

PREPARING 1041 RETURNS

The 1041 tax application provides a large number of defaults. You can customize your 1041 tax return preparation by selecting return and print options, and compute options.

You can enter income and deductions detail or just a total override.

Distributions to beneficiaries can be entered as either a percentage or a dollar amount.

Customized beneficiary messages can be created.

TOPICS

- [General Information \(page 2\)](#)
- [Income and Deductions \(page 6\)](#)
- [Beneficiary Distributions \(page 16\)](#)
- [Beneficiary Messages \(page 24\)](#)
- [Special Allocations \(page 26\)](#)
- [Estimates and Penalties \(page 27\)](#)
- [5227 Returns \(page 30\)](#)
- [1041A Returns \(page 33\)](#)
- [State Returns \(page 35\)](#)
- [K-1 Review \(page 36\)](#)

GENERAL INFORMATION

Use the **General Information** folder to enter basic return data and select your default return and print options.

Entity Information

Return Information

QuickTrack

HELP

State of ResidencyE-file - Return TypesFinal Return

ENTITY TYPE

Entity type.....Simple trust

☐ Electing Small Business Trust

[Detail](#)

☐ 990-T Trust

Form 5227 entity type.....5227 Input

TRUST/ESTATE

Name.....mounika1

Name (cont'd).....

EIN.....

Tax shelter registration number.....

Trust account number.....

Deceased last name.....

Decedent SSN.....

Figure 1

On the **Entity Information** screen, enter the **Entity Type** at the top of the screen. You can read the list to see all options that are available. If no type of entity is selected, the system defaults to *Simple trust*.

Entity Information

Return Information

QuickTrack

HELP

State of ResidencyE-file - Return TypesFinal Return

ENTITY TYPE

Entity type.....Simple trust
Decedent's Estate
Complex trust (\$100 exemption)
Complex trust (\$300 exemption)
Pooled Income Fund
Grantor type trust
Agency/Custodian
Form 5227 entity type.....Bankruptcy - Chapter 7
Bankruptcy - Chapter 11
Form 5227

TRUST/ESTATE

Name.....mounika1
Name (cont'd).....
EIN.....
Tax shelter registration number.....
Trust account number.....
Deceased last name.....
Decedent SSN.....

Figure 2

Select **Return and Print Options - Irrevocable** from the menu. You have a large selection of return options to choose from in the **Return and Print Options** folder. With these, you can customize the preparation and print of your 1041 returns.

The screenshot shows the Thomson Reuters software interface. On the left is a sidebar with a tree view. The 'Organizer' tab is selected. Under 'General Information', 'Return and Print Options - Irrevocable' is highlighted. The main window has a top navigation bar with tabs: 'General Options', 'Print Options', 'Compute Options', 'Misc. Options', and 'Depreciation Opt'. The 'General Options' tab is active. It contains several sections: 'Print Copy Type' (a dropdown menu), 'General Options' (a sub-header), 'CLIENT CODE' (a text input field), 'CLIENT NOTES' (a text area), 'NUMBER OF RETURNS' (a section with two rows: 'Federal and/or state returns' and 'Schedule K-1's/tax letters per beneficiary', each with a numeric input field), and 'PRINT OPTIONS' (a section with 'Page number' and a 'Print/Suppress' toggle). The 'Print' radio button is selected.

Figure 3

Most options can be set as tax defaults for the entire account. If defaults have been set, they will appear when you compute the return unless you override them on these tabs. If you make no entries and set no defaults, the system uses its own defaults for that item. You should review these screens carefully to take advantage of the many options available for fiduciary tax returns.

General Options

Print Options

Compute Options

Misc. Options

Depreciation Opti

Print Copy Type

General Options

NUMBER OF RETURNS

Federal and/or state returns.....

Schedule K-1's/tax letters per beneficiary.....

PRINT OPTIONS

Page number.....

Date/time stamp.....

Trust name, EIN, and client code on each page (white paper only).....

Locator and account number.....

Version number.....

Print

Suppress

Print

Suppress

Print

Suppress

Print

Suppress

Print

Suppress

ATTACHMENTS PRINT OPTIONS

Attachment of selected federal forms to state returns.....

Print

Suppress

Figure 4

Use the **Distribution Options** tab to determine how you want loss and credit items distributed for irrevocable accounts. The system default is to retain these items in the trust.

General Options	Print Options	Compute Options	Misc. Options	Distribution Options	Depreciation Options
Depletion Options	Print Copy Type				

METHOD OF DISTRIBUTING LOSS AND CREDIT ITEMS (IRREVOCABLE ONLY)		
If neither check box is selected, the default is to totally retain in the trust/estate.		
	Total Distribution to Beneficiaries	Prorate Distribution between Trust Beneficiaries
Short-term capital loss carryover.....	<input type="checkbox"/>	<input type="checkbox"/>
Long-term capital loss carryover.....	<input type="checkbox"/>	<input type="checkbox"/>
Credit for federal tax on fuels.....	<input type="checkbox"/>	<input type="checkbox"/>
Work opportunity credit.....	<input type="checkbox"/>	<input type="checkbox"/>
Credit for increasing research activities.....	<input type="checkbox"/>	<input type="checkbox"/>
Low income housing credit.....	<input type="checkbox"/>	<input type="checkbox"/>
Nonconventional fuel credit.....	<input type="checkbox"/>	<input type="checkbox"/>

Figure 5

INCOME AND DEDUCTIONS

The **Income** folder contains a subfolder for each income item on the 1041 return. These folders are organized in the same order they are found on Form 1041. To enter detail for income items, select **Income > Income**.

<ul style="list-style-type: none"> QuickForm General Information E-file Source Documents (1099s) Income <ul style="list-style-type: none"> Income <ul style="list-style-type: none"> Business Income Rent and Royalty K-1 Income Farm Income Gains and Losses Deductions Beneficiary Info (1041) Beneficiary Info (Split Interest Trust) Taxes Credits Documents and Extensions 	<div> <div>QuickTrack</div> <div> 1099-INT Source Document Input 1099-INT Columnar Input Consolidated 1099 </div> </div> <div> <div>TAI Worksheet</div> <div> 1099-DIV Source Document Input 1099-DIV Columnar Input Review of Income Detail </div> </div> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">TOTAL FOR THE YEAR</th> <th rowspan="2">PRINCIPAL Portion *</th> </tr> <tr> <th>Detail</th> <th>Automatic</th> </tr> </thead> <tbody> <tr> <td>Fed. taxable resident muni. interest</td> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>Fed. taxable nonresident muni. int....</td> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>Other income.....</td> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>Ordinary gain(loss).....</td> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table> <p>* NOTE: Short-term capital gain dividends which are to be reported as dividends on line 2 of Form 1041 need to be input as dividend income.</p> <table border="1"> <thead> <tr> <th colspan="2">QUALIFIED DIVIDENDS ALLOCATED TO BENEFICIARY OR ESTATE/TRUST - OVERRIDE</th> </tr> </thead> <tbody> <tr> <td colspan="2">These fields override the system calculation on Line 2 b (1) or 2 b (2), of Form 1041, p. 1.</td> </tr> <tr> <td>Line 2 b (1) Qualified dividends allocated to Beneficiary.....</td> <td><input type="text"/></td> </tr> </tbody> </table>		TOTAL FOR THE YEAR		PRINCIPAL Portion *	Detail	Automatic	Fed. taxable resident muni. interest	<input type="text"/>	<input type="text"/>	<input type="text"/>	Fed. taxable nonresident muni. int....	<input type="text"/>	<input type="text"/>	<input type="text"/>	Other income.....	<input type="text"/>	<input type="text"/>	<input type="text"/>	Ordinary gain(loss).....	<input type="text"/>	<input type="text"/>	<input type="text"/>	QUALIFIED DIVIDENDS ALLOCATED TO BENEFICIARY OR ESTATE/TRUST - OVERRIDE		These fields override the system calculation on Line 2 b (1) or 2 b (2), of Form 1041, p. 1.		Line 2 b (1) Qualified dividends allocated to Beneficiary.....	<input type="text"/>
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Line 2 b (1) Qualified dividends allocated to Beneficiary.....	<input type="text"/>																												

Figure 6

You can enter detail for income items or an override amount. To enter detail, select the gray box for the item you want to detail. You can also select the **Tax-Exempt Income** or **Nondistributive Income** tabs to enter amounts, as shown below.

Income	Tax-Exempt Income	Nondistributive Income	TAI - Inc/(Loss)
--------	-------------------	------------------------	------------------

NONDISTRIBUTIVE INCOME




	Qualified	Total for Year
Nondistributive dividends.....		
Nondistributive foreign dividends.....		
Nondistributive foreign interest.....		
Nondistributive U.S. government interest.....		
Nondistributive U.S. Govt interest reported as dividends.....		
Nondistributive other interest.....		
Nondistributive ordinary gain.....		
Nondistributive other income.....		
Nondistributive resident state tax-exempt interest.....		
Nondistributive nonresident state tax-exempt interest.....		

Figure 7

The detail drill-down hyperlinks (bent blue arrows) take you to a new screen to enter detail information for the selected item.

On the **Income > Income** screen, click the **Review of Income Detail** link to access the detail screen.

QuickTrack	TAI Worksheet
1099-INT Source Document Input	1099-DIV Source Document Input
1099-INT Columnar Input	1099-DIV Columnar Input
Consolidated 1099	Review of Income Detail

INCOME	TOTAL FOR THE YEAR		PRINCIPAL Portion *
	Detail	Automatic	
Fed. taxable resident muni. interest			
Fed. taxable nonresident muni. int.....			
Other income.....			
Ordinary gain(loss).....			

* NOTE: Short-term capital gain dividends which are to be reported as dividends on line 2 of Form 1041 need to be input as dividend income.

QUALIFIED DIVIDENDS ALLOCATED TO BENEFICIARY OR ESTATE/TRUST - OVERRIDE	
These fields override the system calculation on Line 2 b (1) or 2 b (2), of Form 1041, p. 1.	
Line 2 b (1) Qualified dividends allocated to Beneficiary.....	<input type="text"/>

Figure 8

The descriptions and amounts you enter will print on a detail whitepaper statement. To indicate that an item should be excluded from start-over states, enter an *E* in the right column. A *C* in the right column indicates that the item should go to the California state return only. If this field is left blank, the item goes into the federal calculations and all states.

FEDERALLY TAXABLE NONRESIDENT MUNICIPAL INTEREST DETAIL				
Description (Mandatory)	Suppress Proforma	Total	Principal Portion	C, E
				C - California Only E - Federal Only
ATLANTIS CORPORATION		1,100		E
WILLS/SOUTH CORPORATION		4,657		
CONNECTICUT WIDGETS		11,356		C

Figure 9

Each income activity has its own folder and separate set of subfolders. This enables you to keep all information for a particular activity together.

The screenshot shows the '1041 | KAC: NEW 1041 'SEE STATEMENT' TEST LOCATOR' window. The left sidebar contains a tree view with folders for 'General Information', 'E-file', 'Source Documents (1099s)', 'Income', 'Business Income', 'Rent and Royalty', and 'NEW RENT AND ROYALTY'. The 'NEW RENT AND ROYALTY' folder is expanded, showing subfolders like 'Capital Gains and Losses', 'Sales of Business Property', 'Installment Sales', 'Depreciation and Amortization', 'Depletion', 'At-Risk Limitations', 'Add new Rent and Royalty', 'K-1 Income', and 'Farm Income'. The main window displays the 'Activity Information' tab for a new rent and royalty activity. The 'Activity number (System Generated)' is 1. The 'Description of property (Mandatory)' is 'NEW RENT AND ROYALTY'. The 'Type of Property (Mandatory)' is 'None Selected'. The 'Fair rental days' and 'Personal use days' are both 0. Below this, there are three sections with radio buttons: 'DID YOU MAKE PAYMENTS THAT WOULD REQUIRE YOU TO FILE FORM(S) 1099' (Yes, No, Blank), 'IF "YES", DID YOU OR WILL YOU FILE ALL REQUIRED FORM(S) 1099' (Yes, No, Blank), and 'TRADE OR BUSINESS TO WHICH NET INVESTMENT INCOME TAX APPLIES' (Yes, No, Blank).

Figure 10

You must assign a description to each activity (*mandatory*).

The screenshot shows the 'APARTMENT HOMES > Rent and Royalty Information > Activity Information' window. The 'Rent and Royalty ...' dropdown is set to 'NEW RENT AND ROYALTY'. The 'Activity Information' tab is selected. The 'Activity number (System Generated)' is 1. The 'Description of property (Mandatory)' is 'LAKE STREET APARTMENT HOMES'. The 'Type of Property (Mandatory)' is 'Multi-Family Residence'. The 'Other Property Description' is blank. The 'Fair rental days' is 365. The 'Personal use days' is 0. Below this, there are three sections with radio buttons: 'DID YOU MAKE PAYMENTS THAT WOULD REQUIRE YOU TO FILE FORM(S) 1099' (Yes, No, Blank), 'IF "YES", DID YOU OR WILL YOU FILE ALL REQUIRED FORM(S) 1099' (Yes, No, Blank), and 'TRADE OR BUSINESS TO WHICH NET INVESTMENT INCOME TAX APPLIES' (Yes, No, Blank).

Figure 11

Also on the **Activity Information** tab, select the mandatory **Type of Property**. The system automatically generates the **Activity Number**.

T APARTMENT HOMES > Rent and Royalty Information > Activity Information

Rent and Royalty ...

NEW RENT AND ROYALTY

Activity Information

Income && Deductions

Amounts to Others

Suspended Loss C/O

S

QuickTrack

HELP

Rental Real Estate with Active Participation

ACTIVITY INFORMATION

Activity number (System Generated)

1

Description of property (Mandatory)

Type of Property (Mandatory)

None Selected

Single Family Residence

Multi-Family Residence

Vacation/Short-Term Rental

Commercial

Land

Royalties

Self-Rental

Other

Other Property Description.....

Fair rental days.....

Personal use days.....

Figure 12

You can also select how you want this activity treated for state taxation purposes. The default is to include the activity in the federal and state returns by scrolling down to the **Type of Activity** section and select one of the option buttons.

The screenshot shows the 'Rent and Royalty' form with the 'Activity Information' section expanded. The 'Type of Activity' section is also visible, showing three radio button options: 'Active', 'Passive' (selected), and 'Portfolio'. The 'Royalty Type' section shows three radio button options: 'Oil and gas depletion', 'Other than oil and gas', and 'Does not apply' (selected). The 'State Taxation' section shows three radio button options: 'Federal and state' (selected), 'Federal only', and 'California only'. A 'State Information' link is also present.

Figure 13

Notice the tabs across the top of this form. To enter income and deductions and additional information for this activity, select the applicable tabs.

The screenshot shows the 'Rent and Royalty' form with the tabs across the top: 'Activity Information', 'Income & Deductions', 'Amounts to Others', 'Suspended Loss C/O', and 'State Allocations'. The 'Activity Information' tab is selected and highlighted with a red box.

Figure 14

The check boxes shown provide special options.

- **Activity is held for investment:** The system carries rent and royalty income, investment interest expense, and other investment expenses related to the computation of net investment income.
- **Activity was fully disposed of during the current year:** The system fully recognizes all gain or loss realized on the disposition with no limitation.
- **Income from this activity is non-distributive:** All amounts from this activity included in the calculation of distributable net income will be treated as non-distributive.
- Other check boxes for special options are also available on this screen.

Activity Information	Income & Deductions	Amounts to Others	Suspended Loss C/O	S						
Province / State..... Country..... (None selected) ▾ Postal Code.....										
<table border="1"> <thead> <tr> <th>TYPE OF ACTIVITY</th> <th>ROYALTY TYPE</th> <th>STATE TAXATION</th> </tr> </thead> <tbody> <tr> <td> <input type="radio"/> Active <input checked="" type="radio"/> Passive <input type="radio"/> Portfolio <input type="radio"/> Rental real estate with active participation </td> <td> <input type="radio"/> Oil and gas depletion <input type="radio"/> Other than oil and gas <input type="radio"/> No depletion <input checked="" type="radio"/> Does not apply </td> <td> <input checked="" type="radio"/> Federal and state <input type="radio"/> Federal only <input type="radio"/> California only State Information </td> </tr> </tbody> </table>					TYPE OF ACTIVITY	ROYALTY TYPE	STATE TAXATION	<input type="radio"/> Active <input checked="" type="radio"/> Passive <input type="radio"/> Portfolio <input type="radio"/> Rental real estate with active participation	<input type="radio"/> Oil and gas depletion <input type="radio"/> Other than oil and gas <input type="radio"/> No depletion <input checked="" type="radio"/> Does not apply	<input checked="" type="radio"/> Federal and state <input type="radio"/> Federal only <input type="radio"/> California only State Information
TYPE OF ACTIVITY	ROYALTY TYPE	STATE TAXATION								
<input type="radio"/> Active <input checked="" type="radio"/> Passive <input type="radio"/> Portfolio <input type="radio"/> Rental real estate with active participation	<input type="radio"/> Oil and gas depletion <input type="radio"/> Other than oil and gas <input type="radio"/> No depletion <input checked="" type="radio"/> Does not apply	<input checked="" type="radio"/> Federal and state <input type="radio"/> Federal only <input type="radio"/> California only State Information								
ELECTIONS <input type="checkbox"/> IRC §1.263(a)-1(f) De Minimis Safe Harbor Election <input type="checkbox"/> IRC §1.263(a)-3(h) Safe Harbor Election for Small Taxpayer <input type="checkbox"/> IRC §1.263(a)-3(n) Election to Capitalize Repair and Maintenance Costs <input type="checkbox"/> Rev. Proc 2015-20 Statement										
MISCELLANEOUS INFORMATION <input type="checkbox"/> This activity is held for investment <input type="checkbox"/> This activity was fully disposed of during the current year <input type="checkbox"/> Income from this activity is non-distributive <input type="checkbox"/> The property was owned as a member of a qualified joint venture. <input type="checkbox"/> This activity is not for profit (For PA use only)										

Figure 15

The residency status you select here is not used in determining the amounts that carry to the attached state returns. To enter state information, select the **State Information** link.

Rent and Royalty ... NEW RENT AND ROYALTY

Activity Information | Income && Deductions | Amounts to Others | Suspended Loss C/O | Q

State Allocations

TYPE OF ACTIVITY

☐ Active
☒ Passive
☐ Portfolio
☐ Rental real estate with active participation

ROYALTY TYPE

☐ Oil and gas depletion
☐ Other than oil and gas
☐ No depletion
☒ Does not apply

STATE TAXATION

☒ Federal and state
☐ Federal only
☐ California only

[State Information](#)

ELECTIONS

☐ IRC §1.263(a)-1(f) De Minimis Safe Harbor Election
☐ IRC §1.263(a)-3(h) Safe Harbor Election for Small Taxpayer
☐ IRC §1.263(a)-3(n) Election to Capitalize Repair and Maintenance Costs
☐ Rev. Proc 2015-20 Statement
☐ IRC §199A(d) Rental Real Estate Qualified Business Safe Harbor Election Check for All Sub-Units

Figure 16

When you click the **State Information** link, you see the screen where you can enter information for state activity in relation to this activity. Your entry in the **State Residency** list box is used in conjunction with the passive/active detail statement generated from the **Print Options** tab on the **General Information > Return Print Options > Irrevocable** screen.

Rent and Royalty ... LAKE STREET APARTMENT

Activity Information | Income && Deductions | Amounts to Others | Suspended Loss C/O | **State Allocations**

Select the applicable state(s). Enter **amount or decimal** appropriate for each state.
 Data entered as decimals will be prorated accordingly.

State	Amount/Decimal
Texas	0.500000
▼	
▼	
▼	
▼	
▼	
▼	

Resident state of Activity

Texas ▼

Figure 17

Capital gains (losses) related to an activity should be entered in the **Capital Gain (Loss)** folder for that particular activity.

The screenshot shows the 'Organizer' tab with the 'Tax Forms' section expanded. Under 'Income' > 'Business Income' > 'Rent and Royalty', the 'LAKE STREET APARTMENTS' folder is selected. Within it, 'Capital Gains and Losses' is expanded, and 'MAINTENANCE EQUIPMENT' is highlighted. The main window shows the 'Description of Property' as 'MAINTENANCE EQUIPMENT'. The 'TRANSACTION TYPE' section has three radio buttons: 'Box A or D - Transaction reported on Form 1099-B showing basis was reported to the IRS (default)', 'Box B or E - Transaction reported on Form 1099-B showing basis was not reported to the IRS', and 'Box C or F - Transaction not reported on Form 1099-B' (which is selected). There are also fields for 'Date acquired' and 'Date sold'.

Figure 18

Each activity has a **Depreciation and Amortization** folder used to tie assets and related depreciation information to the selected activity.

The screenshot shows the 'Organizer' tab with the 'Tax Forms' section expanded. Under 'Income' > 'Business Income' > 'Rent and Royalty', the 'LAKE STREET APARTMENTS' folder is selected. Within it, 'Depreciation and Amortization' is expanded, and 'APARTMENT BUILDING' is highlighted. The main window shows the 'Asset' as 'APARTMENT BUILDING'. The 'BASIC INFORMATION' section includes 'Description of Asset (Mandatory)' as 'APARTMENT BUILDING', 'Date placed in service' as '03/10/', and 'Date to print, if different'. Below this is a table for 'Regular' and 'AMT' depreciation with columns for 'Cost', 'Method', 'Life', 'Accumulated', and 'Deduction'. The 'SPECIAL DEPRECIATION ALLOWANCE UNDER IRC SECTIONS 168(K), 1400L, 1400N, AND ITC' section has a dropdown for 'Special depreciation allowance or ITC type' set to 'No basis reduction (Default)'.

Figure 19

To assist you with entering K-1 data in the **Income and Deductions > K-1 Income** folder, the line items from Schedule K-1 are listed. Note the line numbers outlined below.

The screenshot shows the 'K-1 Income' entry screen. The left sidebar lists the 'K-1 information' folder, which includes 'Capital Gains and Losses', 'Sales of Business Property', 'Installment Sales', 'Limitation under Section 163(j)', 'At-Risk Limitations', 'Add new K-1', 'Proforma Sort Order', 'Farm Income', 'Gains and Losses', 'Deductions', 'Beneficiary Info (1041)', 'Beneficiary Data', 'Distribution Input - Totals', 'Summary of Beneficiary Distributions in', 'Beneficiary Information', 'BENEFICIARY ONE', 'General Beneficiary Information', 'Carbon Copy Information', and 'Special Allocations (By Beneficiary)'. The main area displays the 'K-1 Source' table with columns for 'Line', 'K-1 Source', 'Federal', 'California if different', and 'ESBT'. The table lists line items 1 through 11, with line numbers 1 through 11 highlighted in a red box. The table is currently empty, with only the headers visible.

Line	K-1 Source	Federal		California if different		ESBT
		Passive	Nonpassive*	Passive	Nonpassive	
1	Ordinary business income/loss					
2	Rental real estate income/loss					
3	Other net rental income/loss					
4	Guaranteed payments to partners					
5	Other interest (portfolio)					
6	U.S. Treasury obligation interest (portfolio)					
6A	Ordinary dividends (Total)					
6A	Portion of ordinary dividend that is US government interest					
6B	Qualified dividends					
6B	Qualified portion of government interest					
7	Royalties					
8	Net short-term capital gain/loss (portfolio)					
8	Net short-term capital gain/loss (passive/nonpassive)					
9	Capital gain distribution					

Figure 20

Income and loss amounts entered on the **K-1, Page 1 and 2** tabs are netted with other amounts from these screens. The result of this calculation is the operating income or loss from this activity.

The screenshot shows the 'K-1 Income' entry screen, specifically the 'Activity information' tab. The left sidebar lists the 'K-1 information' folder, which includes 'Capital Gains and Losses', 'Sales of Business Property', 'Installment Sales', 'At-Risk Limitations', 'Add new K-1', 'Farm Income', 'Gains and Losses', 'Deductions', 'Beneficiary Info (1041)', 'Taxes', and 'Credits'. The main area displays the 'Activity information' form. The 'SCHEDULE K-1 TYPE' section shows 'Partnership' selected. The 'ACTIVITY INFORMATION' section includes fields for 'Activity number' (System Generated), 'Schedule K-1 name' (Mandatory), 'Type of Property' (None Selected), 'Other property type', and 'Federal EIN'. The 'TRADE OR BUSINESS TO WHICH NET INVESTMENT INCOME TAX APPLIES' section shows 'Blank' selected. The 'PROPERTY ADDRESS' section includes fields for 'US ADDRESS' and 'Address line 1'.

Figure 21

The following K-1 items are netted with income (loss) amounts to calculate operating income (loss):

- Rental real estate income (loss)
- Other rental income (loss)
- Other income (expenses)
- Depreciation
- Depletion and Amortization.

BENEFICIARY DISTRIBUTIONS

Use the **Beneficiary Info** folder to indicate the total distributions to all beneficiaries, identify each beneficiary, and indicate the amounts of income and/or capital gains distributed to each beneficiary.

The screenshot displays the software interface for preparing 1041 returns. On the left, a sidebar contains a tree view of folders. The 'Beneficiary Info (1041)' folder is expanded, and the 'JENNIFER ALLEN' sub-folder is selected. The main area shows the 'General Beneficiary Information' form for JENNIFER ALLEN. The form includes sections for 'BENEFICIARY IDENTIFICATION NUMBER', 'SOCIAL SECURITY NUMBER', 'EMPLOYER IDENTIFICATION NUMBER', and 'NON-INDIVIDUAL NO IDENTIFICATION NUMBER'. The 'SOCIAL SECURITY NUMBER' section has a text input field and a dropdown menu with options: (None Selected), Applied For, Foreign US, Form 1042S, and Other (CA only). The 'EMPLOYER IDENTIFICATION NUMBER' section has a text input field and a dropdown menu with options: (None Selected), Applied For, Foreign US, Form 1042S, and Other (CA only). The 'NON-INDIVIDUAL NO IDENTIFICATION NUMBER' section has a text input field and a dropdown menu with options: (None Selected), Applied For, Foreign US, Form 1042S, and Other (CA only).

Figure 22

The system automatically retains all capital gains (losses) within the trust/estate except when one or more of the following occurs:

- A trust/estate is terminated.
- A capital gain distribution is made.
- A special allocation of capital gains (losses) is made.
- An option has been selected to distribute capital loss carryovers.

Use the **Beneficiary Info > Beneficiary Data > Distributions Input - Totals** screen to enter the total income and capital gains to be distributed. Entries must be made on this screen if amounts are being distributed to beneficiaries.

Organizer | Tax Forms | Collapse All

Source Documents (1099s)

Income

Gains and Losses

Deductions

Beneficiary Info (1041)

Beneficiary Data

Distributions Input - Totals

Summary of Beneficiary Distributions In

Beneficiary Information

Beneficiary Footnotes

Misc Allocation Options

Adjustment to DNI

Taxes

Credits

Payments and Extensions

Estimates and Penalties

HELP

QuickTrack | TAI Worksheet

Enter ESTATE/TRUST distributions on this screen. Enter BENEFICIARY distributions

TOTAL DISTRIBUTIONS - ORDINARY INCOME

	Percentage (99%=0.99)	or	Dollar
Required distribution of ordinary income.....			1,200
Discretionary distribution of ordinary income.....			50,000

TOTAL DISTRIBUTIONS - CAPITAL GAINS

Short-Term Gains			Long-Term Gains				
	Percentage (99%=0.99)	or	Dollar		Percentage (99%=0.99)	or	Dollar
Required.....							
Discretionary.....							

Final Year, Grantor and/or Agent/Custodial accounts

The system automatically distributes all capital gains/losses in these types of accounts. No entries are necessary for these types of accounts unless gains are to be distributed in a different ratio than was the case with ordinary income.

Figure 23

The amounts or percentages entered on the **Distributions-Totals** screen are the totals for the entire trust and refer to the distribution of Distributable Net Income (DNI) exclusive of capital gains. In the percentage fields, enter *100* for 100%; 1.0 will be computing as 1%.

Enter ESTATE/TRUST distributions on this screen. [Enter BENEFICIARY distributions](#)

TOTAL DISTRIBUTIONS - ORDINARY INCOME		
	Percentage (99%=0.99)	Dollar
Required distribution of ordinary income.....		1,200
Discretionary distribution of ordinary income.....		50,000

TOTAL DISTRIBUTIONS - CAPITAL GAINS					
	Short-Term Gains		Long-Term Gains		
	Percentage (99%=0.99)	Dollar	Percentage (99%=0.99)	Dollar	
Required.....					
Discretionary.....					

Final Year, Grantor and/or Agent/Custodial accounts

The system automatically distributes all capital gains/losses in these types of accounts. No entries are necessary for these types of accounts unless gains are to be distributed in a different ratio than was the case with ordinary income.

Figure 24

For simple trusts, grantor trusts, agent/custodian accounts, and final year returns, 100% must be entered for the Required Distribution of Income, since all income must be distributed currently.

Enter ESTATE/TRUST distributions on this screen. Enter BENEFICIARY distributions

TOTAL DISTRIBUTIONS - ORDINARY INCOME			
	Percentage (99%=0.99)	or	Dollar
Required distribution of ordinary income.....	1.00000000		
Discretionary distribution of ordinary income.....			

TOTAL DISTRIBUTIONS - CAPITAL GAINS					
	Short-Term Gains		Long-Term Gains		
	Percentage (99%=0.99)	or	Dollar	Percentage (99%=0.99)	or
Required.....					
Discretionary.....					

Final Year, Grantor and/or Agent/Custodial accounts

The system automatically distributes all capital gains/losses in these types of accounts. No entries are necessary for these types of accounts unless gains are to be distributed in a different ratio than was the case with ordinary income.

Figure 25

This is the total distribution for all the beneficiaries combined; the remaining income will be retained in the trust.

For final year returns and revocable accounts, capital gains are automatically distributed (100%) to the beneficiaries using the same ratios as income distributions. No entries are required here. Capital gains are distributed to beneficiaries using the income distributions ratios unless entries are made on the individual beneficiaries' **Bene Name/Address/Distribution Info** screen.

TOTAL DISTRIBUTIONS - CAPITAL GAINS					
Short-Term Gains			Long-Term Gains		
	Percentage (99%=0.99)	or Dollar	Percentage (99%=0.99)	or Dollar	
Required.....	<input type="text"/>	<input type="text"/>	<input type="text" value="100.000000"/>	<input type="text"/>	<input type="text"/>
Discretionary.....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Final Year, Grantor and/or Agent/Custodial accounts

The system automatically distributes all capital gains/losses in these types of accounts. No entries are necessary for these types of accounts unless gains are to be distributed in a different ratio than was the case with ordinary income.

TOTAL DISTRIBUTIONS (AUTOMATIC)	
Total distributions (ordinary income and gains).....	<input type="text"/>

NOTE: Enter Total distributions and either REQUIRED or DISCRETIONARY, and we will back into the missing amount.

Figure 26

The **Beneficiary Information** folder contains sets of subfolders for each beneficiary. Select a tab in the **General Beneficiary Information** folder to enter individual beneficiary information and distributions.

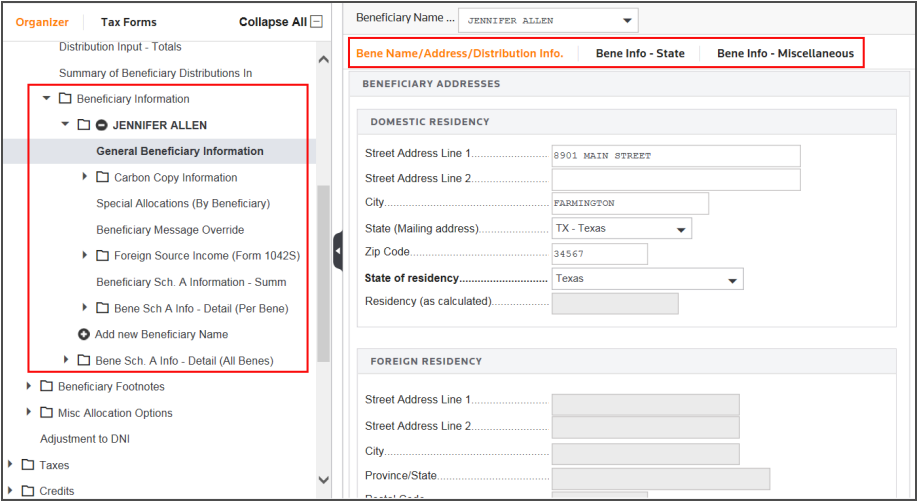


Figure 27

Use the **Bene Name/Address/Distribution Info** screen to enter this beneficiary's share of the required and discretionary distributions which were entered on the **Distributions-Totals** screen. Percentages entered here represent what percentage of the total required/discretionary distribution this beneficiary is to receive.

View | History | Resources

Beneficiary Information > JENNIFER ALLEN > General Beneficiary Information > Bene Name/Address/Distribution Info

Beneficiary Name ... JENNIFER ALLEN

Bene Name/Address/Distribution Info | Bene Info - State | Bene Info - Miscellaneous

BENEFICIARY ADDRESSES

DOMESTIC RESIDENCY

Street Address Line 1 8901 MAIN STREET

Street Address Line 2

City FARMINGTON

State (Mailing address) TX - Texas

Zip Code 34567

State of residency Texas

Residency (as calculated)

BENEFICIARY'S SHARE OF ORDINARY INCOME DISTRIBUTION

	Percentage and/or Dollar (99%=0.99)	Dollar
Required	1.00000000	
Discretionary		

BENEFICIARY'S SHARE OF CAPITAL GAIN DISTRIBUTION

	Short-term Gains		Long-term Gains	
	Percentage and/or Dollar (99%=0.99)	Dollar	Percentage and/or Dollar (99%=0.99)	Dollar
Required				
Discretionary				

Figure 28

The sum of all beneficiary percentage entries for each category of distributions (required/discretionary) must add up to 100%; otherwise, the system will prorate the percentage entries among the beneficiaries.

State Tax Information

The system uses the resident state selected to determine the following:

- beneficiary state messages for Schedule K-1 and/or tax letters
- answers to residency questions on certain state returns
- resident versus nonresident beneficiary status for certain state returns
- state name to be printed in the body of the beneficiary letter, if any.

On the **Bene Name/Address/Distribution Info** tab, choose the state of residence for each beneficiary. If no resident state is selected, the system default is to use the same resident state as the fiduciary.

The screenshot displays the software interface for preparing 1041 returns. On the left, the 'Organizer' pane shows a tree view with 'Beneficiary Information' expanded, and 'General Beneficiary Information' selected. The main window shows the 'Bene Name/Address/Distribution Info' tab for beneficiary 'JENNIFER ALLEN'. The 'DOMESTIC RESIDENCY' section contains the following fields:

DOMESTIC RESIDENCY	
Street Address Line 1.....	8901 MAIN STREET
Street Address Line 2.....	
City.....	FARMINGTON
State (Mailing address).....	TX - Texas
Zip Code.....	34567
State of residency.....	Texas
Residency (as calculated).....	TEXAS

The 'FOREIGN RESIDENCY' section is also visible but empty.

Figure 29

BENEFICIARY MESSAGES

You can use the system-generated beneficiary message or create your own customized message for each beneficiary. To customize your message, select the **Beneficiary Message Override** screen from the **Beneficiary Info (1041) > Beneficiary Data > Beneficiary Information** folder.

The screenshot displays the 'Beneficiary Message Override' screen for a beneficiary named JENNIFER ALLEN. The left sidebar shows the navigation structure, with 'Beneficiary Message Override' selected under 'Beneficiary Information'. The main content area includes a dropdown for the beneficiary name, a checkbox for printing the automatically generated message, and a table for state message overrides.

Description	Amount
Additions	5,000
State Tax Refund	1,000
subtractions	-2,000

Figure 30

The custom message can be printed instead of or in addition to the automatically generated message on the state tax information portion of the Tax Information Letter or Grantor Letter. The state tax information portion of a Tax Information Letter or Grantor Letter provides information that the beneficiary reports on the personal state income tax return. This information includes adjustments to federal amounts (for adjustment states) plus other types of information.

Beneficiary Name ... JENNIFER ALLEN

BENEFICIARY STATE MESSAGE OVERRIDE

Beneficiary Name:

JENNIFER ALLEN

☒ Print below automatically generated beneficiary message
(Default is to print in place of automatically generated message)

Or go to beneficiary's state message to view/modify amounts:

[Schedule K-1 \(Select beneficiary, then press "STATE TAX INFORMATION" button\)](#)

Description	Amount
Additions	5,000
State Tax Refund	1,000
subtractions	-2,000

Figure 31

Enter the descriptions and amounts as you want them to appear on the letter. If you want to print this information in place of the automatically generated message, select the print option at the bottom of the screen.

SPECIAL ALLOCATIONS

The **Special Allocations** folder provides an option that will only be used occasionally. Most returns do not need to be specially allocated. The primary reason to specially allocate a return is the death of a beneficiary who is to receive a specific bequest from a will.

The screenshot shows the software interface for preparing 1041 returns. On the left, the 'Organizer' pane shows the 'Beneficiary Info (1041)' folder expanded, with 'Beneficiary Information' selected. Under 'Beneficiary Information', the 'Special Allocations (By Beneficiary)' folder is highlighted with a red box. The main window displays the 'Bene Allocations (Item by Item) - INCOME tab' table.

Required Distributions		Discretionary Distributions	
Percentage (99%=0.99)	Dollar	Percentage (99%=0.99)	Dollar
Interest income:			
Other interest.....			
U.S. government interest.....			
Foreign interest.....			
Dividend income:			
Dividends.....			
U.S. govt int dividends.....			
Foreign dividends.....			
QUALIFIED PORTION OF ABOVE DIVIDENDS			
Dividends.....			
U.S. government interest reported as dividends.....			
Foreign dividends.....			

Figure 32

ESTIMATES AND PENALTIES

Use the **Estimates and Penalties** folder to select your compute and print options for estimates and underpayment/late filing penalties on a return-by-return basis. These options may also be set up in Tax Defaults.

Organizer

Tax Forms

Collapse All

Source Documents (1099s)

Income

Gains and Losses

Deductions

Beneficiary Info (1041)

Taxes

Credits

Payments and Extensions

Estimates and Penalties

Estimated Tax/Overpayment

Underpayment Penalty

Interest and Penalty

Estimate and Extension Package

Reconciliation

Carryover, Footnotes, and Invoicing

Informational Forms

Letters and Filing Instructions

General Options

Print Options

Overrides

Form 1041-T Options

ESTIMATE COMPUTE OPTION

ESTIMATE OPTION

Current year tax liability (Safe harbor) (Default)

IF 'CURRENT YEAR AMOUNTS AS ADJUSTED BELOW' IS SELECTED

	Percentage (99%= 99)	or	Amount
Adjusted total income.....			
Distribution deduction.....			
Estate tax deduction.....			
Exemption.....			
Additional taxes.....			
Credits.....			
Other taxes (Net Investment Income Tax).....			
Tax withheld.....			
Retained qualified dividends.....			

IF 'ESTIMATED TAX EQUAL TO AMOUNT ENTERED BELOW' IS SELECTED

Figure 33

Choose the option for the computation of estimated tax on the **Compute Option** tab. An override for the estimated tax amount can also be entered here. Use the tabs to select additional options for estimates and penalties.

General Options
Print Options
Overrides
Form 1041-T Options

ESTIMATE COMPUTE OPTION

ESTIMATE OPTION

Current year tax liability (Safe harbor) (Default)
Suppress compute and print
Current year amounts as adjusted below
Estimated tax equal to amount entered below
Estimate with alphabetic information only

IF "CURRENT YEAR AMOUNTS AS ADJUSTED BELOW" IS SELECTED

	Percentage (99%= .99)	or	Amount
Adjusted total income.....			
Distribution deduction.....			
Estate tax deduction.....			
Exemption.....			
Additional taxes.....			
Credits.....			
Other taxes (Net Investment Income Tax).....			
Tax withheld.....			
Retained qualified dividends.....			

Figure 34

On the **Underpayment Penalty** screen, you may select various options for the computation of Form 2210. The system default is to compute and print Form 2210 if it is applicable in the return.

The screenshot shows the 'Underpayment Penalty' screen. On the left, the 'Organizer' pane lists various tax forms, with 'Estimates and Penalties' expanded and 'Underpayment Penalty' selected. The main area is titled 'Penalty Options & Information' and contains three sections: 'UNDERPAYMENT PENALTY COMPUTE AND PRINT OPTION' with four radio button choices (the first is selected), 'UNDERPAYMENT PENALTY SORT OPTION' with three radio button choices (the third is selected), and 'PRIOR YEAR RETURN INFORMATION' with two input fields for 'Prior year tax liability' and 'Prior Year Adjusted Gross Income (AGI)'. Below these is a section for 'RETURN NOT FILED FOR PRIOR YEAR/PRIOR YEAR A SHORT YEAR DETERMINATION' with two radio button choices.

Figure 35

If the return is being filed late, it may need interest and penalties computed. On the **Interest and Penalty** screen, select the interest and/or penalties to be computed.

The screenshot shows the 'Interest and Penalty' screen. On the left, the 'Organizer' pane lists various tax forms, with 'Estimates and Penalties' expanded and 'Interest and Penalty' selected. The main area is titled 'COMPUTE OPTIONS' and contains three checkboxes: 'Compute interest', 'Compute penalty for late filing after due date/extension', and 'Compute penalty for late payment of tax'. Below this is a section titled 'DATES' with two input fields for 'Date return will be received by IRS (Required for computation)' and 'Original due date of return if the return is on extension'. At the bottom is a section titled 'OVERRIDES' with three input fields for 'Interest due', 'Penalty due for late filing of return', and 'Penalty due for late payment of tax'.

Figure 36

After you select the interest/penalties to be computed, you **MUST** enter the **Date return will be received by the IRS** on the **Interest and Penalty** screen.

COMPUTE OPTIONS

☐ Compute interest

☐ Compute penalty for late filing after due date/extension

☐ Compute penalty for late payment of tax

DATES

Date return will be received by IRS (Required for computation)..... MM/DD/YYYY

Original due date of return if the return is on extension..... MM/DD/YYYY

OVERRIDES

Interest due.....

Penalty due for late filing of return.....

Penalty due for late payment of tax.....

Figure 37

5227 RETURNS

To generate 5227 returns, you must choose *Form 5227* as the **Type of Entity** on the **Entity Information** tab in the **General Information > Basic Return Information** folder. Then select **Compute > Full Recompute**.

Organizer Tax Forms Collapse All

New Features

QuickTrack

QuickForm

General Information

Basic Return Information

Return and Print Options - Irrevocable

Questions

Amended Return

Paid Preparer/ERO Information

Bank Information

Tax Defaults

Section 645 Election

E-file

Source Documents (1099s)

Income

Entity Information Return Information

QuickTrack HELP

State of Residency E-file - Return Types Final Return

ENTITY TYPE

Entity type.....

Form 5227 entity type.....

TRUST/ESTATE

Name.....

Name (cont'd).....

EIN.....

Tax shelter registration number.....

Figure 38

To generate a Schedule K-1 for a 5227 return for Charitable Remainder Unitrust or Charitable Remainder Annuity Trust, you must make appropriate distribution entries on the **Distributions-Total-Form 5227 Unitrust** and **General Beneficiary Information** screens in the **Beneficiary Info (Split Interest Trust) > Beneficiary Data** folder.

The screenshot shows the software interface for entering distribution information for a Charitable Remainder Unitrust. The left sidebar shows the navigation tree with 'Beneficiary Info (Split Interest Trust)' expanded. The main area shows the 'INCOME DISTRIBUTION INFORMATION - FORM 5227 - CHARITABLE REMAINDER UNITRUST' screen. A red box highlights the 'Percentage of Unitrust Amount Distributed' field, which is set to 0.50000000. A yellow circle highlights the text 'Also REMOVE any distribution input entered in fields below'. Below this, there are sections for 'FOR UNITRUST PROCESSING - REMOVE ANY AMOUNTS OR PERCENTAGES ENTERED IN THE FORM 1041 FIELDS BELOW', including 'INCOME DISTRIBUTION INFORMATION - FORM 1041' and 'CAPITAL GAIN DISTRIBUTION INFORMATION - FORM 1041'.

Figure 39

For all Charitable Remainder Unitrusts (CRUTs), enter the applicable percentage in the **Required Distribution** field. For all Charitable Remainder Annuity Trusts (CRATs), enter the annuity amount in the **Required Dollar Distribution** field.

On the **Entity Information** screen in the **Form 5227 > Split-Interest Trust** folder, you must select a **Type of Entity** and fill in the appropriate information for the Charitable Remainder Annuity Trust / (Unitrust).

Form 5227

TYPE OF ENTITY

Charitable remainder annuity trust ▼

CHARITABLE REMAINDER ANNUITY TRUST INFORMATION

Initial fair market value of property placed in trust..... 1,000,000

CHARITABLE REMAINDER UNITRUST INFORMATION

☒ CRUT is a net income charitable remainder unitrust (NICRUT) as described sec. 1.664-3(a)(1)(i)(b)(1)?

☒ CRUT is a net income with make-up charitable remainder unitrust (NIMCRUT) as described sec. 1.664-3(a)(1)(i)(b)(2)? (When this is checked, above has to be checked as well)

☐ Trust changed its method of payment during the tax year. If "Yes", explain

Fixed percentage to be paid to recipients (99% = 0.99)..... 0.50000000

Total accrued distribution deficiencies from prior years (if NIMCRUT).....

Unitrust amount (Override).....

Trust accounting income (TAI) (Override)..... [TAI Worksheet](#)

Date fair market values determined for balance sheet..... MM/DD/YYYY

Did the trustee change the method for determining the fair market value of the assets?... No ▼

If "Yes", explain

Short year beginning date for purposes of unitrust amount calculation..... MM/DD/YYYY

Short year ending date for purposes of unitrust amount calculation..... MM/DD/YYYY

Were any additional contributions received by the trust during ☐ ? No ▼

[Asset and Donor Information](#)

Figure 40

On the **General Info/Options** form under **Form 5227 > Split-Interest Trust** folder, you should review the print and compute options.

The screenshot shows the Form 5227 software interface. The left sidebar displays the 'Forms 5227' folder expanded, with 'Split-Interest Trust' selected. The main area displays the 'Form 5227' form, which is divided into sections: 'GENERAL INFORMATION', 'PRINT AND COMPUTE OPTIONS', and 'DEDUCTIONS OVERRIDES'. The 'PRINT AND COMPUTE OPTIONS' section is highlighted with a red box, showing various checkboxes for printing and computing options. The 'DEDUCTIONS OVERRIDES' section is also visible at the bottom.

Figure 41

1041A RETURNS

Since 1041A is no longer filed with the 5227, the **Type of Entity** selected under **General Information > Basic Return Information > Entity Information** *cannot* be a 5227.

To generate or file a 1041A return, check to see if there is a charitable deduction in **Deduction > Deductions > Charitable Deduction**. Make sure that you select the check box **To generate Form 1041A**, and click the **1041A Information** button.

The screenshot shows the 'Deductions' section of the software. In the left sidebar, the 'Deductions' folder is expanded and highlighted with a red box. The main content area shows the 'Charitable Deduction' sub-section. A red box highlights the 'To generate Form 1041A' checkbox, which is checked, and the '1041A Information' button next to it. Below this, there are sections for 'CONTRIBUTIONS FROM INCOME (LINES 1 AND 2 OF SCHEDULE A)' and 'CAPITAL GAINS ALLOCATED TO INCOME (LINE 1, SCHEDULE A)'.

Figure 42

The following screen appears (you can also get to this screen through the navigation tree: **1041A > General Information/Options**). Note that the check box to generate Form 1041A is already selected.

Use this screen to review the print and compute options for Form 1041A.

The screenshot shows the 'Form 1041-A' screen. In the left sidebar, the '1041A' folder is expanded and highlighted with a red box. The main content area shows the 'Form 1041-A' sub-section. A red box highlights the 'To generate Form 1041A' checkbox, which is checked, and the 'Charitable Deduction' button next to it. Below this, there are sections for 'PRINT AND COMPUTE OPTIONS', 'INCOME AND DEDUCTIONS OVERRIDES', and 'DISTRIBUTION INFORMATION'.

Figure 43

STATE RETURNS

Scroll to the bottom of the Organizer tab to the **States** folder. Select **Add/Delete States**, select the state(s) you want to include in the return by checking the applicable state boxes, and select the **Resident/Nonresident** status for the state(s).

Organizer

Tax Forms

Collapse All

▸ Gains and Losses

▸ Deductions

▸ Beneficiary info (1041)

▸ Taxes

▸ Credits

▸ Payments and Extensions

▸ Estimates and Penalties

▸ Reconciliation

▸ Carryover, Footnotes, and Invoicing

▸ Informational Forms

▸ Letters and Filing Instructions

▸ 1041A

▸ Federal Tax Elections

▸ States

▸ Common State

Preseason Diagnostics

Add/Delete States

Deletion of States

State Residency:

Note: Press the Enter key after completion of all selections. Your state will not show up on navigation until it has been activated.
To View Organizer: Push Hyperlink After Selecting Residency

Legend

R - Resident

PY - Part-Year Resident

NR - Nonresident

B - None selected (Default)

To View Organizer:

	R	NR	B	PY (for GA, ID, MT, NY, UT, WI only)
Alabama	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
Arizona	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
Arkansas	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
California	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
Colorado	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
Connecticut	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
Delaware	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	

Figure 44

All applicable basic information entered for the federal return will be carried in automatically to the states.

K-1 REVIEW

K-1 Review produces a schedule used to tie amounts distributed on Schedule K-1 back to Schedule B. From Schedule K-1 in **Tax Forms > Federal**, select an income amount to access the K-1 Tax Review workpapers.

The screenshot displays the K-1 Review software interface. On the left is an 'Organizer' pane with a tree view under 'Federal' > 'Tax Forms'. The 'Sch K-1 Review' item is selected. The main window shows a table with columns: Bene #, Beneficiary Name, Income-Reg Tax, Income-Alt Min, Tax-Exempt Inc, and DNI. Two rows are visible: one for JENNIFER ALLEN and another for a beneficiary with the name 'YYYY'. Below the table, there are 'Total' fields for each column. At the bottom, there are input fields for reconciliation: 'Sch B, Line 15' (93802024), 'Sch I, Line 28' (6,442,913), 'Sch B, Line 12', and 'Sch B, Ln 12+15' (93802024). A 'DIFFERENCE' field shows -27,249. A note section at the bottom explains that K-1 columns should reconcile against Schedule B items and lists potential causes for discrepancies: 'Distribution of losses or excess deductions' and 'Improper use of overrides or special allocations'. A 'Helpful links' button is also present.

Bene #	Beneficiary Name	Income-Reg Tax	Income-Alt Min	Tax-Exempt Inc	DNI
1	JENNIFER ALLEN	46742195	3,226,264		46742195
1	YYYY	46732580	3,216,649		46732580

Total

93,474,775 6,442,913 93,474,775

Sch B, Line 15: 93802024 Sch I, Line 28: 6,442,913 Sch B, Line 12: Sch B, Ln 12+15: 93802024

DIFFERENCE: -27,249

*** NOTE ***
K-1 Columns should reconcile against Schedule B. Items which can throw a return off include:
* Distribution of losses or excess deductions
* Improper use of overrides or special allocations
[Helpful links](#)

Figure 45

[illegible]

THOMSON REUTERS
PREPARING 1041 RETURNS V1.0

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