident Estates or Trusts

Generally, dividends received by nonresident estates or trusts are not taxable even when paid by a PA corporation. However, the information may be necessary in the completion of PA-41 Schedule DD. See the instructions that begin on Page 32 for more information.

### **Line 3. Net Income or Loss from the Operation of a Business, Profession, or Farm**

Complete and file a separate PA-40 Schedule C or PA-40 Schedule F for each business or farm that the estate or trust operates. If not filing a separate PA business schedule, submit the PA-40 Schedule C-F Reconciliation. This schedule starts with the federal amounts and allows the adjustments necessary to determine PA taxable income or loss.

If the estate or trust is a member of an LLC, Partnership, and/or PA S corporation, submit a copy of the Federal 1065 or 1120S Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied. If the estate or trust is a partner or member and receives only a Federal 1065 Schedule K-1, you must adjust and classify the income and losses according to PA 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 is a shareholder in a PA S corporation, the PA S corporation must provide the PA-20S/PA-65 Schedule RK-1 or NRK-1. Federal 1120S Schedules K-1 are not acceptable substitutes in these instances.

### **What is a Business or Profession?**

A business or profession has certain features and must meet each of the following conditions:

1. Markets its products, goods, and/or services to its customers in a marketplace; and
2. Regularly and continuously conducts its commercial activities; and
3. Does not limit or restrict its commercial activities to certain related or unrelated customers.

### **Reporting net income or loss on the PA-41 return**

If the estate or trust realizes ordinary income or loss from the operation of a business, profession or farm from more than one partnership, PA S corporation, and/or limited liability company, a statement should be provided showing the FEIN, name, and amount of distributable/distributed income by entity. Record the total amount of income or loss from partnerships, PA S corporations, and limited liability companies along with any income or loss from any Schedule C or Schedule C-F Reconciliation on Line 3. If the estate or trust realizes a net loss, enter that amount on Line 3 and fill in the oval next to the line. Do not use brackets or a minus sign.

### **Income Not Derived in the Ordinary Course of Business**

Unless the estate or trust realizes the following kinds of income in the ordinary course of operating its business, profession, or farm, the estate or trust reports these kinds of income in other PA income classes on its PA-41 return. The estate or trust may not deduct expenses attributable to these classes of income on its PA Schedule C, F, or C-F. Follow these rules for reporting other income:

- Report the gain (loss) from the sale of an asset used in business, other than inventory or stock-in-trade, on PA-41 Schedule D.
- Report interest income on PA-41 Schedule A.
- Report dividend income on PA-41 Schedule B.
- Report rent and royalty income on PA-40 Schedule E.

### **Allowable Business Expenses**

Allowable expenses are those ordinary, necessary, and reasonable expenses currently paid or incurred during the taxable year that are directly related to and necessary for operating a business, profession, or farm. Social Security and Unemployment Compensation Taxes paid for employees are allowable expenses.

- Do not deduct any federal income tax, estate, inheritance, legacy, succession and gift taxes, or assessments for any improvements or betterments.
- Do not deduct taxes on dwellings or household property and other taxes not related to the business.

### **Depreciation / Bonus depreciation**

PA PIT law does not follow the federal allowances for additional depreciation expenses. Taxpayers may not use either of the bonus depreciation elections enacted for federal purposes in 2002 and 2003. An estate or trust must increase its PA income by the difference between the bonus depreciation and the depreciation based on the generally accepted depreciation method it elected for PA PIT purposes.

#### **Other depreciation expense differences**

An estate or trust must adjust its federal expense for the difference between its federal depreciation and its PA PIT depreciation, based on its generally accepted method. Pennsylvania allows ACRS, MACRS, and IRC Section 168(k) only to the extent allowable under the version of the Internal Revenue Code in effect at the time the property was placed in service or the IRC in effect on Jan. 1, 1997, whichever is earlier, but not any other accelerated method. Pennsylvania taxpayers may not use the enhanced small business expensing provided by the Jobs and Growth Relief Reconciliation Act of 2003. Estates and trusts cannot expense capital property using any provisions of IRC Section 179.



**IMPORTANT:** If the basis of the property used to calculate depreciation for federal income tax purposes is different than that used to calculate depreciation for state income tax purposes, the Department requires straight-line depreciation to be used to calculate the depreciation on these assets for PA Personal Income Tax purposes.

#### **Economic Stimulus Act of 2008**

Provisions of the federal Economic Stimulus Act of 2008 allowing for additional Section 179 expense and bonus depreciation may not be used in the calculation of PA fiduciary income tax liabilities.

#### **American Jobs Creation Act of 2004**

Many provisions of the 2004 American Jobs Creation Act do not apply for PA PIT purposes. Specifically, the provisions regarding the domestic production activities expense deduction (IRC Section 199); two year extension of additional Section 179 expense limitations; and immediate expensing of intangible costs for start-up expenses, organizational expenses, and syndication fees, may not be used in the calculation of PA Personal Income Tax liabilities.

#### **Gulf Opportunity Zone Act and Katrina Emergency Tax Relief Act**

The special treatment provisions for certain areas of accounting and reporting provided for in the Gulf Opportunity Zone Act (GOZA) and Katrina Emergency Tax Relief Act (KETRA) were not adopted for PA Personal Income Tax purposes. Any additional expensing, expensing versus capitalization, income recognition, carry back or carry forward of losses, or other special treatments afforded by the acts may not be used in the calculation of PA Personal Income Tax liabilities.

#### **Line 4. Net Gain or Loss from the Sale, Exchange, or Disposition of Property**

If the estate or trust has net gains or losses from the sale, exchange, or disposition of property, enter the amount from Line 10 of the PA-41 Schedule D here on Line 4. The instructions for PA-41 Schedule D begin on Page 31. You must report each sale, exchange, or disposition of any kind of property, including real estate, tangible personal property, and intangible property such as stock or ownership interests in business enterprises, bonds, annuities, and contract of insurance with refundable accumulated reserves payable upon lapse or surrender. However, if a sale, including an installment sale, is a routine transaction in the ordinary course of operating a business, profession, or farm, include the gain (loss), and any interest realized in determining net business income (loss). See the PA PIT Guide Chapter 12, Table 12-1, for more information on determining whether the sale should be included as a routine transaction in the ordinary course of business or on PA-41 Schedule D. Report gain on the disposition of property in the taxable year in which the amount realized from the conversion of the property into cash or other property exceeds the adjusted basis of such property.

An estate or trust recognizes a loss only:

- With respect to transactions entered into for profit.
- In the taxable year in which it closes and completes the transaction by some identifiable event that fixes the amount of such loss, so that there is no possibility of any eventual recovery.

#### **Installment Sales**

Obtain and complete PA Schedule D-1 (REV-1689). Enter on Line 3 of PA-41 Schedule D the total gain realized from PA Schedule D-1.

The estate or trust must elect the installment method if it receives at least one payment in any taxable year after the taxable year of the sales transaction. The estate or trust must submit PA Schedule D-1.



**IMPORTANT:** The estate or trust may not use the installment method for:

- Reporting gains from the sale of intangible personal property, such as stocks, bonds, partnership interests, etc.; or
- Transactions where the object is the lending of money or the rendering of services.

Once the estate or trust makes the election to report on an installment basis, it may not change its method of reporting in subsequent years.

Follow the instructions for PA Schedule D-1. Submit PA Schedule D-1 with the PA-41 Schedule D.



**IMPORTANT:** Report interest incidental to an installment sale, directly from the sale contract or agreement, on PA Schedule D-1.

### **Repossession of Property**

If an estate or trust repossesses property resulting from an installment sale because the buyer defaulted, the estate or trust must adjust the basis of the recovered property by the amount of any previously reported gain. The estate or trust may not amend its tax return for the taxable year of the original installment sale.

**CAUTION:** Report capital gains distributions from mutual funds and regulated investment companies as dividend income for PA purposes, even though reported on a Federal Schedule D for federal purposes.

### **Federal and PA Obligations**

Since 1993, PA law treats net gains and losses from the sale, exchange, or disposition of the following obligations differently depending on the original issue date of these obligations:

1. Direct obligations of the U.S., such as Series E, F, G, H, I, and EE bonds, federal treasury bills, and treasury notes;
2. Direct obligations of certain agencies, instrumentalities, or territories of the U.S.;
3. Direct obligations of the Commonwealth of Pennsylvania and its political subdivisions.

#### ***If the original issue date was before Feb. 1, 1994:***

- The net gain is not subject to PA tax; and
- A loss may not offset other gains; and
- Expenses incurred may not reduce other taxable gains.

#### ***If the original issue date was on or after Feb. 1, 1994:***

- The net gains are PA taxable income; and
- Losses may offset other PA taxable gains, but not income in other PA income classes.



**IMPORTANT:** If the sale, exchange, or disposition of property transaction is from a federal or PA obligation, please include the original issue date or DTD date of the obligation in the description of the transaction.

**CAUTION:** The gain from the sale of a mutual fund or a fixed investment portfolio trust is not exempt for PA purposes.

### **Obligations of Other States**

Net gain from the disposition of obligations of other states or countries is always PA-taxable income.

### **Taxable Distributions from a C Corporation**

An estate or trust that is a shareholder in a C corporation must report as taxable gain the excess of the fair market value of a distribution (other than a dividend) in excess of current or accumulated earnings and profits over the adjusted basis of its stock when the adjusted basis of the stock is zero. When a distribution, that is not a dividend, is received that is in excess of the current or accumulated earnings and profits, it decreases the basis of the stock or shares, but not below zero, by any distribution that is not taxable as a dividend on Line 2 of Form PA-41. Once a distribution reduces the basis of the stock to zero, the excess distributions are taxable as gains from the disposition of property and reported on Schedule D, Line 4.

**EXAMPLE:** B Corp distributes from its capital account \$100,000 to the estate of John Doe, the only stockholder. The estate's adjusted basis in the stock is \$75,000. The distribution is not from the regular corporation's earnings and profits, so it is not a taxable dividend. The estate must reduce its basis from \$75,000 to zero, then report \$100,000 on the "Enter total distribution" line, and \$75,000 on the "Minus adjusted basis" line. The estate reports the remaining \$25,000 as a gain on its PA-41 Schedule D.

### **Property Acquired Before June 1, 1971**

Obtain and complete PA Schedule D-71 (REV-1742). Report on Line 5 of PA-41 Schedule D the total net gain or loss from PA Schedule D-71.

### **LLC, Partnership and/or PA S Corporation Income**

If the estate or trust is a member, partner, or shareholder in a PA S corporation, it should receive a PA-20S/PA-65 Schedule RK-1 or NRK-1 showing its share of any net gain or loss realized by the sale, exchange, or disposition of property. Report the amount of any net gain or loss realized by the sale, exchange, or disposition of property from PA-20S/PA-65 Schedule RK-1 Line 4 and PA-20S/PA-65 Schedule NRK-1 Line 2 on PA-41 Schedule D Line 6 or 7. Submit all such schedules to support the amount reported on PA-41 Schedule D. Submit a copy of the Federal 1065 Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 or NRK-1 is not supplied by the partnership or limited liability company. If the estate or trust receives only a Federal 1065 Schedule K-1, the estate or trust must adjust and classify the income and losses according to PA 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 is a shareholder in a PA S corporation, the PA S corporation must provide the PA-20S/PA-65 Schedule RK-1 or NRK-1. Federal 1120S Schedules K-1 are not acceptable substitutes in these instances. If the estate or trust realizes income or loss from more than one partnership, PA S corporation, and/or limited liability company, provide a statement showing the FEIN, name, and amount of distributable/distributed income by entity.

### **Disposition of Principal Residence**

A sale or other disposition of a decedent's principal residence will not qualify for the principal residence exclusion unless the disposition is pursuant to an executory contract made prior to death by an individual that met the ownership and use requirements. Include the taxable sale of a decedent's residence on Line 1 of PA-41 Schedule D.

### **Line 5. Net Income or Loss from Rents, Royalties, Patents, or Copyrights**

If the estate or trust has net income or loss from rents, royalties, patents and/or copyrights, it must complete and file a separate PA-40 Schedule E to report the income or loss. Report the amount of income or loss from Line 23 of PA-40 Schedule E on Line 5. The PA-40 Schedule E and instructions can be found in the 2009 PA-40 Booklet or through one of the Forms Ordering Services found on Page 37. Rental income includes the amounts the estate or trust received for the use of, or the right to use, its real or personal property. Royalty income includes the amounts the estate or trust received for the extraction of coal, oil, gas, or other minerals in place, and the amounts received for the use of its patents, copyrights, secret processes, formulas, goodwill, trademarks, trade brands, franchises, and similar property.

### **LLC, Partnership and/or PA S Corporation Income**

If the estate or trust is a member, partner, or shareholder in an LLC, partnership or PA S corporation, it should receive a PA-20S/PA-65 Schedule RK-1 and/or NRK-1 showing its share of any net income or loss from rents, royalties, patents, and/or copyrights. Report the amount of any net income or loss from rents, royalties, patents, and/or copyrights from PA-20S/PA-65 Schedule RK-1 Line 5 and PA-20S/PA-65 Schedule NRK-1 Line 3 on PA-40 Schedule E Line 22. Submit all such schedules to support the amount reported on PA-40 Schedule E. Submit a copy of the Federal 1065 Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied by the partnership or limited liability company. If the estate or trust receives only a Federal 1065 Schedule K-1, the estate or trust must adjust and classify the income and losses according to PA PIT 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 is a shareholder in a PA S corporation, the PA S corporation must provide the PA-20S/PA-65 Schedule RK-1 or NRK-1. Federal 1120S Schedules K-1 are not acceptable substitutes in these instances. If the estate or trust realizes income or loss from more than one partnership, PA S corporation, and/or limited liability company, provide a statement showing the FEIN, name, and amount of distributable/distributed income by entity.

Generally, the estate or trust must use PA-40 Schedule E, but may use Federal Schedule E if using only Part 1 and making the following adjustments:

- Report passive rental/royalty loss in full, rather than carry it over to future years.
- Report only the current year's income or loss by removing any rental/royalty loss carryovers.
- Add any capital gains/distributions.
- Do not take any depreciation expense on Sales and Use Tax that it elected to currently expense for PA PIT purposes.
- Optional. Deduct Sales and Use Tax on acquired property as an expense currently rather than add it to the basis of the property as required for federal purposes.



**IMPORTANT:** If currently expensing Sales and Use Tax, the basis of that property will differ from the federal basis. Adjust the depreciation expense accordingly, because the estate or trust cannot expense Sales and Use Tax and still take depreciation. If not expensing Sales and Use Tax, add such Sales and Use Tax to the cost basis of the property and depreciate the aggregate cost plus Sales and Use Tax. Separately show its share of any rental or royalty gain (loss) realized as a partner, a shareholder of a PA S corporation, or other entity.

### **Rental and Royalty Receipts and Allowable Expenses**

Gross rents and royalties include all items of gross receipts from rents, royalties, patents, copyrights, secret processes, formulas, goodwill, trademarks, trade brands, franchises, and similar property except:

1. Receipts from the sale, exchange, or other disposition of rental, royalty, and similar property; and
2. Receipts from operating an oil, gas, or mineral interest as a business, profession, or farm, or otherwise derived in the ordinary course of, and from the operation of, a business.

Deduct those expenses that were paid or incurred during the taxable year that are ordinary and necessary for:

1. The production of, or collection of, rents and royalties; or
2. The management, conservation, or maintenance of rents, royalties, patents, copyrights, and similar property.

See the PA-40 Schedule E instructions for the allowable expenses.

### **Rents or Net Profit from the Operation of a Business**

Rental activity is a business activity the estate or trust reports on a PA-40 Schedule C, when:

1. The estate or trust offers the use of its property on a commercial basis to others in a marketplace; and
2. It provides significant services (see below) to the lessee primarily for the lessee's convenience, and not customarily provided in connection with renting property; and
3. At least one of the following three conditions applies:
  - (a) The average period of customer use is 30 days or less;
    - i. The property is customarily made available for use only during defined business hours;
    - ii. The estate or trust incurs significant operating expenses in making the property available for lease; or
    - iii. The leasing activity is incidental to a real estate sales business; and
  - (b) It offers the use of its property intending to realize a profit; or
  - (c) The leasing of its property is a regular and continuous activity.

### **Significant Services**

Providing housekeeping service, room service, valet parking, decorating assistance, delivery services, transportation services, and concierge services are significant services. However, providing heat, lighting, electric service, elevators, cleaning public access and exit areas, collecting trash, and maintaining the property in a usable rental condition are not usually significant services.

### **Rents or Net Gain from the Sale, Exchange, or Disposition of Property**

#### **Lease with an Option to Buy**

A lease with an option to buy may be a purchase contract under accepted accounting principles and practices. If it is, the payments you received under the contract are payments of the purchase price and are not includable as rental income. Report such income on PA-41 Schedule D.

#### **Selling Mineral Interests, Patents, or Copyrights**

If giving up all rights to mineral interests, patents, or copyrights, the amounts the estate or trust received are considered payments for the sale or exchange of property. Report such income on PA-41 Schedule D.

#### **Line 6. Estate or Trust Income**

If the estate or trust has estate or trust income reported on PA-41 Schedule J, report that income here. Income currently paid, distributable, or credited income from another estate or trust is PA taxable income on the PA-41 return. This estate or trust will receive a PA-41 Schedule RK-1 or NRK-1 from the other estate or trust. Cash and property received from another estate or trust by gift, bequest, devise, or inheritance is not taxable.

Report the PA taxable income from other estates or trusts on PA-41 Schedule J. If the other estate or trust provides a Federal 1041 Schedule K-1, report only the total distributed and distributable income from all categories of income, not taking into account any losses, on PA-41 Schedule J. For further details on the proper completion of PA-41 Schedule J, see the instructions beginning on Page 30.

If a resident estate or trust, enter the amount reported from Line 6 of the PA-41 Schedule RK-1 provided by the other estate or trust as your resident taxable income on Line 6. If a nonresident estate or trust, enter the amount reported from Line 4 of the PA-41 Schedule NRK-1 provided by the other estate or trust as your nonresident taxable income on Line 6.

#### **Line 7. Total Taxable Income**

Add all positive amounts on Lines 1 through 6. You cannot offset income and losses on these lines to calculate Line 7.

#### **Line 8. Deductions from Schedule DD**

Complete the PA-41 Schedule DD, Distribution Deduction Schedule, to determine the allowable deductions for distribution made to beneficiaries of the estate or trust. The instructions for PA-41 Schedule DD begin on Page 32.

#### **Line 9. Net PA Taxable Income**

Subtract Line 8 from Line 7.

#### **Line 10. Total PA Tax Liability**

Multiply the amount on Line 9 by 3.07 percent (0.0307). This amount is the PA tax before adjustments for payments and credits.

#### **Line 11. 2009 Estimated Payments and Credits**

Enter on Line 11 the total of:

- Any credit carried over from the 2008 PA-41;
- All 2009 installment payments of estimated tax; and
- Any payment made with a 2009 request for extension of time to file.

#### **Line 12. Nonresident Tax Withheld from PA Schedule(s) NRK-1**

Enter the PA tax withheld by a partnership, PA S corporation, or limited liability company from Line 6 of a Partnership, PA S corporation or limited liability company PA-20S/PA-65 Schedule NRK-1. The estate or trust must submit the PA-20S/PA-65 Schedule(s) NRK-1.

#### **Line 13. Total Credit for Taxes Paid by PA Resident Estates or Trusts to Other States or Countries**

PA resident estates or trusts having income subject to both the PA tax and the Fiduciary Income Tax of another state or country may claim a credit for all or a portion of the tax paid to the other state or country.

Submit a photocopy of the tax return, or other evidence, filed in the other state or country with the PA Schedule G-S or G-L.

If a shareholder or partner, the estate or trust must also submit its PA Schedule(s) RK-1. Your partnership or PA S corporation submits the PA Schedule G-L and other state's return with its PA-20S/PA-65 Information Return.

**PA Resident Shareholders in a Subchapter S Corporation that is not also a PA S Corporation**

PA law does not permit a Resident Credit if you are a shareholder in a Subchapter S corporation if that corporation elected not to be taxed as a PA S corporation. See the instructions for PA Schedules G-S and G-L for additional information. Either form may be obtained by using one of the Forms Ordering Services on Page 37.

**FILING TIP:** PA law does not provide rules that allow an estate or trust to pass through the Fiduciary Income Tax it pays to another state or country on behalf of its beneficiaries. Therefore, the estate or trust may adjust the income it reports on the PA-41 Schedule RK-1 that it provides to its beneficiaries by the amount of Fiduciary Income Tax that it paid to another state or country on the income it distributes to its beneficiaries. The estate or trust must submit an explanation for its adjustment and a copy of the other state (country) tax return or other evidence of the tax due to the other jurisdiction.

**Line 14. Total Other Credits from PA Schedule OC**

Enter the total allowable credits from Line 13, PA Schedule OC. This form is available through one of the Forms Ordering Services on Page 37.

**Line 15. PA Income Tax Withheld.**

Enter any PA income tax withheld from Federal Forms W-2 or 1099. Most estates and trusts will not complete this line. However, PA income tax withheld on income in respect of a decedent (not taxable for estate or trust income tax purposes, but includable in the value of an estate for inheritance tax purposes) should be included on this line along with any PA income tax withheld in error on estate or trust income.

**Line 16. 2009 Payments and Credits**

Add Lines 11, 12, 13, 14 and 15.

**Line 17. Tax Due**

If Line 10 is more than Line 16, subtract Line 16 from Line 10 and enter the tax due.

**Line 18. Penalties and Interest**

Estimated Underpayment Interest Penalty.

If Line 17 is more than ten percent of Line 10, the estate or trust is liable for an estimated underpayment penalty. PA law requires estimated PA PIT payments if the estate or trust earned, received, or realized more than \$8,000 of PA taxable income. PA law does provide specific exceptions (safe harbors) to this penalty, and the estate or trust can calculate its penalty at the applicable interest rates on Form REV-1630F, Underpayment of Estimated Tax by Fiduciaries.



**IMPORTANT:** Request the specific Form REV-1630F for each tax year for which the estate or trust owes the penalty.

**Late Filing and Underpayment Penalty and Interest**

If paying the tax after the due date, the estate or trust must also pay applicable penalty and interest. The penalties are described beginning on Page 12. If including Form REV-1630F, Underpayment of Estimated Tax by Fiduciaries, fill in the oval on Line 18 of Form PA-41. Enter the appropriate code in the **block** provided:

Descriptions of the codes that can be entered in the block are as follows:

- L If Late Payment Penalty and Interest, Failure to File Penalty or Interest or Late Filing Penalty and Interest is included in Line 18;
- E If only Estimated Underpayment Penalty is included in Line 18;
- B If both Late Payment Penalty and Interest and Estimated Underpayment Penalty are included in Line 18;
- X Indicates there is no Estimated Underpayment Penalty due to Exception 2 or the Special Exception rules as indicated on the completed and included Form REV-1630F.



**IMPORTANT:** If you do not owe any penalty or interest, do not complete the amount block for Line 18 – leave them blank. If there is no amount included on Line 18 of the return, no code should be entered in the block provided for the code on this line unless Form REV-1630F is included with the return that indicates there is no Estimated Underpayment Penalty due to Exception 2 or the Special Exception rules as indicated on the completed and included Form REV-1630F. All returns with amounts listed on Line 18 should have a code listed in the block provided for the code on this line. See the description of codes listed above for the proper code to enter when Form REV-1630F is included.

To determine the applicable interest rate for filing in 2010, obtain REV-1611, INTEREST RATE AND CALCULATION METHOD FOR ALL TAXES DUE AFTER JAN. 1, 1982. The Department will apply payments in the order of tax, interest, and penalty as prescribed by PA law.

#### **Line 19. Total Payment**

Add Lines 17 and 18. This is the 2009 amount due with the PA-41 return. Pay the total due, in full, on or before April 15, 2010. Fiscal year filers must pay by the 15th day of the fourth month following the close of the tax year. Use Form PA-V.

#### **Line 20. Overpayment**

If Line 16 is more than the total of Line 10 and Line 18, enter your overpayment.

#### **Line 21. Refund**

For a refund of the amount of Line 20, enter that amount.

#### **Line 22. Credit**

For a credit to its 2010 PA estimated account of the estate or trust, enter the amount from Line 20.



**IMPORTANT:** If the estate or trust requests a refund and a credit, enter the amounts on Lines 21 and 22. The total of these lines must equal Line 20.

#### **Review the PA-41 Return**

Check the PA-41 return carefully. Did you report all PA taxable income and losses, and claim all allowable credits? Also, check all entries for accuracy. An error will delay the processing of the return.

#### **Math Check**

Double-check all calculations before filing the PA-41 return.

- Resident Estate or Trust  
The Resident Taxable Income should equal the estate or trust's distribution deductions on Line 15 of PA-41 Schedule DD.
- Nonresident Estate or Trust  
The Nonresident Taxable Income should equal the estate or trust's distribution deductions on Line 15 of PA-41 Schedule DD.

#### **Signature and Verification**

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

If someone other than the fiduciary or officer representing the fiduciary prepared the PA-41 return, the preparer may enter his or her name, or the company name, and the telephone number on the return.

#### **How to Pay**

See Page 10.

#### **Mailing Instructions**

See Page 11.

# SCHEDULE INSTRUCTIONS

Submit all required schedules. Enter the name of the estate or trust and its FEIN, or the decedent's SSN, on all schedules.

## PA-41 Schedule A

**Line 1.** All taxable interest income must be reported. If the estate or trust has PA taxable interest income that is more than \$2,500, it must complete PA-41 Schedule A, with the name and PA taxable interest of the payer from each Federal Form 1099-INT or other statement.

PA taxable interest income includes interest from:

- Savings and loan associations
- Credit unions, even if reported as dividends on your statement
- Bank deposits
- Bonds (except as noted below)
- Certificates of deposit
- Interest-bearing personal checking accounts
- PA, federal, and local tax refunds
- Other deposits, investments, and obligations
- GNMA and FNMA certificates and other obligations that are guaranteed by the U.S. Government, but not direct obligations of the U.S. Government
- Obligations of other states or countries
- Mutual savings banks and cooperative banks, even if reported as dividends
- Income from any amount paid under contract of life insurance, or endowment or annuity contract which is includable in gross income for federal income tax purposes

PA taxable income does not include interest from:

- Direct obligations of the U.S. Government (U.S. Treasury Bonds, Notes, Bills, Certificates, and Savings Bonds)
- Direct obligations of the Commonwealth of Pennsylvania
- Direct obligations of political subdivisions of Pennsylvania

For a list of exempt obligations, request REV-1643, Tax-Exempt Obligations for PA Personal Income Tax Purposes.

**Line 2.** Add all amounts listed from Line 1 (including amounts on additional schedules).

**Lines 3 and 4.** If the estate or trust is a member, partner, or shareholder in an LLC, partnership or PA S corporation, it will receive a PA-20S/PA-65 Schedule RK-1 showing its share of any interest income. Report the amount of any interest income from RK-1 Line 2 on PA-41 Schedule A Line 3 or 4. Submit all such schedules to support the amount reported on PA-41 Schedule A. Include a copy of the Federal 1065 Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied by the partnership, S corporation, or limited liability company. If the estate or trust receives only a Federal 1065 Schedule K-1, the estate or trust must adjust and classify the income from the Federal 1065 Schedule K-1 according to PA 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 and/or PA S corporation, provide a statement in addition to the Federal 1065 Schedules K-1 showing the FEINs, names, and amounts of distributable/distributed income by entity.

**Line 5.** Add Lines 2, 3, and 4 of the PA-41 Schedule A. Enter the amount here and on Line 1 of Form PA-41.

## PA-41 Schedule B

**Line 1.** All taxable dividend income must be reported. If the estate or trust's PA taxable dividend income is more than \$2,500, it must complete PA-41 Schedule B, with the name of the payer, and the PA taxable dividend from each Federal Form 1099-DIV or other statement.

**Stock Dividend Reinvestment Plans** - Under such a plan, 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.** Add all amounts listed 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 Form PA-41, not capital gains as for federal purposes. Do not report capital gains distributions on PA-41 Schedule D.

**Lines 4 and 5.** If the estate or trust is a member, partner, or shareholder in an LLC, partnership or PA S corporation, 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 1065 Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied by the partnership, S corporation or limited liability company. If the estate or trust receives only a Federal 1065 Schedule K-1, it must adjust and classify the income from the Federal 1065 Schedule K-1 according to PA 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 and/or PA S corporation, provide a statement in addition to the Federal 1065 Schedules K-1 showing the FEINs, names, and amounts of distributable/distributed income by entity.

**Line 6.** Add Lines 2, 3, 4, and 5 of PA-41 Schedule B. Enter the amount here and on Line 2 of Form PA-41.

## PA-41 Schedule J

As a beneficiary of an estate or trust, the estate or trust should receive a PA-41 Schedule RK-1 or NRK-1. Report the total income that was received or credited to the estate or trust as the beneficiary of the estate or trust. Enter the name, identification number, and amount of PA taxable income from Line 6 of each PA-41 Schedule RK-1 or Line 4 of each PA-41 Schedule NRK-1. Check the box on the schedule to indicate if the estate or trust income you are reporting is received from a PA resident estate or trust as reported on a PA-41 Schedule RK-1 or NRK-1. Do not check this box if you use a Federal 1041 Schedule K-1 to report the income. If only a Federal 1041 Schedule K-1 is received, enter the total amount of positive income reported.

**CAUTION:** If the estate or trust receives a PA-41 Schedule RK-1 or NRK-1 and the income from the estate or trust is broken down by classes and is not reported as one line item on the PA-41 Schedule RK-1 or NRK-1, all positive amounts of income shown as interest; dividends; income from the operation of a business, profession or farm; gain from the sale, exchange, or disposition of property; income from rents, royalties, patents and copyrights; estate or trust income; and gambling and lottery winnings should be combined and included on the PA-41 Schedule J as one amount. If the estate or trust included any of these amounts on a PA schedule, other than PA-41 Schedule J, adjust the PA schedule(s) accordingly.



**IMPORTANT:** The estate or trust should receive a PA-41 Schedule RK-1 or NRK-1 from the estate or trust. If the estate or trust receives a Federal 1041 Schedule K-1, it must report only the total income, not taking into account any losses, shown on the Federal 1041 Schedule K-1. Add the total of income reported on Federal 1041 Schedule K-1 as interest, dividends, long-term and short-term gains, annuities, royalties, trade or business income, rental income, etc. and report the income as one amount on PA-41 Schedule J. If the estate or trust included any of these amounts on a PA schedule, other than PA-41 Schedule J, adjust the PA schedule(s) accordingly. Include a photocopy of the Federal 1041 Schedule K-1 with the estate or trust return for each nonresident estate or trust and/or each estate or trust for which the estate or trust failed to receive a PA-41 Schedule RK-1 or NRK-1.

If the estate or trust receives estate or trust income from a partnership, PA S corporation, and/or limited liability company, report the income from Line 6 of a Partnership, PA S corporation or limited liability company PA-20S/PA-65 Schedule RK-1 or Line 4 of a Partnership, PA S corporation or limited liability company PA-20S/PA-65

Schedule NRK-1 on the appropriate lines of PA-41 Schedule J. Add the amounts reported on PA-41 Schedule J. Enter the total on the appropriate line of PA-41 Schedule J and on Line 6 of Form PA-41.

**CAUTION:** The federal amount may not be correct for PA purposes. Contact the fiduciary of the estate or trust to verify the correct PA income.



**IMPORTANT:** Grantor or taxable trusts do not distribute losses as trust income. Therefore, all amounts reported on PA-41 Schedule J should be positive.

## PA-41 Schedule D

PA law does not recognize the deemed sale election that the IRS permitted on 2003 federal returns. Unless the instructions require a different Pennsylvania schedule, report each sale, exchange, or disposition of property on PA-41 Schedule D.

**Line 1.** Columns (a) through (f):

- (a) List and describe the property sold or otherwise disposed of for cash or other property.
- (b) Enter the month, day, and year acquired.
- (c) Enter the month, day, and year sold.
- (d) Enter the gross sales price or fair market value of cash and/or property received, less applicable expenses of sale.
- (e) Enter the cost or adjusted basis of the property sold.
- (f) Determine whether the property was either I or II, and follow the appropriate instructions:
  - I. If the property is income-producing property acquired as an investment, such as capital stock, an interest in a partnership or other business, a rental property, a patent or copyright, etc., or the estate or trust held the property in connection with a business, profession, or farm, and the property is not inventory or an operational asset:
    - Subtract Column (e) from Column (d) and enter the gain, loss, or zero in Column (f);
  - II. If the property was other than income-producing property:
    - If Column (e) is less than or equal to Column (d) enter the gain, or zero in Column (f);
    - If Column (e) is greater than Column (d), the estate or trust does not realize a loss. Enter zero in Column (f).

**Line 2.** Add Column (f) and enter the total. Gains and losses may be offset to calculate this line.

**Line 3.** Enter the amount from PA Schedule D-1, Installment Sales.

**Line 4.** Enter the total Taxable Distributions from C Corporations. See the instructions on Page 24.

**Line 5.** Enter the total amount from PA Schedule D-71 (REV-1742, GAIN or LOSS on Property Acquired Prior to June 1, 1971).

**Line 6.** Net Partnership Gain or Loss. Report the Net Gain (Loss) from the Sale, Exchange, or Disposition of Property reported on Line 4 of the PA-20S/PA-65 Schedule RK-1 or Line 2 of the PA Schedule NRK-1.

**Line 7.** Net PA S corporation Gain or Loss. Report the Net Gain (Loss) from the Sale, Exchange, or Disposition of Property reported on Line 4 of the PA-20S/PA-65 Schedule RK-1 or Line 2 of the PA-20S/PA-65 Schedule NRK-1.

**Line 8.** Taxable Distributions from Partnerships. Report any gain realized from other partnership distributions that exceed the estate or trust's ownership basis in that partnership. Complete and submit REV-999 PT Shareholder Tax Basis in PA S Corporation Stock Worksheet. See the PA PIT Guide for additional information on this worksheet.

**Line 9.** Taxable Distributions from PA S corporations. Report any gain realized from other PA S corporation distributions that exceed the estate or trust's ownership basis in that PA S corporation. Complete and submit REV-998PT Partner PA Outside Tax Basis in a Partnership Worksheet. See the PA PIT Guide for additional information on this worksheet.

**Line 10.** Total PA Taxable Gain. Add Lines 2 through 9. Include the net gain or loss on Line 4 of Form PA-41.

## PA-41 Schedule DD

An estate or trust must report its income as if it were both a resident estate or trust and a nonresident estate or trust. Column A is used for the calculation as a resident estate or trust including all income from all sources. Column B is for the calculation as a nonresident estate or trust including income only from PA sources. This is necessary in order to provide information concerning income that may be taxable to Pennsylvania and for showing income allocable to both resident and nonresident beneficiaries.

### The following is a line by line description of the Schedule DD:

#### Income Lines:

**NOTE:** If the estate or trust is a resident estate or trust and all the beneficiaries are residents of Pennsylvania, only Column A must be completed. Otherwise, Columns A and B must be completed.

**Line 1a.** Enter under Column A the income reported as if this were a resident estate or trust. If this is a resident estate or trust, enter the amount from Line 7 of Form PA-41. If this is a nonresident estate or trust, a separate calculation of the income must be made to report all the income from all sources as if this were a resident estate or trust.

**Line 1b.** Enter under Column B the amount of PA taxable income reported as if this were a nonresident estate or trust. If this is a nonresident estate or trust, enter the amount from Line 7 of the PA-41. If this is a resident estate or trust, a separate calculation of income must be made to include only the taxable income from PA sources as if this were a nonresident estate or trust. If this income is derived solely from interest, dividends, and/or the sale, exchange, or disposition of intangible property (stocks, bonds, business interests, etc.), this figure will be zero.

**Line 2a.** Enter under Column A the dollar amount of gross income which, pursuant to the terms of the governing instrument or under applicable law, is unconditionally required to be either retained, accumulated, or set aside for future distribution or disbursement or currently applied to discharge, satisfy, or reduce any person's legal obligations. Also included in this line are any amounts that are permanently set aside for future distribution to a purely religious, charitable, scientific, literary, or educational organization. This would include those amounts that are shown on Line 16 of this schedule.

**Line 2b.** Enter under Column B the dollar amount of gross income allocable to Pennsylvania, which pursuant to the terms of the governing instrument or under applicable law is unconditionally required to be either retained, accumulated, or set aside for future distribution or disbursement or currently applied to discharge, satisfy or reduce any person's legal obligations. Also included in this line are any amounts that are permanently set aside for future distribution to a purely religious, charitable, scientific, literary, or educational organization. This would include those amounts that are shown on Line 16 of this schedule.

**Line 3a.** Enter under Column A the amount obtained by subtracting Line 2a from Line 1a to arrive at the taxable income to be distributed.

**Line 3b.** Enter under Column B the amount obtained by subtracting Line 2b from Line 1b to arrive at the PA taxable income to be distributed.

**Line 4a.** Enter the amount of nontaxable gross receipts for the taxable year that is both:

- Not required under laws applicable to the administration of estates or trusts or the governing instrument to be retained for future distribution or disbursement or to be currently applied to discharge, satisfy, or reduce any person's legal obligations; and
- Derived from the ownership or disposition of an obligation issued by the federal government, Pennsylvania or their instrumentalities or life insurance, annuity, and endowment contracts.

**Line 5a.** Add the amounts on Lines 3a and 4a. This amount represents the total income available for distribution from both taxable and nontaxable sources.

**Line 6a.** Divide the amount on Line 3a by the amount on Line 5a to determine the percentage (calculated to four decimal places, \_\_\_\_ . \_\_\_\_ \_\_\_\_ percent) of the total taxable income (Line 3a) available for distribution compared to the total income available for distribution (Line 5a). If Line 3a and Line 5a are the same, this line will be 100 percent.

Example percentage conversion:  $0.755555 = 75.5555$  percent

**Line 7b.** Divide the amount on Line 3b by the amount on Line 5a to determine the percentage (calculated to four decimal places, \_\_\_\_ . \_\_\_\_ \_\_\_\_ percent) of the total PA-source taxable income (Line 3b) available for distribution compared to the total income available for distribution (Line 5a). If Line 3b is zero, the percentage will also be 0 percent.

#### Distribution Lines:



**IMPORTANT:** If you are filing for an estate, enter zero on Lines 8a, 9a, and 10a, and proceed to Line 11a.

**Line 8a.** For a trust, enter the total of all amounts, whether taxable or not and whether from income or corpus or not, which are specifically required under the governing instrument to be distributed during the taxable year, whether actually distributed or not.

**Line 9a.** For a trust, enter the amount of income specifically required under the governing instrument to be distributed during the taxable year that has been actually distributed, and/or the amounts that have or have not been actually distributed, but, under the governing instrument, are to be paid exclusively out of corpus.

**Line 10a.** Subtract the amount on Line 9a from the amount on Line 8a to determine the total amount of undistributed income that the trust must distribute currently.

**Line 11a.** Estates or trusts should enter the total dollar amount of cash distributions made to beneficiaries during the taxable year. Do not include amounts properly paid out of corpus as gifts or bequests of specific sums of money or that were required to be distributed in any prior taxable year, but were not.

**Line 12a.** Estates or trusts should enter the total market value of property distributions made to beneficiaries during the taxable year. Do not include property distributed in kind as a gift or bequest of specific property.

**Line 13a.** Add Lines 10a, 11a, and 12a to arrive at the total amount distributed/distributable by the estate or trust.

**Line 14a.** Enter under Column A the product of multiplying Line 13a, the amount distributed/distributable, by the percentage on Line 6a. This is the amount of the total amount distributed/distributable that is allocable to taxable income.

**Line 14b.** Enter under Column B the product of multiplying Line 13a, the amount distributed/distributable, by the percentage on Line 7b. This is the amount of the total amount distributed/distributable that is allocable to PA-source taxable income.

**Line 15.** Resident estates or trusts should enter the lesser of Line 3a, the total taxable income to be distributed, or Line 14a, the amount of allocated total income actually distributed/distributable. This amount should equal the total amount shown on Line 6, Income of/from Estates or Trusts, of the PA-41 RK-1.

Nonresident estates or trusts should enter the lesser of Line 3b, the total income allocable to PA sources to be distributed, or Line 14b, the amount of allocated PA-source income actually distributed/distributable. This amount should equal the total amount shown on Line 4, Income of/from Estates or Trusts, of the PA-41 NRK-1.

#### Charitable Distribution Deduction – Special Instructions for Line 16

**NOTE:** This deduction is only allowed if the governing instrument requires that all or a part of the income is set aside for a purely religious, charitable, scientific, literary or educational organization and this amount cannot be

set aside to benefit a taxable beneficiary. For example, if there is a possibility that the amount may be used to make up part of a payment of a guaranteed amount to a taxable beneficiary, this amount may not be deducted.

An estate or trust qualifies for a charitable distribution deduction if it is unconditionally required under applicable law, or its governing instrument, to retain and permanently set aside all or a determinable part of its retained total income for the taxable year exclusively for the benefit of a purely religious, charitable, scientific, literary, or educational organization. This line contains only the portion of the income from Lines 2a, 2b, or both, that satisfies the conditions in the preceding sentence. No amount included on Line 2a or 2b of PA-41 Schedule DD will be considered to be permanently set aside, or to be used, exclusively for the benefit of such organizations unless, under applicable law, or the terms of its governing instrument and the circumstances of the particular case, the possibility that the amount set aside, or to be used, will not be disbursed, distributed, or used for the benefit of such an organization is so remote as to be negligible. For example, where there is a possibility of the invasion of corpus of a charitable remainder trust in order to make payment of the annuity amount or unitrust amount, the estate or trust may not take a deduction.

#### **Calculation of Charitable Distribution Deduction**

If applicable law or governing instrument specifically provides the source from which the estate or trust shall set aside proceeds or receipts exclusively for charity, the amount of the charitable deduction is the amount which would be properly reported on Line 1a of PA-41 Schedule DD, or Line 1b of the PA-41 Schedule DD in the case of a nonresident estate or trust, where such receipts or proceeds are the only items of income for the year. Otherwise, the charitable deduction is that portion of the amount reported on Line 2a of PA-41 Schedule DD, or Line 2b of the PA-41 Schedule DD in the case of a nonresident estate or trust, which the amount actually retained, accumulated, and set aside for the taxable year exclusively for the benefit charity bears to the total amount actually retained, accumulated, and set aside for the taxable year.

**Line 16.** Resident estates or trusts should enter the amount of taxable income included in Line 2a of PA-41 Schedule DD for which a charitable distribution deduction is allowed.

Nonresident estates or trusts should enter the amount of PA-source taxable income included in Line 2b of PA-41 Schedule DD for which a charitable distribution deduction is allowed.

**Line 17.** Total Deduction from PA-41 Schedule DD. Add Lines 15 and 16. Enter the result here and on Line 8 of Form PA-41.

## **PA-41 Schedules RK-1 and NRK-1**

**CAUTION:** Do not report the income of beneficiaries of estates and trusts on any lines of the PA-41 Schedules RK-1 or NRK-1 except Line 6 of the PA-41 Schedule RK-1 and Line 4 of the PA-41 Schedule NRK-1. Distributed or distributable income of a beneficiary of an estate or trust is always reported as estate or trust income by that beneficiary.

When an estate or trust files its PA-41 return, it must submit a PA-41 Schedule RK-1 and NRK-1 for each of the beneficiaries if the beneficiaries' last known addresses indicated they were nonresident beneficiaries. If the beneficiaries' last known addresses indicated they were resident beneficiaries for an entire tax year, the estate or trust may elect to include only a copy of the PA-41 Schedule RK-1. However, part-year resident beneficiaries must have each version of the schedule submitted with the PA-41 return. The PA-41 Schedules RK-1 and NRK-1 must also show the PA taxable income that the estate or trust distributed or was required to be distributed to each beneficiary. Both a resident and a nonresident figure should be reported for each beneficiary and reported on the PA-41 Schedules RK-1 and NRK-1 that are being submitted with the PA-41.

The estate or trust must also provide to each beneficiary the PA-41 Schedules RK-1 and NRK-1 showing only his/her/its share of the PA taxable income if the beneficiary's last known address indicated he/she/it was a nonresident beneficiary. If the beneficiary's last known address indicated he/she/it was a resident beneficiary for an entire tax year, the estate or trust may elect to provide only a copy of the PA-41 Schedule RK-1. However, a part-year resident beneficiary must also be provided with each version of the schedule. The Department does not accept Federal 1041 Schedule K-1 because the schedule does not properly reflect the classified PA taxable income amounts. It is important to remember that the PA-41 Schedules RK-1 and NRK-1 submitted to the resident beneficiary should reflect the taxable income to PA residents even if the estate or trust is a nonresident.

Likewise, the nonresident beneficiary should be issued PA-41 Schedules RK-1 and NRK-1 that reflects the taxable income to nonresidents even if the estate or trust is a resident.

### Part I. General Information

Complete all the appropriate information regarding the estate or trust and beneficiaries at the top of the PA-41 Schedules RK-1 and NRK-1 as follows:

- If the beneficiary of the estate or trust is an individual, enter the Social Security Number, name and complete address of the beneficiary to whom the estate or trust made, or was required to make, a distribution during the taxable year, or to whom amounts were credited and payable during the taxable year. PA-41 Schedules RK-1 and NRK-1 should be completed for each individual beneficiary.
- If the estate or trust beneficiary was other than an individual, enter the FEIN, name of the entity (partnership, S corporation, limited liability company, or estate or trust) in the space provided. PA-41 Schedules RK-1 and NRK-1 should be completed for each entity beneficiary.
- Enter the name, address, and FEIN of the estate or trust from which the income is being distributed.
- Fill in the Estate or Trust oval under the type of entity listing.
- If the estate or trust has a fiscal year, fill in the oval and enter the Begin and End dates for the estate or trust's fiscal year.
- If the estate or trust is filing an amended return and the amount of income distributed to a beneficiary changes and an amended PA-41 Schedule RK-1 or NRK-1 is being included with the amended return, fill in the oval to indicate the amended schedule status.
- If this is the final year for distributions to the beneficiary from the estate or trust, fill in the oval to indicate the final status.
- Enter in the appropriate space the beneficiary's year end distribution percentage for the ratio of the beneficiary's taxable distribution as reported on Line 6 of the PA-41 Schedule RK-1 to the total distribution as reported on Line 8 of Form PA-41. If a PA-41 Schedule NRK-1 is also required for a beneficiary, enter the percentage reported as if a resident taxpayer.
- Fill in the oval for the type of owner (beneficiary) for the estate or trust.

Follow Steps 1, 2, and 3 below to calculate and enter the amount of each beneficiary's Income of/from Estates or Trusts on Line 6 of the PA-41 Schedule RK-1 and Line 4 of the PA-41 Schedule NRK-1.

**Step 1.** Calculate the total dollar amount of:

- Cash and property distributions actually made to the beneficiaries during the taxable year; and
- Undistributed amounts that are either credited or payable or required to be currently distributed to the beneficiary during the taxable year.



**IMPORTANT:** Do not take into account:

- Amounts that are properly paid out of corpus as a gift or bequest of a specific amount of money; or
- Amounts that were required to have been distributed in any prior taxable year; or
- The market value of property distributed in kind as a gift or bequest of specific property.

**Step 2.** To calculate the beneficiary's Income of/from Estates or Trusts for entry on a PA-41 Schedule RK-1, multiply the amount calculated in Step 1 by a fraction, calculated as follows. The numerator is the lesser of Line 3a or Line 14a of PA-41 Schedule DD. The denominator is Line 13a of PA-41 Schedule DD. Multiply this amount by the beneficiary's year end distribution percentage and enter the amount on Line 6, Income of/from Estates or Trusts on the PA-41 Schedule RK-1.

**Step 3.** To calculate the beneficiary's Income of/from Estates or Trusts for entry on a PA-41 Schedule NRK-1, multiply the amount calculated in Step 1 by a fraction, calculated as follows. The numerator is the lesser of Line 3b or Line 14b of PA-41 Schedule DD. The denominator is Line 13a of PA-41 Schedule DD. Multiply this amount by the beneficiary's year-end distribution percentage and enter the amount on Line 4, Income of/from Estates or Trusts on the PA-41 Schedule NRK-1.

## PA-41 Schedule OI

The estate or trust must complete and include the PA-41 Schedule OI and provide answers to questions and requests for other information as shown on the schedule. Answer the questions with a "Yes" or "No" response. Submit a supplemental statement, where applicable, for "Yes" responses.

### Line 1. Is this a revocable trust?

Provide a "Yes" or "No" response by filling in the appropriate oval.

### Line 2. Is this an irrevocable trust?

Provide a "Yes" or "No" response by filling in the appropriate oval.

### Line 3. Does the estate/trust receive income from, or pay income to a foreign entity?

Provide a "Yes" or "No" response by filling in the appropriate oval. If "Yes," include a supplemental statement with this return.

The estate/trust must include the name and address of the foreign entity that they pay income to, or receive income from. The estate/trust also must include available identifying tax numbers and indicate clearly, whether income was received or distributed, as well as the amount of income received or distributed.

### Line 4. Has the federal government made an additional assessment on the income of the estate/trust in the last four years?

Provide a "Yes" or "No" response by filling in the appropriate oval. If "Yes," include a supplemental statement with this return.

The estate/trust must provide a copy of the IRS assessment notice or Revenue Agent's Report.

### Line 5. Did this estate/trust receive income from a partnership, S corporation, LLC, or another estate/trust?

Provide a "Yes" or "No" response by filling in the appropriate oval. If "Yes," list all such partnerships, S corporations, LLCs, or estates/trusts and include the FEIN, name and address of each. If additional space is necessary, include a supplemental statement (in the same format) with this return.

### Line 6. If this return is for a trust, state the name and address of the grantor.

The address of the grantor at the time of the estate or trust creation must be provided.

## TAXPAYER SERVICES AND ASSISTANCE

### ONLINE SERVICES

#### Revenue e-Services Center at [www.revenue.state.pa.us](http://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](http://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 telephone service. This service provides:

- Answers to some of the most commonly asked tax questions.
- The balance of your PA estimated 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](http://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](mailto: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 only)

### **Language Services**

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

### **Español**

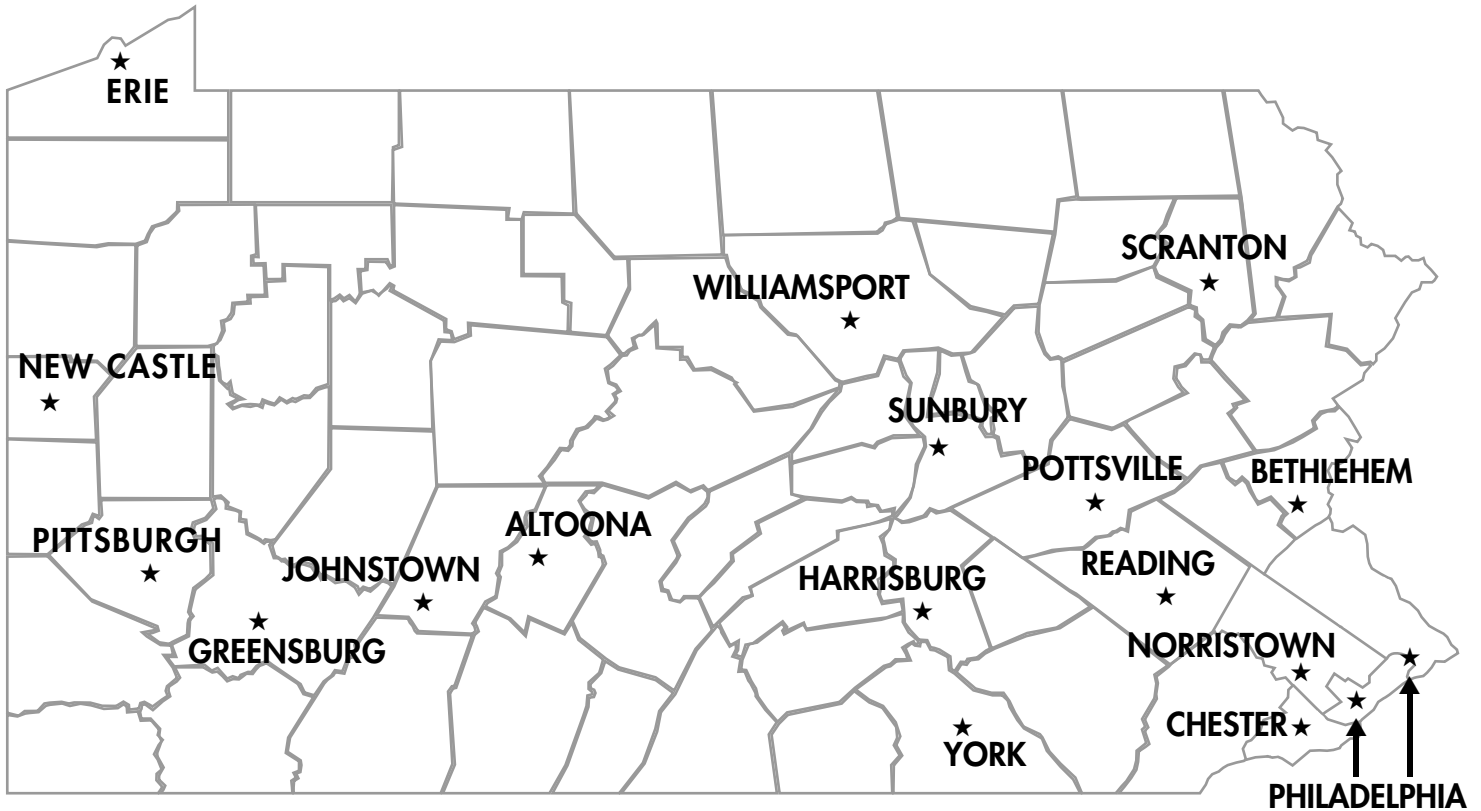
El Departamento de Impuestos puede ayudar los contribuyentes que no hablan inglés por medio de un servicio de traducción durante el periodo de pago de impuestos.

### **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).

## 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](http://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 COMMRC 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**