

**SCHEDULE K-1
(Form 1041)**

Beneficiary's Share of Income, Deductions, Credits, etc.

OMB No. 1545-0092

Department of the Treasury
Internal Revenue Service

for the calendar year 1996, or fiscal year
beginning _____, 1996, ending _____, 19 _____

1996

▶ **Complete a separate Schedule K-1 for each beneficiary.**

Name of trust or decedent's estate

Amended K-1
 Final K-1

Beneficiary's identifying number ▶

Estate's or trust's EIN ▶

Beneficiary's name, address, and ZIP code

Fiduciary's name, address, and ZIP code

(a) Allocable share item		(b) Amount	(c) Calendar year 1996 Form 1040 filers enter the amounts in column (b) on:
1	Interest	1	Schedule B, Part I, line 1
2	Dividends	2	Schedule B, Part II, line 5
3a	Net short-term capital gain	3a	Schedule D, line 5, column (g)
b	Net long-term capital gain	3b	Schedule D, line 13, column (g)
4a	Annuities, royalties, and other nonpassive income before directly apportioned deductions	4a	Schedule E, Part III, column (f) } Include on the applicable line of the appropriate tax form
b	Depreciation	4b	
c	Depletion	4c	
d	Amortization	4d	
5a	Trade or business, rental real estate, and other rental income before directly apportioned deductions (see instructions)	5a	Schedule E, Part III
b	Depreciation	5b	} Include on the applicable line of the appropriate tax form
c	Depletion	5c	
d	Amortization	5d	
6	Income for minimum tax purposes	6	
7	Income for regular tax purposes (add lines 1 through 3b, 4a, and 5a)	7	
8	Adjustment for minimum tax purposes (subtract line 7 from line 6)	8	Form 6251, line 12
9	Estate tax deduction (including certain generation-skipping transfer taxes)	9	Schedule A, line 27
10	Foreign taxes	10	Form 1116 or Schedule A (Form 1040), line 8
11	Adjustments and tax preference items (itemize):		
a	Accelerated depreciation	11a	} Include on the applicable line of Form 6251
b	Depletion	11b	
c	Amortization	11c	
d	Exclusion items	11d		1997 Form 8801
12	Deductions in the final year of trust or decedent's estate:		
a	Excess deductions on termination (see instructions)	12a	Schedule A, line 22
b	Short-term capital loss carryover	12b	Schedule D, line 5, column (f)
c	Long-term capital loss carryover	12c	Schedule D, line 13, column (f)
d	Net operating loss (NOL) carryover for regular tax purposes	12d	Form 1040, line 21
e	NOL carryover for minimum tax purposes	12e	See the instructions for Form 6251, line 20
f	.....	12f	} Include on the applicable line of the appropriate tax form
g	.....	12g	
13	Other (itemize):		
a	Payments of estimated taxes credited to you	13a	Form 1040, line 53
b	Tax-exempt interest	13b	Form 1040, line 8b
c	.....	13c	} Include on the applicable line of the appropriate tax form
d	.....	13d	
e	.....	13e	
f	.....	13f	
g	.....	13g	
h	.....	13h	

Instructions for Beneficiary Filing Form 1040

Note: *The fiduciary's instructions for completing Schedule K-1 are in the Instructions for Form 1041.*

General Instructions

Purpose of Form

The fiduciary of a trust or decedent's estate uses Schedule K-1 to report your share of the trust's or estate's income, credits, deductions, etc. **Keep it for your records. Do not file it with your tax return.** A copy has been filed with the IRS.

Tax Shelters

If you receive a copy of **Form 8271**, Investor Reporting of Tax Shelter Registration Number, see the instructions for Form 8271 to determine your reporting requirements.

Errors

If you think the fiduciary has made an error on your Schedule K-1, notify the fiduciary and ask for an amended or a corrected Schedule K-1. Do not change any items on your copy. Be sure that the fiduciary sends a copy of the amended Schedule K-1 to the IRS.

Beneficiaries of Generation-Skipping Trusts

If you received **Form 706-GS(D-1)**, Notification of Distribution From a Generation-Skipping Trust, and paid a generation-skipping transfer (GST) tax on **Form 706-GS(D)**, Generation-Skipping Transfer Tax Return for Distributions, you can deduct the GST tax paid on income distributions on Schedule A (Form 1040), line 8. To figure the deduction, see the instructions for Form 706-GS(D).

Specific Instructions

Lines 3a and 3b

If there is an attachment to this Schedule K-1 reporting a disposition of a passive activity, see the instructions for **Form 8582**, Passive Activity Loss Limitations, for information on the treatment of dispositions of interests in a passive activity.

Lines 5b through 5d

The deductions on lines 5b through 5d may be subject to the passive loss limitations of Internal Revenue Code section 469, which generally limits deductions from passive activities to the income from those activities. The rules for applying these limitations to beneficiaries have not yet been issued. For more details, see **Pub. 925**, Passive Activity and At-Risk Rules.

Line 11d

If you pay alternative minimum tax in 1996, the amount on line 11d will help you figure any minimum tax credit for 1997. See the 1997 **Form 8801**, Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts, for more information.

Line 13a

To figure any underpayment and penalty on **Form 2210**, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, treat the amount entered on line 13a as an estimated tax payment made on January 15, 1997.

Lines 13c through 13h

The amount of gross farming and fishing income is included on line 5a. This income is also separately stated on line 13 to help you determine if you are subject to a penalty for underpayment of estimated tax. Report the amount of gross farming and fishing income on Schedule E (Form 1040), line 41.

