

# Instructions for Form 1041 and Schedules A, B, G, J, and K-1

U.S. Income Tax Return for Estates and Trusts

# 2026

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Volume 1 of 5



Department of the Treasury  
**Internal Revenue Service**

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## Future Developments

For the latest information about developments related to Form 1041 and Schedules A, B, G, J, K-1 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1041](https://www.irs.gov/Form1041).

## What's New

### Changes to State and Local Tax

**Deduction Worksheet.** We revised the State and Local Tax Deduction Worksheet. The purpose of the revision was to resolve an issue with the prior worksheet which may affect the deduction calculation for certain filers with adjusted gross income of more than \$500,000.

If your 2025 adjusted gross income was not more than \$500,000 the changes to the worksheet will not impact the calculation of your state and local tax deduction.

We revised lines 4, 6, and 7 of the worksheet. We also added new line 8. Line 8 is now the last line of the worksheet and contains the amount of your state and local tax deduction.

If you have previously filed your 2025 Form 1041 and used the prior version of the State and Local Tax Deduction Worksheet to determine your state and local tax deduction, and doing a recalculation using the updated State and Local Tax Deduction Worksheet results in a higher deduction, you should file an amended 2025 Form 1041.

**Due date of return.** Calendar-year estates and trusts must file Form 1041 by April 15, 2026.

**Electronic payments.** If you have access to U.S. banking services or electronic payment



systems, you should use direct deposit for any refunds. The IRS recommends paying electronically whenever possible.

***Direct deposit.*** We have added direct deposit fields. If there is an overpayment on line 29, enter your direct deposit information on lines 30c, 30d, and 30e. See the instructions for line 30b, later, for more information.

***Making a payment.*** If there is a balance due on line 28, go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment. See the instructions for line 28, later, for more information.

**Gain from the sale or exchange of qualified farmland property to qualified farmers.** P.L. 119-21, commonly known as the One Big Beautiful Bill Act, created a new section 1062 regarding the gain from the sale or exchange of qualified farmland property to qualified farmers.

Section 1062 allows taxpayers to elect to pay the net income tax attributable to the gain from the sale or exchange of qualified farmland property to qualified farmers in four equal annual installments. This election is available for qualified sales and exchanges in tax years beginning after July 4, 2025. For more information, see section 1062 and new Form 1062, Deferral of Tax on Gain From the Sale or Exchange of Qualified Farmland Property to Qualified Farmers, when it is available.

To report the section 1062 applicable net tax liability and the installment due in the first tax year, two lines were added on Form 1041. Report the full amount of section 1062 applicable net tax liability on Schedule G, Part II, line 18c. Report the first installment due in tax year 2025 on page 1, line 25b. For more information, see the instructions for line 18c and line 25b, later.

**Capital gains and qualified dividends.** For tax year 2025, the 20% maximum capital gains rate applies to estates and trusts with income above \$15,900. The 0% and 15% rates apply to certain threshold amounts. The 0% rate applies to amounts up to \$3,250. The 15% rate applies to amounts over \$3,250 and up to \$15,900.

**Bankruptcy estate filing threshold.** For tax year 2025, the requirement to file a return for a bankruptcy estate applies only if gross income is at least \$15,750.

**Qualified disability trust.** For tax year 2025, a qualified disability trust can claim an exemption of up to \$5,100. This amount is not subject to phaseout.

**Section 174A.** P.L. 119-21 adds new section 174A to the Internal Revenue Code. Section 174A(a) allows taxpayers to deduct amounts paid or incurred for domestic research and experimental expenditures in tax years beginning after December 31, 2024.

Alternatively, under section 174A(c), a taxpayer may elect to charge such expenditures to capital account and amortize such expenditures ratably over a period of not less than 60 months, beginning with the month in which the taxpayer first realizes benefits from such expenditures. In addition, section 70302(f) of P.L. 119-21 provides taxpayers with various transition options that may be applied to recover unamortized amounts paid or incurred in tax years beginning after December 31, 2021, and before January 1, 2025, that were capitalized and amortized for such tax years. See Rev. Proc. 2025-28 for information regarding the transition options contained in section 70302(f) of P.L. 119-21, as well as the procedures to follow to begin applying either section 174A(a) or (c) for the taxpayer's first tax year beginning after December 31, 2024.

## Reminders

Review a copy of the will or trust instrument, including any amendments or codicils, before preparing an estate's or trust's return.

### **Qualified Opportunity Investment.**

With the exception of grantor trusts, if you held a qualified investment in a qualified opportunity fund (QOF) at any time during the year, you must file your return with Form 8997, Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments, attached to your return. For more information, see Form 8997 and its instructions.

**Extension of time to file.** The extension of time to file an estate (other than a bankruptcy estate) or trust return is 5<sup>1</sup>/<sub>2</sub> months.

**Item A. Type of entity.** On page 1 of Form 1041, item A, taxpayers should select more

than one box, when appropriate, to reflect the type of entity.

**Item F. Net operating loss (NOL)**

**carryback.** If an amended return is filed for an NOL carryback, check the “Net operating loss carryback” box in item F. See Amended Return, later, for complete information.

**Item G. Section 645 election.** If the estate has made a section 645 election, the executor must check item G(1) and provide the taxpayer identification number (TIN) of the electing trust with the highest total asset value in item G(2).

The executor must also attach a statement to Form 1041 providing the following information for each electing trust (including the electing trust provided in item G(2)): (a) the name of the electing trust, (b) the TIN of the electing trust, and (c) the name and address of the trustee of the electing trust.

**Form 1041 e-filing.** When *e-filing* Form 1041, use either Form 8453-FE, U.S. Estate or Trust Declaration for an IRS *e-file* Return; or Form 8879-F, IRS *e-file* Signature Authorization for Form 1041.

**Note:** Form 8879-F can only be associated with a single Form 1041. Form 8879-F can no longer be used with multiple Forms 1041.

For more information about *e-filing* returns through MeF, see Pub. 4164, Modernized e-File (MeF) Guide for Software Developers and Transmitters.

## **Photographs of Missing Children**

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank.

You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

## **The Taxpayer Advocate Service (TAS) Is Here To Help You**

### **What Is the Taxpayer Advocate Service?**

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS). TAS helps taxpayers resolve problems with the IRS, makes administrative and legislative recommendations to prevent or correct the problems, and protects taxpayer rights. We work to ensure that every taxpayer is treated fairly and that you know and understand your rights under the Taxpayer Bill of Rights. We are Your Voice at the IRS.



## How Can TAS Help Me?

TAS can help you resolve problems that you haven't been able to resolve with the IRS on your own. Always try to resolve your problem with the IRS first, but if you can't, then come to TAS. Our services are free.

- TAS helps all taxpayers (and their representatives), including individuals, businesses, and exempt organizations. You may be eligible for TAS help if your IRS problem is causing financial difficulty, if you've tried and been unable to resolve your issue with the IRS, or if you believe an IRS system, process, or procedure just isn't working as it should. • To get help any time with general tax topics, visit [www.TaxpayerAdvocate.IRS.gov](http://www.TaxpayerAdvocate.IRS.gov). The site can help you with common tax issues and situations, such as what to do if you make a mistake on your return or if you get a notice from the IRS.

- TAS works to resolve large-scale (systemic) problems that affect many taxpayers. You can report systemic issues at [www.IRS.gov/SAMS](http://www.IRS.gov/SAMS). (Be sure not to include any personal identifiable information.)

## **How Do I Contact TAS?**

TAS has offices in every state, the District of Columbia, and Puerto Rico. To find your local advocate's number:

- Go to [www.TaxpayerAdvocate.IRS.gov/Contact-Us](http://www.TaxpayerAdvocate.IRS.gov/Contact-Us),
- Check your local directory, or
- Call TAS toll free at 877-777-4778.

## **What Are My Rights as a Taxpayer?**

The Taxpayer Bill of Rights describes ten basic rights that all taxpayers have when dealing with the IRS. Go to [www.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights](http://www.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights) for more information about the rights,

what they mean to you, and how they apply to specific situations you may encounter with the IRS. TAS strives to protect taxpayer rights and ensure the IRS is administering the tax law in a fair and equitable way.

## **How To Get Forms and Publications**

**Internet.** You can access the IRS website 24 hours a day, 7 days a week, at [IRS.gov](https://www.irs.gov) to:

- Download forms, including talking tax forms, instructions, and publications;
- Order IRS products;
- Use the online Internal Revenue Code, regulations, and other official guidance;
- Research your tax questions;
- Search publications by topic or keyword;
- Apply for an employer identification number (EIN); and

- Sign up to receive local and national tax news by email.

**Getting tax forms and publications.** The estate or trust can download or print all of the forms and publications it may need at [IRS.gov/Forms](https://www.irs.gov/forms). Otherwise, the estate or trust can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. The IRS will process your order for forms and publications as soon as possible. **Don't** resubmit requests you've already sent us. You can get forms and publications faster online.

## **General Instructions**

### **Purpose of Form**

The fiduciary of a domestic decedent's estate, trust, or bankruptcy estate uses Form 1041 to report:

- The income, deductions, gains, losses, etc., of the estate or trust;
- The income that is either accumulated or held for future distribution or distributed currently to the beneficiaries;
- Any income tax liability of the estate or trust;
- Employment taxes on wages paid to household employees; and
- Net Investment Income Tax (NIIT). See Schedule G, Part I, line 5; and the Instructions for Form 8960.

## **Income Taxation of Trusts and Decedents' Estates**

A trust or decedent's estate is a separate legal entity for federal tax purposes. A decedent's estate comes into existence at the time of death of an individual. A trust may be created during an individual's life (inter vivos) or at the time of their death under a will

(testamentary). If the trust instrument contains certain provisions, then the person creating the trust (the grantor) is treated as the owner of the trust's assets. Such a trust is a grantor type trust. See *Grantor Type Trusts*, later, under *Special Reporting Instructions*.

A trust or decedent's estate figures its gross income in much the same manner as an individual. Most deductions and credits allowed to individuals are also allowed to estates and trusts. However, there is one major distinction. A trust or decedent's estate is allowed an income distribution deduction for distributions to beneficiaries. To figure this deduction, the fiduciary must complete Schedule B. The income distribution deduction determines the amount of any distributions taxed to the beneficiaries.

For this reason, a trust or decedent's estate is sometimes referred to as a "pass-through entity."

The beneficiary, and not the trust or decedent's estate, pays income tax on their distributive share of income. Schedule K-1 (Form 1041) is used to notify the beneficiaries of the amounts to be included on their income tax returns.

Before preparing Form 1041, the fiduciary must figure the accounting income of the estate or trust under the will or trust instrument and applicable local law to determine the amount, if any, of income that is required to be distributed, because the income distribution deduction is based, in part, on that amount.

## **Abusive Trust Arrangements**

Certain trust arrangements claim to reduce or eliminate federal taxes in ways that are not permitted under the law. Abusive trust arrangements are typically promoted by the promise of tax benefits with no meaningful change in the taxpayer's control over or

benefit from the taxpayer's income or assets. The promised benefits may include reduction or elimination of income subject to tax; deductions for personal expenses paid by the trust; depreciation deductions of an owner's personal residence and furnishings; a stepped-up basis for property transferred to the trust; the reduction or elimination of self-employment taxes; and the reduction or elimination of gift and estate taxes. These promised benefits are inconsistent with the tax rules applicable to trust arrangements.

Abusive trust arrangements often use trusts to hide the true ownership of assets and income or to disguise the substance of transactions. These arrangements frequently involve more than one trust, each holding different assets of the taxpayer (for example, the taxpayer's business, business equipment, home, automobile, etc.). Some trusts may hold interests in other trusts, purport to involve charities, or are foreign trusts.



Funds may flow from one trust to another trust by way of rental agreements, fees for services, purchase agreements, and distributions.

Some of the abusive trust arrangements that have been identified include unincorporated business trusts (or organizations), equipment or service trusts, family residence trusts, charitable trusts, and final trusts. In each of these trusts, the original owner of the assets nominally subject to the trust effectively retains the authority to cause financial benefits of the trust to be directly or indirectly returned or made available to the owner. For example, the trustee may be the promoter, a relative, or a friend of the owner who simply carries out the directions of the owner whether or not permitted by the terms of the trust.

When trusts are used for legitimate business, family, or estate planning purposes, either the trust, the beneficiary, or the transferor of

assets to the trust will pay the tax on income generated by the trust property. Trusts can't be used to transform a taxpayer's personal, living, or educational expenses into deductible items, and can't seek to avoid tax liability by ignoring either the true ownership of income and assets or the true substance of transactions. Therefore, the tax results promised by the promoters of abusive trust arrangements are not allowable under the law, and the participants in and promoters of these arrangements may be subject to civil or criminal penalties in appropriate cases.

For more details, including the legal principles that control the proper tax treatment of these abusive trust arrangements, see Notice 97-24, 1997-1 C.B. 409.

For additional information about abusive tax arrangements, go to [IRS.gov](https://www.irs.gov) and type "Abusive Trusts" in the search box.

# Definitions

**Adjusted gross income (AGI).** Compute the AGI of an estate or a non-grantor trust by subtracting the following from total income on line 9 of page 1.

- H. The administration costs of the estate or trust (the total of lines 12, 14, and 15a to the extent they are costs incurred in the administration of the estate or trust) that wouldn't have been incurred if the property were not held by the estate or trust.
- I. The income distribution deduction (line 18).
- J. The amount of the exemption (line 21).
- K. The net operating loss deduction (NOLD) claimed on line 15b.

***Electing small business trust (ESBT).***

Compute the AGI of the S portion of an ESBT in the same manner as an individual taxpayer, except that administration costs allocable to the S portion (to the extent they are costs incurred in the administration of the trust that wouldn't have been incurred if the property were not held by the estate or trust) shall be deducted in arriving at AGI.

**Beneficiary.** A beneficiary includes an heir, a legatee, or a devisee.

**Decedent's estate.** The decedent's estate is an entity that is formed at the time of an individual's death and is generally charged with gathering the decedent's assets, paying the decedent's debts and expenses, and distributing the remaining assets. Generally, the estate consists of all the property, real or personal, tangible or intangible, wherever situated, that the decedent owned an interest in at death.

## **Distributable net income (DNI).**

The income distribution deduction allowable to estates and trusts for amounts paid, credited, or required to be distributed to beneficiaries is limited to DNI. This amount, which is figured on Schedule B, line 7, is also used to determine how much of an amount paid, credited, or required to be distributed to a beneficiary will be includible in their gross income.

## **Income in respect of a decedent (IRD).**

When completing Form 1041, you must take into account any items that are IRD.

In general, IRD is income that a decedent was entitled to receive but that was not properly includible in the decedent's final income tax return under the decedent's method of accounting. IRD includes:

- All accrued income of a decedent who reported their income on the cash method of accounting,

- Income accrued solely because of the decedent's death in the case of a decedent who reported their income on the accrual method of accounting, and
- Income to which the decedent had a contingent claim at the time of their death.
- Some examples of IRD for a decedent who kept their books on the cash method are:
- Deferred salary payments that are payable to the decedent's estate,
- Uncollected interest on U.S. savings bonds,
- Proceeds from the completed sale of farm produce, and
- The portion of a lump-sum distribution to the beneficiary of a decedent's individual retirement arrangement (IRA) that equals the balance in the IRA at the time of the owner's death.

This includes unrealized appreciation and income accrued to that date, less the aggregate amount of the owner's nondeductible contributions to the IRA. Such amounts are included in the beneficiary's gross income in the tax year that the distribution is received.

The IRD has the same character it would have had if the decedent had lived and received such amount.

***Deductions and credits in respect of a decedent.*** The following deductions and credits, when paid by the decedent's estate, are allowed on Form 1041 even though they were not allowable on the decedent's final income tax return.

- Business expenses deductible under section 162.
- Interest deductible under section 163.
- Taxes deductible under section 164.

- Percentage depletion allowed under section 611.
- Foreign tax credit.

For more information on IRD, see section 691 and Pub. 559, Survivors, Executors, and Administrators.

**Income required to be distributed currently.** Income required to be distributed currently is income that is required under the terms of the governing instrument and applicable local law to be distributed in the year it is received. The fiduciary must be under a duty to distribute the income currently, even if the actual distribution is not made until after the close of the trust's tax year. See Regulations section 1.651(a)-2.

**Fiduciary.** A fiduciary is a trustee of a trust, or an executor, executrix, administrator, administratrix, personal representative, or person in possession of property of a decedent's estate.



**Note:** Any reference in these instructions to “you” means the fiduciary of the estate or trust.

**Trust.** A trust is an arrangement created either by a will or by an inter vivos declaration by which trustees take title to property for the purpose of protecting or conserving it for the beneficiaries under the ordinary rules applied in chancery or probate courts.

**Revocable living trust.** A revocable living trust is an arrangement created by a written agreement or declaration during the life of an individual and can be changed or ended at any time during the individual’s life. A revocable living trust is generally created to manage and distribute property. Many people use this type of trust instead of (or in addition to) a will.

Because this type of trust is revocable, it is treated as a grantor type trust for tax purposes.

See *Grantor Type Trusts* under *Special Reporting Instructions*, later, for special filing instructions that apply to grantor trusts.

**Tip:** Be sure to read *Optional Filing Methods for Certain Grantor Type Trusts*, later.

Generally, most people that have revocable living trusts will be able to use Optional Method 1. This method is the easiest and least burdensome way to meet your obligations.

## **Who Must File**

### **Decedent's Estate**

The fiduciary (or one of the joint fiduciaries) must file Form 1041 for a domestic estate that has:

1. Gross income for the tax year of \$600 or more;
2. A beneficiary who is a nonresident alien; or

3. If you held a qualified investment in a QOF at any time during the year, you must file your return with Form 8997 attached. See the Form 8997 instructions.

An estate is a domestic estate if it isn't a foreign estate. A foreign estate is one the income of which is from sources outside the United States that isn't effectively connected with the conduct of a U.S. trade or business and isn't includible in gross income. If you are the fiduciary of a foreign estate, file Form 1040-NR, U.S. Nonresident Alien Income Tax Return, instead of Form 1041.

## **Trust**

The fiduciary (or one of the joint fiduciaries) must file Form 1041 for a domestic trust taxable under section 641 that has:

1. Any taxable income for the tax year;
2. Gross income of \$600 or more (regardless of taxable income);

3. A beneficiary who is a nonresident alien; or
4. If you held a qualified investment in a QOF at any time during the year, you must file your return with Form 8997 attached. See the Form 8997 instructions.

Two or more trusts are treated as one trust if the trusts have substantially the same grantor(s) and substantially the same primary beneficiary(ies) and a principal purpose of such trusts is avoidance of tax. This provision applies only to that portion of the trust that is attributable to contributions to corpus made after March 1, 1984. A trust is a domestic trust if:

- A U.S. court is able to exercise primary supervision over the administration of the trust (court test), and

- One or more U.S. persons have the authority to control all substantial decisions of the trust (control test).

See Regulations section 301.7701-7 for more information on the court and control tests.

Also treated as a domestic trust is a trust (other than a trust treated as wholly owned by the grantor) that:

- Was in existence on August 20, 1996;

- Was treated as a domestic trust on August 19, 1996; and
- Elected to continue to be treated as a domestic trust.

A trust that isn't a domestic trust is treated as a foreign trust. If you are the trustee of a foreign trust, file Form 1040-NR instead of Form 1041. Also, a foreign trust with a U.S. owner must generally file Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner.

If a domestic trust becomes a foreign trust, it is treated under section 684 as having transferred all of its assets to a foreign trust, except to the extent a grantor or another person is treated as the owner of the trust when the trust becomes a foreign trust.

## **Grantor Type Trusts**

If all or any portion of a trust is a grantor type trust, then that trust or portion of a trust must follow the special reporting requirements discussed later under *Special Reporting Instructions*. See *Grantor Type Trust* under *Specific Instructions*, later, for more details on what makes a trust a grantor type trust.

**Note:** A trust may be part grantor trust and part “other” type of trust, for example, simple or complex, or ESBT.

**Qualified subchapter S trusts (QSSTs).** QSSTs must follow the special reporting

requirements for these trusts, discussed later under *Special Reporting Instructions*.

## **Special Rule for Certain Revocable Trusts**

Section 645 provides that if both the executor (if any) of an estate (the related estate) and the trustee of a qualified revocable trust (QRT) elect the treatment in section 645, the trust must be treated and taxed as part of the related estate during the election period. This election may be made by a QRT even if no executor is appointed for the related estate.

In general, Form 8855, Election To Treat a Qualified Revocable Trust as Part of an Estate, must be filed by the due date for Form 1041 for the first tax year of the related estate. This applies even if the combined related estate and electing trust don't have sufficient income to be required to file Form 1041. However, if the estate is granted an extension of time to file Form 1041 for its first tax year, the due date for Form 8855 is the extended due date.

Once made, the election is irrevocable.

**Qualified revocable trusts (QRTs).** In general, a QRT is any trust (or part of a trust) that, on the day the decedent died, was treated as owned by the decedent because the decedent held the power to revoke the trust as described in section 676. An electing trust is a QRT for which a section 645 election has been made.

**Election period.** The election period is the period of time during which an electing trust is treated as part of its related estate.

The election period begins on the date of the decedent's death and terminates on the earlier of:

- The day on which the electing trust and related estate, if any, distribute all of their assets; or
- The day before the applicable date.



To determine the applicable date, first determine whether a Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, is required to be filed as a result of the decedent's death. If no Form 706 is required to be filed, the applicable date is 2 years after the date of the decedent's death. If Form 706 is required, the applicable date is the later of 2 years after the date of the decedent's death or 6 months after the final determination of liability for estate tax. For additional information, see Regulations section 1.645-1(f).

### **Taxpayer identification number (TIN).**

All QRTs must obtain a new TIN following the death of the decedent whether or not a section 645 election is made. (Use Form W-9, Request for Taxpayer Identification Number and Certification, to notify payers of the new TIN.)

An electing trust that continues after the termination of the election period doesn't

need to obtain a new TIN following the termination unless:

- An executor was appointed and agreed to the election after the electing trust made a valid section 645 election, and the electing trust filed a return as an estate under the trust's TIN; or
- No executor was appointed and the QRT was the filing trust (as explained later).

A related estate that continues after the termination of the election period doesn't need to obtain a new TIN.

For more information about TINs, including trusts with multiple owners, see Regulations sections 1.645-1 and 301.6109-1(a).

### **General procedures for completing Form 1041 during the election period.**

***If there is an executor.*** The following rules apply to filing Form 1041 while the election is in effect.

- The executor of the related estate is responsible for filing Form 1041 for the estate and all electing trusts. The return is filed under the name and TIN of the related estate. Be sure to check the “Decedent’s estate” box in item A at the top of Form 1041 and item G(1) if the estate has made a section 645 election. The executor continues to file Form 1041 during the election period even if the estate distributes all of its assets before the end of the election period.
- The Form 1041 includes all items of income, deduction, and credit for the estate and all electing trusts.
- For item G(2), the executor must provide the TIN of the electing trust with the highest total asset value.
- The executor must attach a statement to Form 1041 providing the following information for each electing trust (including the electing trust provided in

item G(2)): (a) the name of the electing trust, (b) the TIN of the electing trust, and (c) the name and address of the trustee of the electing trust.

- The related estate and the electing trust are treated as separate shares for purposes of computing DNI and applying distribution provisions. Also, each of those shares can contain two or more separate shares. For more information, see *Separate share rule*, later, and Regulations section 1.645-1(e)(2)(iii).
- The executor is responsible for ensuring that the estate's share of the combined tax obligation is paid.

For additional information, including treatment of transfers between shares and charitable contribution deductions, see Regulations section 1.645-1(e).

***If there isn't an executor.*** If no executor has been appointed for the related estate, the trustee of the electing trust files Form 1041 as if it were an estate. File using the TIN that the QRT obtained after the death of the decedent. The trustee can choose a fiscal year as the trust's tax year during the election period. Be sure to check the "Decedent's estate" box in item A at the top of Form 1041 and item G(1) if the filing trust has made a section 645 election. For item G(2), the filing trustee must provide the TIN of the electing trust with the highest total asset value. The electing trust is entitled to a single \$600 personal exemption on returns filed for the election period.

If there is more than one electing trust, the trusts must appoint one trustee as the filing trustee. Form 1041 is filed under the name and TIN of the filing trustee's trust. A statement providing the same information about the electing trusts

(except the filing trust) that is listed under *If there is an executor* above must be attached to these Forms 1041. All electing trusts must choose the same tax year.

If there is more than one electing trust, the filing trustee is responsible for ensuring that the filing trust's share of the combined tax liability is paid.

For additional information on filing requirements when there is no executor, including application of the separate share rule, see Regulations section 1.645-1(e). For information on the requirements when an executor is appointed after an election is made and the executor doesn't agree to the election, see *Later appointed executor*, later.

***Responsibilities of the trustee when there is an executor (or there isn't an executor and the trustee isn't the filing trustee).***

When there is an executor (or there isn't an executor and the trustee isn't the filing trustee), the trustee of an electing trust is responsible for the following during the election period.

- To timely provide the executor with all the trust information necessary to allow the executor to file a complete, accurate, and timely Form 1041.
- To ensure that the electing trust's share of the combined tax liability is paid.

The trustee does not file a Form 1041 during the election period (except for a final return if the trust terminates during the election period, as explained later).

### **General procedures for completing Form 1041 for the year in which the election terminates.**

***If there is an executor.*** If there is an executor, the Form 1041 filed under the name and TIN of the related estate for the tax year

in which the election terminates includes (a) the items of income, deduction, and credit for the related estate for its entire tax year; and (b) the income, deductions, and credits for the electing trust for the period that ends with the last day of the election period. If the estate won't continue after the close of the tax year, indicate that this Form 1041 is a final return.

At the end of the last day of the election period, the combined entity is deemed to distribute the share comprising the electing trust to a new trust. All items of income, including net capital gains, that are attributable to the share comprising the electing trust are included in the calculation of DNI of the electing trust and treated as distributed. The distribution rules of sections 661 and 662 apply to this deemed distribution. The combined entity is entitled to an income distribution deduction for this deemed distribution,



and the “new” trust must include its share of the distribution in its income. See Regulations sections 1.645-1(e)(2)(iii) and 1.645-1(h) for more information.

If the electing trust continues in existence after the termination of the election period, the trustee must file Form 1041 under the name and TIN of the trust, using the calendar year as its accounting period, if it is otherwise required to file. ***If there isn’t an executor.*** If there isn’t an executor, the following rules apply to filing Form 1041 for the tax year in which the election period ends.

- The tax year of the electing trust closes on the last day of the election period, and the Form 1041 filed for that tax year includes all items of income, deduction, and credit for the electing trust for the period beginning with the first day of the tax year and ending with the last day of the election period.

- The deemed distribution rules discussed above apply.
- Check the “Final return” box in item F at the top of Form 1041.
- If the filing trust continues after the termination of the election period, the trustee must obtain a new TIN. If the trust meets the filing requirements, the trustee must file a Form 1041 under the new TIN for the period beginning with the day after the close of the election period and, in general, ending December 31 of that year.

***Responsibilities of the trustee when there is an executor (or there isn't an executor and the trustee isn't the filing trustee).*** In addition to the requirements listed above under this same heading, the trustee is responsible for the following.

- If the trust will not continue after the close of the election period, the trustee must file a Form 1041 under the name

and TIN of the trust. Complete the entity information and items A, C, D, and F. Indicate in item F that this is a final return. Don't report any items of income, deduction, or credit.

- If the trust will continue after the close of the election period, the trustee must file a Form 1041 for the trust for the tax year beginning the day after the close of the election period and, in general, ending December 31 of that year. Use the TIN obtained after the decedent's death. Follow the general rules for completing the return.

## **Special filing instructions.**

***When the election isn't made by the due date of the QRT's Form 1041.*** If the section 645 election hasn't been made by the time the QRT's first income tax return would be due for the tax year beginning with the decedent's death,

but the trustee and executor (if any) have decided to make a section 645 election, then the QRT isn't required to file a Form 1041 for the short tax year beginning with the decedent's death and ending on December 31 of that year. However, if a valid election isn't subsequently made, the QRT may be subject to penalties and interest for failure to file and failure to pay.

If the QRT files a Form 1041 for this short period, and a valid section 645 election is subsequently made, then the trustee must file an amended Form 1041 for the electing trust, excluding all items of income, deduction, and credit of the electing trust. These amounts are then included on the first Form 1041 filed by the executor for the related estate (or the filing trustee for the electing trust filing as an estate).

***Later appointed executor.*** If an executor for the related estate isn't appointed until after the trustee has made a valid section 645

election, the executor must agree to the trustee's election and they must file a revised Form 8855 within 90 days of the appointment of the executor. If the executor doesn't agree to the election, the election terminates as of the date of appointment of the executor.

If the executor agrees to the election, the trustee must amend any Form 1041 filed under the name and TIN of the electing trust for the period beginning with the decedent's death. The amended returns are still filed under the name and TIN of the electing trust, and they must include the items of income, deduction, and credit for the related estate for the periods covered by the returns. Also, attach a statement to the amended Forms 1041 identifying the name and TIN of the related estate, and the name and address of the executor. Check the "Final return" box on the amended return for the tax year that ends with the appointment of the executor.

Except for this amended return, all returns filed for the combined entity after the appointment of the executor must be filed under the name and TIN of the related estate.

If the election terminates as the result of a later appointed executor, the executor of the related estate must file Forms 1041 under the name and TIN of the related estate for all tax years of the related estate beginning with the decedent's death. The electing trust's election period and tax year terminate the day before the appointment of the executor. The trustee isn't required to amend any of the returns filed by the electing trust for the period prior to the appointment of the executor. The trust must file a final Form 1041 following the instructions above for completing Form 1041 in the year in which the election terminates and there is no executor.

***Termination of the trust during the election period.*** If an electing trust terminates during the election period,

the trustee of that trust must file a final Form 1041 by completing the entity information (using the trust's EIN), checking the "Final return" box in item F, and signing and dating the form. Don't report items of income, deduction, and credit. These items are reported on the related estate's return.

## **Alaska Native Settlement Trusts**

The trustee of an Alaska Native Settlement Trust may elect the special tax treatment for the trust and its beneficiaries provided for in section 646. The election must be made by the due date (including extensions) for filing the trust's tax return for its first tax year ending after June 7, 2001. Don't use Form 1041. Use Form 1041-N, U.S. Income Tax Return for Electing Alaska Native Settlement Trusts, to make the election. Additionally, Form 1041-N is the trust's income tax return and satisfies the section 6039H information reporting requirement for the trust.

## **Bankruptcy Estate**

The bankruptcy trustee or debtor-in-possession must file Form 1041 for the estate of an individual involved in bankruptcy proceedings under chapter 7 or 11 of title 11 of the U.S. Code if the estate has gross income for the tax year of \$15,750 or more. See *Bankruptcy Estates*, later, for details.

## **Charitable Remainder Trusts (CRTs)**

A section 664 CRT doesn't file Form 1041. Instead, a CRT files Form 5227, Split-Interest Trust Information Return. If the CRT has any unrelated business taxable income, it must also file Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code.

## **Common Trust Funds**

Don't file Form 1041 for a common trust fund maintained by a bank. Instead, the fund may use Form 1065, U.S. Return of Partnership Income, for its return.



For more details, see section 584 and Regulations section 1.6032-1.

## **ESBTs**

ESBTs file Form 1041. However, see *Electing Small Business Trusts (ESBTs)*, later, for a discussion of the special reporting requirements for these trusts.

## **Pooled Income Funds**

Pooled income funds file Form 1041. See *Pooled Income Funds*, later, for the special reporting requirements for these trusts. Additionally, pooled income funds must file Form 5227.

## **Qualified Funeral Trusts**

Trustees of pre-need funeral trusts who elect treatment under section 685 file Form 1041-QFT, U.S. Income Tax Return for Qualified Funeral Trusts. All other pre-need funeral trusts, see *Grantor Type Trusts*, later, for Form 1041 reporting requirements.

## Qualified Settlement Funds (QSFs)

The trustee of a designated or QSF must generally file Form 1120-SF, U.S. Income Tax Return for Settlement Funds, instead of Form 1041.

**Special election.** If a QSF has only one transferor, the transferor may elect to treat the QSF as a grantor type trust.

To make the grantor trust election, the transferor must attach an election statement to a timely filed Form 1041, including extensions, that the administrator files for the QSF for the tax year in which the settlement fund is established. If Form 1041 isn't filed because *Optional Method 1* or *2* (described later) was chosen, attach the election statement to a timely filed income tax return, including extensions, of the transferor for the tax year in which the settlement fund is established.

***Election statement.*** The election statement may be made separately or, if filed with Form 1041, on the attachment described under *Grantor Type Trusts*, later. At the top of the election statement, enter “Section 1.468B-1(k) Election” and include the transferor’s:

- Name,
- Address,
- TIN, and
- Statement that they will treat the QSF as a grantor type trust.

## **Widely Held Fixed Investment Trust (WHFITs)**

Trustees and middlemen of WHFITs don’t file Form 1041. Instead, they report all items of gross income and proceeds on the appropriate Form 1099. For the definition of a WHFIT, see Regulations section 1.671-5(b)(22).

A tax information statement that includes the information given to the IRS on Forms 1099, as well as additional information identified in Regulations section 1.671-5(e), must be given to trust interest holders. See the General Instructions for Certain Information Returns for more information.

## **Electronic Filing**

Qualified fiduciaries or transmitters may be able to file Form 1041 and related schedules electronically. To become an *e-file* provider, complete the following steps.

1. Create an IRS [\*e-Services account\*](#).
2. Submit your [\*e-file provider application\*](#) online.
3. Pass a [\*suitability check\*](#).

The online application process takes 4–6 weeks to complete.

**Note:** Existing *e-file* providers must now use *e-Services* to make account updates.

Help is available online at [e-Services](#) or through the e-Help Desk at 866-255-0654 (512-416-7750 for international calls), Monday through Friday, 6:30 a.m.–6:00 p.m. (Central time). [Frequently asked questions](#) and [Online Tutorials](#) are available to answer questions or to guide users through the application process.

If you file Form 1041 electronically, you may sign the return electronically by using a personal identification number (PIN). See Form 8879-F for details.

**Caution:** Form 8879-F can only be associated with a single Form 1041. Form 8879-F can't be used with multiple Forms 1041.

Form 1041 may also be *e-filed* using Form 8453-FE.

For more information about *e-filing* returns through MeF, see Pub. 4164.

If Form 1041 is *e-filed* and there is a balance due, the fiduciary may authorize an electronic funds withdrawal with the return.

## **Private Delivery Services (PDSs)**

You can use certain PDSs designated by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of designated services.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you’re using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses).

**Caution:** PDSs can’t deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

## **When To File**

For calendar year estates and trusts, file Form 1041 and Schedule(s) K-1 by **April 15, 2026.**

For fiscal-year estates and trusts, file Form 1041 by the 15th day of the 4th month following the close of the tax year.

For example, an estate that has a tax year that ends on June 30, 2026, must file Form 1041 by October 15, 2026. If the due date falls on a Saturday, Sunday, or legal holiday, file on the next business day.

## **Extension of Time To File**

If more time is needed to file the estate or trust return, use Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, to apply for an automatic 5<sup>1/2</sup>-month extension of time to file.

## **Period Covered**

File the 2025 return for calendar year 2025 and fiscal years beginning in 2025 and ending in 2026. If the return is for a fiscal year or a short tax year (less than 12 months), fill in the tax year space at the top of the form.

The 2025 Form 1041 may also be used for a tax year beginning in 2026 if:

1. The estate or trust has a tax year of less than 12 months that begins and ends in 2026, and
2. The 2026 Form 1041 isn't available by the time the estate or trust is required to file its tax return. However, the estate or trust must show its 2026 tax year on the 2025 Form 1041 and incorporate any tax law changes that are effective for tax years beginning after 2025.



# Where To File

For all estates and trusts, including charitable and split-interest trusts (other than CRTs).

IF you are located in...	THEN use this address if you...	
	Are not enclosing a check or money order:	Are enclosing a check or money order:
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0048	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0148
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0048	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0148
A foreign country or U.S. territory	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409

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# **Who Must Sign**

## **Fiduciary**

The fiduciary, or an authorized representative, must sign Form 1041. If there are joint fiduciaries, only one is required to sign the return.

A financial institution that submitted estimated tax payments for trusts for which it is the trustee must enter its EIN in the space provided for the EIN of the fiduciary. Don't enter the EIN of the trust. For this purpose, a financial institution is one that maintains a Treasury Tax and Loan (TT&L) account. If you are an attorney or other individual functioning in a fiduciary capacity, leave this space blank. Don't enter your individual social security number (SSN).

## **Paid Preparer**

Generally, anyone who is paid to prepare a tax return must have a Preparer Tax

Identification Number (PTIN), sign the return, and fill in the other blanks in the Paid Preparer Use Only area of the return. The person required to sign the return must:

- Complete the required preparer information including their PTIN,
- Sign it in the space provided for the preparer's signature (a facsimile signature is acceptable), and
- Give you a copy of the return for your records.

If you, as fiduciary, fill in Form 1041, leave the Paid Preparer Use Only space blank.

If someone prepares this return and doesn't charge you, that person should not sign the return.

## **Paid Preparer Authorization**

If the fiduciary wants to allow the IRS to discuss the estate's or trust's 2025 tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the

return. This authorization applies only to the individual whose signature appears in the Paid Preparer Use Only area of the estate's or trust's return. It doesn't apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the fiduciary is authorizing the IRS to call the paid preparer to answer any questions that may arise during the processing of the estate's or trust's return. The fiduciary is also authorizing the paid preparer to:

- Give the IRS any information that is missing from the estate's or trust's return;
- Call the IRS for information about the processing of the estate's or trust's return or the status of its refund or payment(s); and
- Respond to certain IRS notices that the fiduciary has shared with the preparer about math errors, offsets, and return preparation. The notices won't be sent to the preparer.

The fiduciary isn't authorizing the paid preparer to receive any refund check, bind the estate or trust to anything (including any additional tax liability), or otherwise represent the estate or trust before the IRS.

The authorization will automatically end no later than the due date (without regard to extensions) for filing the estate's or trust's 2026 tax return. If the fiduciary wants to expand the paid preparer's authorization or revoke the authorization before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

## **Accounting Methods**

Figure taxable income using the method of accounting regularly used in keeping the estate's or trust's books and records.

Generally, permissible methods include the cash method, the accrual method, or any other method authorized by the Internal

Revenue Code. In all cases, the method used must clearly reflect income.

Generally, the estate or trust may change its accounting method (for income as a whole or for any material item) only by getting consent on Form 3115, Application for Change in Accounting Method. For more information, see Pub. 538, Accounting Periods and Methods.

## **Accounting Periods**

For a decedent's estate, the moment of death determines the end of the decedent's tax year and the beginning of the estate's tax year. As executor or administrator, you choose the estate's tax period when you file its first income tax return. The estate's first tax year may be any period of 12 months or less that ends on the last day of a month. If you select the last day of any month other than December, you are adopting a fiscal tax year.

To change the accounting period of an estate, use Form 1128, Application To Adopt, Change, or Retain a Tax Year.

Generally, a trust must adopt a calendar year. The following trusts are exempt from this requirement.

- A trust that is exempt from tax under section 501(a).
- A charitable trust described in section 4947(a)(1).
- A trust that is treated as wholly owned by a grantor under the rules of sections 671 through 679.

## **Rounding Off to Whole Dollars**

You may round off cents to whole dollars on the estate's or trust's return and schedules. If you do round to whole dollars, you must round all amounts.



To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

If you are entering amounts that include cents, make sure to include the decimal point. There is no cents column on the form.

## **Estimated Tax**

Generally, an estate or trust must pay estimated income tax for 2026 if it expects to owe, after subtracting any withholding and credits, at least \$1,000 in tax, and it expects the withholding and credits to be less than the smaller of:

1. 90% of the tax shown on the 2026 tax return (66<sup>2</sup>/3% of the tax if the estate

or trust qualifies as a farmer or fisherman (fisher)); or

2. 100% of the tax shown on the 2025 tax return (110% of that amount if the estate's or trust's AGI on that return is more than \$150,000, and less than  $\frac{2}{3}$  of gross income for 2025 and 2026 is from farming or fishing).

However, if a return was not filed for 2025 or that return didn't cover a full 12 months, item 2 doesn't apply.

For this purpose, include household employment taxes in the tax shown on the tax return but only if either of the following is true.

- The estate or trust will have federal income tax withheld for 2026 (see the instructions for Schedule G, Part II, line 14).
- The estate or trust would be required to make estimated tax payments for 2026

even if it didn't include household employment taxes when figuring estimated tax.

## **Exceptions**

Estimated tax payments aren't required from:

1. An estate of a domestic decedent or a domestic trust that had no tax liability for the full 12-month 2025 tax year;
2. A decedent's estate for any tax year ending before the date that is 2 years after the decedent's death; or
3. A trust that was treated as owned by the decedent if the trust will receive the residue of the decedent's estate under the will (or, if no will is admitted to probate, is the trust primarily responsible for paying debts, taxes, and expenses of administration) for any tax year ending before the date that is 2 years after the decedent's death.

For more information, see Form 1041-ES, Estimated Income Tax for Estates and Trusts.

## **Electronic Deposits**

A financial institution that has been designated as an authorized federal tax depository, and acts as a fiduciary for at least 200 taxable trusts that are required to pay estimated tax, is required to deposit the estimated tax payments electronically using the Electronic Federal Tax Payment System (EFTPS).

A fiduciary that isn't required to make electronic deposits of estimated tax on behalf of a trust or an estate may voluntarily participate in EFTPS. To enroll in or get more information about EFTPS, go to [EFTPS.gov](https://eftps.gov) or call 800-555-4477. To contact EFTPS using Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829.

Also, see Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started.

**Depositing on time.** For a deposit using EFTPS to be on time, the deposit must be submitted by 8:00 p.m. Eastern time the day before the due date of the deposit.

### **Section 643(g) Election**

Fiduciaries of trusts that pay estimated tax may elect under section 643(g) to have any portion of their estimated tax payments allocated to any of the beneficiaries.

The fiduciary of a decedent's estate may make a section 643(g) election only for the final year of the estate.

Make the election by filing Form 1041-T, Allocation of Estimated Tax Payments to Beneficiaries, by the 65th day after the close of the estate's or trust's tax year. Then, include that amount in box 13, code A, of Schedule K-1 (Form 1041) for any beneficiaries for whom it was elected.

If Form 1041-T was timely filed, the payments are treated as paid or credited to the beneficiary on the last day of the tax year and must be included as an other amount paid, credited, or required to be distributed on Form 1041, Schedule B, line 10. See the instructions for Schedule B, line 10, later.

Failure to make a timely election will result in the estimated tax payments not being transferred to the beneficiary(ies) even if you entered the amount on Schedule K-1.

See the instructions for Schedule G, Part II, line 11, for more details.

## **Interest and Penalties**

### **Interest**

Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted.

Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, substantial understatements of tax, and reportable transaction understatements. Interest is charged on the penalty from the due date of the return (including extensions). The interest charge is figured at a rate determined under section 6621.

## **Late Filing of Return**

The law provides a penalty of 5% of the tax due for each month, or part of a month, for which a return isn't filed up to a maximum of 25% of the tax due (15% for each month, or part of a month, up to a maximum of 75% if the failure to file is fraudulent). If the return is more than 60 days late, the minimum penalty is the smaller of \$525 or the tax due.

The penalty won't be imposed if you can show that the failure to file on time was due to reasonable cause.

If you receive a notice about penalty and interest after you file this return, send us an explanation and we will determine if you meet reasonable-cause criteria. **Don't** attach an explanation when you file Form 1041.

## **Late Payment of Tax**

Generally, the penalty for not paying tax when due is  $\frac{1}{2}$  of 1% of the unpaid amount for each month or part of a month it remains unpaid. The maximum penalty is 25% of the unpaid amount. The penalty applies to any unpaid tax on the return. Any penalty is in addition to interest charges on late payments.

**Tip:** If you include interest on either of these penalties with your payment, identify and enter these amounts in the bottom margin of Form 1041, page 1. Don't include the interest or penalty amount in the balance of tax due on line 28.