

FIDUCIARY RETURN OF INCOME

For Calendar Year 1923

Do Not Write in These Spaces
SERIAL NUMBER

FILE CODE

Or for period begun _____, 1922, and ended _____, 1923

Examined by _____

File This Return Not Later Than the 15th Day of the Third Month Following the Close of the Taxable Period
(PRINT NAMES AND ADDRESS PLAINLY BELOW)

(Date Received)

Name and Address of Fiduciary

Name of Estate or Trust

1. Was a return of income for 1922 filed on behalf of the estate or trust named above? _____
2. If so, to what collector's office was it sent (give district or city and State)? _____
3. Give date of creation of trust or decedent's death _____

Item and Instruction No.	INCOME		
1. Income from Trade or Business. (From Schedule A) _____		\$	
2. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds _____			
3. Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.) _____			
4. Rents and Royalties. (From Schedule B) _____			
5. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C) _____			
6. Dividends on Stock of Domestic Corporations _____			
7. Other Income (including dividends received on stock of foreign corporations). (State nature of income.)			
(a) _____			
(b) _____			
(c) _____			
8. TOTAL INCOME IN ITEMS 1 TO 7 _____		\$	
DEDUCTIONS			
9. Interest Paid _____		\$	
10. Taxes Paid _____			
11. Losses by Fire, Storm, etc. (Explain in Schedule E) _____			
12. Bad Debts. (Explain in Schedule F) _____			
13. Contributions. (Explain in Schedule F) _____			
14. Other Deductions Authorized by Law. (Explain in Schedule F) _____			
15. TOTAL DEDUCTIONS IN ITEMS 9 TO 14 _____		\$	
16. NET INCOME (Item 8 minus Item 15) _____		\$	

BENEFICIARIES' SHARES OF INCOME AND CREDITS

17. Enter below the share of net income (whether distributed or not) of each beneficiary of the estate or trust (except interest on obligations of the United States); also each beneficiary's share of income tax paid by the debtor corporation on interest derived from tax-free covenant bonds, and the income and profits taxes paid by the estate or trust to a foreign country or to a possession of the United States. (See Instruction 21.)
If the distributable beneficial interest in the net income is determined on a basis other than a percentage basis, attach an explanatory statement.

1. NAME AND ADDRESS OF EACH BENEFICIARY. (Designate nonresident aliens.)	2. PER- CENTAGE OF BENE- FICIAL INTEREST.	3. CAPITAL NET GAIN (Column 9, Schedule D).	4. DIVIDENDS (Item 6 above).	5. OTHER INCOME (Item 16 minus Item 6.)	6. INCOME TAX PAID AT SOURCE.	7. INCOME AND PROFITS TAXES PAID TO A FOREIGN COUNTRY OR A POSSESSION OF THE UNITED STATES.
(a) _____		\$	\$	\$	\$	\$
(b) _____						
(c) _____						
(d) _____						
(e) _____						
(f) _____						
(g) _____						
(h) _____						
(i) _____						
(j) _____						
(k) _____						
(l) _____						
(m) _____						
(n) TOTALS _____		\$	\$	\$	\$	\$

SCHEDULE A.—INCOME FROM TRADE OR BUSINESS. (See Instruction 1.)

1. Total income from trade or business (state kind of business).....		\$	
COST OF GOODS SOLD:			
2. Labor.....	\$		
3. Material and supplies.....			
4. Merchandise bought for sale.....			
5. Other costs (list principal items and amounts below or on separate sheet).....			
6. Plus inventory at beginning of year.....			
7. TOTAL (Lines 2 to 6, inclusive).....	\$		
8. Less inventory at end of year.....			
9. NET COST OF GOODS SOLD (Line 7 minus Line 8).....	\$		
OTHER BUSINESS DEDUCTIONS:			
10. Salaries and wages not reported as "Labor" on line 2.....	\$		
11. Rent on business property in which estate or trust has no equity.....			
12. Interest on business indebtedness to others.....			
13. Taxes on business and business property.....			
14. Repairs, wear and tear, obsolescence, depletion, and property losses (explain below).....			
15. Bad debts arising from sales.....			
16. Other expenses (list principal items and amounts below or on separate sheet).....			
17. TOTAL (Lines 10 to 16, inclusive).....	\$		
18. TOTAL DEDUCTIONS (Line 9 plus Line 17).....	\$		
19. NET INCOME (Line 1 minus Line 18) (Enter as Item 1).....	\$		

Explanation of deductions claimed on Lines 5, 14, and 16.....

SCHEDULE B.—INCOME FROM RENTS AND ROYALTIES. (See Instruction 4.)

1. KIND OF PROPERTY.	2. AMOUNT RECEIVED.	3. COST, OR VALUE MARCH 1, 1913.	4. DEPRECIATION AND DEPLETION.	5. REPAIRS.	6. OTHER EXPENSES.	7. NET INCOME (Enter as Item 4).
	\$	\$	\$	\$	\$	\$

State estimated life of property and depreciation previously taken.....

SCHEDULE C.—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 5.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. AMOUNT RECEIVED.	4. DEPRECIATION.	5. COST.	6. VALUE MARCH 1, 1913.	7. SUBSEQUENT IMPROVEMENTS.	8. NET PROFIT (Enter as Item 5).
		\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.....

SCHEDULE D.—CAPITAL NET GAIN FROM SALE OF ASSETS HELD FOR MORE THAN TWO YEARS. (See Instruction 5.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. DATE SOLD.	4. AMOUNT RECEIVED.	5. DEPRECIATION.	6. COST.	7. VALUE MARCH 1, 1913.	8. SUBSEQUENT IMPROVEMENTS, AND CAPITAL DEDUCTIONS.	9. NET GAIN (Enter in column 3, Item 17).
			\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.....

SCHEDULE E.—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 11.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. COST, OR VALUE MARCH 1, 1913.	4. SUBSEQUENT IMPROVEMENTS.	5. DEPRECIATION.	6. INSURANCE.	7. SALVAGE VALUE.	8. NET LOSS (Enter as Item 11).
		\$	\$	\$	\$	\$	\$

SCHEDULE F.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 12, 13, AND 14.

AFFIDAVIT.

I swear (or affirm) that this return, including the accompanying schedules and statements (if any), has been examined by me, and, to the best of my knowledge and belief, is a true and complete return made in good faith, for the accounting period as stated, pursuant to the Revenue Act of 1921 and the Regulations issued under authority thereof.

Sworn to and subscribed before me this.....day of....., 1924. _____ (Signature of fiduciary or officer representing fiduciary.)

_____, (Signature of officer administering oath.) _____, (Title.) _____, (Address of fiduciary or officer.)

(An amended return must be plainly marked "Amended" across the face of the return.)

FIDUCIARY RETURN OF INCOME

For Calendar Year 1923

DUPLICATE

DUPLICATE

Or for period begun _____, 1922, and ended _____, 1923

<p>DETACH AND RETAIN THIS COPY AND THE INSTRUCTIONS</p>	<p>File This Return Not Later Than the 15th Day of the Third Month Following the Close of the Taxable Period (PRINT NAMES AND ADDRESS PLAINLY BELOW)</p>	<p>IF YOU NEED ASSISTANCE GO TO A DEPUTY COLLECTOR OR TO THE COLLECTOR'S OFFICE</p>
	<p>Name and Address of Fiduciary { _____ _____ _____</p>	
	<p>Name of Estate or Trust _____</p>	

1. Was a return of income for 1922 filed on behalf of the estate or trust named above? _____
2. If so, to what collector's office was it sent (give district or city and State)? _____
3. Give date of creation of trust or decedent's death _____

Item and Instruction No.	INCOME			
1.	Income from Trade or Business. (From Schedule A).....	\$		
2.	Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds.....			
3.	Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.) _____ _____			
4.	Rents and Royalties. (From Schedule B).....			
5.	Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C).....			
6.	Dividends on Stock of Domestic Corporations.....			
7.	Other Income (including dividends received on stock of foreign corporations). (State nature of income.) (a) _____ (b) _____ (c) _____			
8.	TOTAL INCOME IN ITEMS 1 TO 7			\$
DEDUCTIONS				
9.	Interest Paid.....	\$		
10.	Taxes Paid.....			
11.	Losses by Fire, Storm, etc. (Explain in Schedule E).....			
12.	Bad Debts. (Explain in Schedule F).....			
13.	Contributions. (Explain in Schedule F).....			
14.	Other Deductions Authorized by Law. (Explain in Schedule F).....			
15.	TOTAL DEDUCTIONS IN ITEMS 9 TO 14			\$
16.	NET INCOME (Item 8 minus Item 15)			\$

BENEFICIARIES' SHARES OF INCOME AND CREDITS

17. Enter below the share of net income (whether distributed or not) of each beneficiary of the estate or trust (except interest on obligations of the United States); also each beneficiary's share of income tax paid by the debtor corporation on interest derived from tax-free covenant bonds, and the income and profits taxes paid by the estate or trust to a foreign country or to a possession of the United States. (See Instruction 21.)
If the distributable beneficial interest in the net income is determined on a basis other than a percentage basis, attach an explanatory statement.

1. NAME AND ADDRESS OF EACH BENEFICIARY. (Designate nonresident aliens.)	2. PER- CENTAGE OF BENE- FICIAL INTEREST.	3. CAPITAL NET GAIN (Column 9, Schedule D).	4. DIVIDENDS (item 6 above).	5. OTHER INCOME (Item 16 minus Item 6.)	6. INCOME TAX PAID AT SOURCE.	7. INCOME AND PROFITS TAXES PAID TO A FOREIGN COUNTRY OR A POSSESSION OF THE UNITED STATES.
(a) _____		\$	\$	\$	\$	\$
(b) _____						
(c) _____						
(d) _____						
(e) _____						
(f) _____						
(g) _____						
(h) _____						
(i) _____						
(j) _____						
(k) _____						
(l) _____						
(m) _____						
(n) TOTALS		\$	\$	\$	\$	\$

SCHEDULE A.—INCOME FROM TRADE OR BUSINESS. (See Instruction 1.)

1. Total income from trade or business (state kind of business).....		\$
COST OF GOODS SOLD:		
2. Labor.....	\$	
3. Material and supplies.....		
4. Merchandise bought for sale.....		
5. Other costs (list principal items and amounts below or on separate sheet).....		
6. Plus inventory at beginning of year.....		
7. TOTAL (Lines 2 to 6, inclusive).....	\$	
8. Less inventory at end of year.....		
9. NET COST OF GOODS SOLD (Line 7 minus Line 8).....	\$	
OTHER BUSINESS DEDUCTIONS:		
10. Salaries and wages not reported as "Labor" on line 2.....	\$	
11. Rent on business property in which estate or trust has no equity.....		
12. Interest on business indebtedness to others.....		
13. Taxes on business and business property.....		
14. Repairs, wear and tear, obsolescence, depletion, and property losses (explain below).....		
15. Bad debts arising from sales.....		
16. Other expenses (list principal items and amounts below or on separate sheet).....		
17. TOTAL (Lines 10 to 16, inclusive).....	\$	
18. TOTAL DEDUCTIONS (Line 9 plus Line 17).....	\$	
19. NET INCOME (Line 1 minus Line 18) (Enter as Item 1).....	\$	

Explanation of deductions claimed on Lines 5, 14, and 16.....

SCHEDULE B.—INCOME FROM RENTS AND ROYALTIES. (See Instruction 4.)

1. KIND OF PROPERTY.	2. AMOUNT RECEIVED.	3. COST, OR VALUE MARCH 1, 1913.	4. DEPRECIATION AND DEPLETION.	5. REPAIRS.	6. OTHER EXPENSES.	7. NET INCOME (Enter as Item 4).
	\$	\$	\$	\$	\$	\$

State estimated life of property and depreciation previously taken.....

SCHEDULE C.—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 5.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. AMOUNT RECEIVED.	4. DEPRECIATION.	5. COST.	6. VALUE MARCH 1, 1913.	7. SUBSEQUENT IMPROVEMENTS.	8. NET PROFIT (Enter as Item 5).
		\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.....

SCHEDULE D.—CAPITAL NET GAIN FROM SALE OF ASSETS HELD FOR MORE THAN TWO YEARS. (See Instruction 5.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. DATE SOLD.	4. AMOUNT RECEIVED.	5. DEPRECIATION.	6. COST.	7. VALUE MARCH 1, 1913.	8. SUBSEQUENT IMPROVEMENTS, AND CAPITAL DEDUCTIONS.	9. NET GAIN (Enter in column 3, Item 17).
			\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.....

SCHEDULE E.—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 11.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. COST, OR VALUE MARCH 1, 1913.	4. SUBSEQUENT IMPROVEMENTS.	5. DEPRECIATION.	6. INSURANCE.	7. SALVAGE VALUE.	8. NET LOSS (Enter as Item 11).
		\$	\$	\$	\$	\$	\$

SCHEDULE F.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 12, 13, AND 14.

FIDUCIARY'S MEMORANDA

INSTRUCTIONS

The Instruction Numbers on this Page Correspond with the Item Numbers on the First Page of the Return

1. INCOME FROM TRADE OR BUSINESS.

If a trade or business is carried on by the estate or trust, fill in Schedule A on page 2 of the return and enter the net income (or loss) as Item 1 on page 1 of the return.

This schedule should include income derived from the following sources: (a) Sale of merchandise, or products of manufacturing, mining, construction, and agriculture; and (b) Business service, such as amusements, hotel and restaurant service, livery and garage service, laundering, storage, transportation, etc.

In general, report any income in the earning of which expenses were incurred for material, labor, supplies, etc.

Farmer's income schedule.—If the estate or trust operates a farm or rents it out on shares and keeps no books of account, or keeps books on a cash basis, obtain from the Collector, and attach to this return, Form 1040F, Schedule of Farm Income and Expenses. Report the net farm income as Item 1, page 1 of the return. If the farm books of account are kept on an accrual basis, the filing of Form 1040F is optional. Income from interest, rents, sales of property, etc., should be entered in Items 2 to 5 of the return.

Installment sales.—If the installment method is used in computing income from installment sales, attach to the return a schedule showing separately for the years 1920, 1921, 1922, and 1923 the following information: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; (f) Gross profit on amount collected.

Kind of business.—Describe the business or service rendered in the space provided on Line 1 of Schedule A, as "grocery," "retail clothing," "drug store," "laundry," "far ming," etc.

Total income from trade or business.—Enter on Line 1 of Schedule A the total income from sales or services, less any discounts or allowances from the sale price or service charge.

Inventories.—If the production, purchase, or sale of merchandise is an income-producing factor in the trade or business, secure from the Collector of Internal Revenue and file as a part of this return a *Certificate of Inventory, Form 1126*.

Salaries.—Enter on Line 10 all salaries and wages not included as "Labor" on Line 2 under "Cost of Goods Sold."

Rent.—Enter on Line 11 rent on business property in which the estate or trust has no equity. Do not include rent for a dwelling occupied by any beneficiary for residential purposes.

Interest.—Enter on Line 12 interest on business indebtedness to others. Do not include interest on capital invested in or advanced to the business by the estate or trust.

Taxes.—Enter on Line 13 taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, obsolescence, depletion, and property losses.—Enter on Line 14, (a) ordinary repairs required to keep property in usable condition, (b) reasonable allowance for exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence, and (c) losses of business property by fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as deductions. Explain these deductions in space under Schedule A.

The amount claimed on account of depreciation, by reason of exhaustion, wear and tear, and obsolescence, should not exceed the original cost (not replacement cost) of the property, or if acquired prior to March 1, 1913, the fair market value on that date, divided by the probable number of years remaining of its useful life. If obsolescence is claimed state why useful life is less than actual life.

In case a deduction is claimed on account of depreciation in the value of patents, copyrights, franchises, and other legal privileges, or on account of depletion of mines, oil or gas wells, and timber, see Articles 161 to 171 and 201 to 237 of Regulations 62.

Do not claim any deduction for depreciation in the value of a building occupied by any beneficiary as a dwelling, or of other property held for personal use, nor for land (exclusive of improvements thereon), nor on stocks, bonds, and like securities.

Bad debts.—Enter on Line 15 debts, or portions thereof, arising from sales or services that have been reflected in income, which have been definitely ascertained to be worthless and have been charged off within the year, or such reasonable amount as has been added to a reserve for bad debts within the year.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

Other expenses.—Enter on Line 16, all ordinary and necessary business expenses, not classified above, such as fire insurance, heat, and light. Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, nor personal living and family expenses of any beneficiary.

Deficit.—If the amount to be entered on Line 19 shows a deficit, indicate by using red ink or a minus sign.

2. INTEREST ON BANK DEPOSITS, ETC.

Enter as Item 2 all interest received or credited to the account of the estate or trust during the taxable period on bank deposits, notes, mortgages, and corporation bonds. Interest on bonds is considered income when due and payable.

If a credit is claimed on account of income tax paid at the source on corporation bonds, such credit should be 2 per cent of the amount of interest received on the bonds, in connection with which a white ownership certificate (Form 1000) was filed, and this tax should be allocated to the beneficiaries in column 6, Item 17, page 1 of the return.

3. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

Enter as Item 3 the share of the estate or trust (whether received or not) in the profits of a partnership, or in the income of another estate or trust, except (a) the net gain derived from the sale of capital assets, which should be computed as provided in Instruction 5, and entered separately in Schedule D, (b) the share of the profit which consisted of dividends on stock of domestic corporations, which should be included in Item 6 on page 1 of the return, and (c) the taxable interest on obligations of the United States (see Instruction 22).

If the accounting period on the basis of which you file this return fails to coincide with the accounting period of the partnership or other fiduciary, then you should include in this return the distributive share of the total net income for such accounting period, ending within your accounting period.

4. INCOME FROM RENTS AND ROYALTIES.

Explain in Schedule B, depreciation, depletion, repairs, and other expenses.

If property or crops were received in lieu of cash rent, report the income as though the rent had been received in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued).

State the original cost of the property, or if it was acquired prior to March 1, 1913, the fair market value on that date.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion, sustained during the taxable period 1923.

Other expenses include interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character.

5. PROFIT FROM SALE OF REAL ESTATE, BONDS, ETC.

Describe the property briefly in Schedule C, as "farm," "house," "bonds."

State the actual consideration or price received, or the fair market value of the property received in exchange. Expenses connected with the sale, such as commissions paid agents, may be deducted in computing the amount received.

Enter the original cost of the property if purchased by the fiduciary, and if it was acquired in any manner prior to March 1, 1913, the fair market value on that date. In case the property was owned by the decedent, the basis for computing profit or loss is the inventory value at the date of death. Attach statement explaining how value at March 1, 1913, was determined. Expenses incidental to the purchase may be included in the cost if never deducted from income. If the property was acquired by gift, bequest, devise, or inheritance after March 1, 1913, or in any manner prior to that date, see Section 202 of the Revenue Act of 1921.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion sustained and allowable as a deduction since March 1, 1913, or since date of acquisition, if subsequent to March 1, 1913. In computing the taxable gain or deductible loss on property acquired prior to March 1, 1913, see Article 1561 of Regulations 62. In the case of sales of stocks and bonds, no deductions should be taken in columns 4 and 7 for "Depreciation" and "Subsequent improvements."

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life. Do not deduct ordinary repairs, interest, or taxes in computing profit or loss.

If the net result to be entered in Item 5 is a deductible loss, indicate the deficit by using red ink or a minus sign.

Capital net gain.—The net gain derived from the sale or exchange of capital assets acquired by the estate or trust and held for profit or investment for more than two years should be computed separately in Schedule D instead of Schedule C, as the beneficiary may pay a tax of 12½ per cent on the income from this source in lieu of the regular normal tax and surtax, provided that his total tax shall not be less than 12½ per cent of his total net income from all sources. Capital assets include property of any kind, whether or not connected with the trade or business, except property held for personal use or consumption. The term "capital net gain" means the excess of the total amount of capital gain over the sum of the capital deductions and capital losses.

Fill in Schedule D in accordance with Instruction for Schedule C. The net gain computed in Schedule D should be allocated in column 3, Item 17, and not included in Item 5. (See Section 206 of the Revenue Act of 1921, and Articles 1651 to 1653 of Regulations 62.)

6. DIVIDENDS.

Report as Item 6 the amount received as dividends (a) from a domestic corporation other than a corporation entitled to the benefits of Section 262 of the Revenue Act of 1921 and other than a corporation organized under the China Trade Act of 1922, or (b) from a foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States, including the share of such dividends received on stock owned by a partnership, or an estate or trust.

7. OTHER INCOME.

Enter all other taxable income (except interest on obligations of the United States) for which no place is provided elsewhere on page 1 of the return, together with dividends specifically excluded from Item 6.

8. TOTAL INCOME.

Enter the net amount of Items 1 to 7, inclusive, after deducting any losses reported in Items 1, 3, 4, and 5.

9. INTEREST PAID.

Enter as Item 9 interest paid on other indebtedness as distinguished from business indebtedness (which should be deducted under Schedules A or B). Do not include interest on indebtedness incurred or continued for the purchase of bonds and other obligations, the interest on which is wholly exempt from tax, except interest on indebtedness incurred to purchase or carry Victory Liberty Loan 3¼% Notes which were originally subscribed for by the estate or trust.

10. TAXES PAID.

Enter as Item 10 personal taxes and all taxes on property not used in the trade or business paid during the year, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include Federal income taxes, taxes imposed upon the estate or trust on its interest as shareholder of a corporation, which are paid by the corporation without reimbursement from the estate or trust, nor income and profits taxes claimed as a credit in column 7, Item 17, page 1 of the return.

11. LOSSES BY FIRE, STORM, ETC.

Enter as Item 11 losses of property not connected with the trade or business sustained during the year from fire, storm, shipwreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise. See Section 214(a) 6 of the Revenue Act of 1921 and Article 141 of Regulations 62.

Explain losses claimed in Schedule E. State original cost of property, or if acquired prior to March 1, 1913, its fair market value on that date.

12. BAD DEBTS.

Enter as Item 12 all bad debts other than those claimed as a deduction in items above. State in Schedule F, (a) of what the debts consisted, (b) when they were created, (c) when they became due, and (d) how they were actually determined to be worthless.

13. CONTRIBUTIONS.

Enter as Item 13 any part of the gross income which, pursuant to the terms of the will or deed creating the trust, was during the accounting period paid to or permanently set aside for the use of: (a) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (b) any corporation, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including posts of the American Legion or the Women's Auxiliary units thereof, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual; or (c) the special fund for vocational rehabilitation authorized by Section 7 of the Vocational Rehabilitation Act.

List names of organizations and amounts contributed to each in Schedule F.

14. OTHER AUTHORIZED DEDUCTIONS.

Enter any other authorized deductions for which no place is provided elsewhere on page 1 of the return. Do not deduct losses incurred in transactions which were neither connected with the trade or business, nor entered into for profit.

Any deduction claimed should be explained in Schedule F.

15. TOTAL DEDUCTIONS.

Enter as Item 15 the total of Items 9 to 14, inclusive. This amount should not include any deduction claimed in Schedule A.

16. NET INCOME.

Enter as Item 16 the net income, which is obtained by deducting Item 15 from Item 8.

17. RETURNS BY FIDUCIARIES.

Returns on Form 1041 for estates and trusts.—Every fiduciary, or one in case of joint fiduciaries, must make a return on this form (Form 1041) for the estate or trust for which he acts, if the income of such estate or trust is distributable periodically, or the tax is payable by the beneficiaries, provided (a) the net income of such estate or trust for the taxable year was \$1,000 or over, or (b) any beneficiary of such estate or trust is a nonresident alien. If the sole beneficiary of the estate or trust is a nonresident alien Form 1041 may be omitted, but in such case the fiduciary should make an individual return for the beneficiary on Form 1040B.

Returns on Form 1040 for estates and trusts.—Income of (a) estates of decedents before final settlement; (b) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held, or which under the terms of the will or trust may be held for future distribution, is taxed to the fiduciary as a single person, except that from the income of a decedent's estate there may first be deducted any amount properly paid or credited to a beneficiary. In such cases the fiduciary should make a return for the estate or trust on Form 1040. (See Sections 200, 219, and 225 of the Revenue Act of 1921.)

Returns for beneficiaries.—An individual return on the proper form should be rendered by the fiduciary in the case of (a) income distributable to a nonresident alien, regardless of amount, (b) an ordinary guardianship of a minor (unless such minor himself makes a return), or committee for an insane person, if the net income for the taxable year amounted to \$2,000 or over, if married and living with husband or wife on the last day of the taxable year, or if the net income for the taxable year amounted to \$1,000 or over, if not married or not living with husband or wife on the last day of the taxable year, or if in any case the gross income was \$5,000 or over; (c) an estate of a decedent before final settlement, and (d) if part of the income of a trust estate is distributed to beneficiaries and part is retained for the benefit of the trust estate. Under the conditions described in (d), a return should be made on Form 1041 for the entire income of the trust estate, and on Form 1040 for the retained portion of the income. In case the sole beneficiary is a nonresident alien, the fiduciary should make an individual return for the beneficiary on Form 1040B and enter the various classes of income and allowable deductions in the proper items, instead of reporting the net income of the trust in one amount as "Income from a fiduciary," in item 4 of the return. Any income properly paid, credited, or distributable to a beneficiary is taxable directly to the beneficiary.

Return for decedent.—If the net income of a decedent from the beginning of the taxable year to the date of his death was at the rate of \$1,000, if unmarried, or \$2,000, if married and living with husband or wife, or if in either case the gross income was at the rate of \$5,000 or over, the executor or administrator shall make a return on Form 1040 or 1040A for such decedent.

Returns for two trusts.—If two or more trusts, the income of which is taxable to the beneficiaries, were created by the same person and are in charge of the same trustee, the trustee shall make a single return on Form 1041 for all such trusts, notwithstanding that they may arise from different instruments. If, however, a trustee holds trusts created by different persons for the benefit of the same beneficiary, he shall make a return on Form 1041 for each trust separately.

18. PERIOD TO BE COVERED BY RETURN.

In general, the regulations governing the preparation of returns by fiduciaries are the same as those governing individuals.

The return must be filed for the calendar year ending December 31, 1923, or for the fiscal year ending on the last day of any month other than December. The dates on which the period covered by the return begins and ends, if other than a calendar year, must be plainly stated at the head of the return.

The accounting period established must be adhered to for subsequent years, unless permission is received from the Commissioner to make a change.

19. ACCRUED OR RECEIVED INCOME.

If the books of an estate or trust are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered on the books, and expenses incurred instead of expenses paid.

If the books do not show income accrued and expenses incurred, report all income received or constructively received, such as bank interest credited to the account of the estate or trust, and expenses paid.

20. ITEMS EXEMPT FROM TAX.

The following items are exempt from Federal income tax and should not be reported, unless it is desired to establish a net loss, in which case see Section 204 of the Revenue Act of 1921:

- (a) The proceeds of life insurance policies paid upon the death of the insured;
- (b) The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;
- (c) Gifts (not made as a consideration for service rendered), and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported);
- (d) Interest upon (1) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the

Federal Farm Loan Act of July 17, 1916 and as amended March 4, 1923; or (3) the obligations of the United States or its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), the interest is exempt only if and to the extent provided in the respective acts authorizing the issue thereof, as amended and supplemented by Section 1328 of the Revenue Act of 1921, and should be excluded from gross income only if and to the extent it is wholly exempt to the taxpayer from income tax;

(e) Amounts received through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness;

(f) Amounts received as compensation, family allotments and allowances under the provisions of the War Risk Insurance and the Vocational Rehabilitation Acts, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war.

21. DISTRIBUTION OF INCOME.

Enter the names of the beneficiaries on lines (a), (b), (c), etc., and extend in the proper columns each beneficiary's share of the net income whether distributed or not. If the amounts to be entered in column 5 show a loss, indicate by using red ink or a minus sign.

If the estate or trust received interest on corporation bonds containing a clause by which the debtor corporation agrees to pay the interest without any deduction for taxes and there was filed with such interest coupons a white certificate, Form 1000, not claiming exemption, a tax of 2 per cent was paid at the source, and this tax should be allocated to the beneficiaries in column 6.

If a credit is claimed in column 7 on account of income and profits taxes paid to a foreign country or to a possession of the United States, a copy of Form 1116, sworn to or affirmed, must be submitted with this return. The schedule on Form 1116 prescribed for the use of fiduciaries must be completely filled in. If such taxes have been paid, Form 1116 must have attached to it the receipt for each such tax payment. If such taxes have been accrued, Form 1116 must have attached to it a copy of the return on which each such accrued tax was based, or other evidence as to the accrual of taxes. (See Section 222 of the Revenue Act of 1921.)

22. INTEREST ON LIBERTY BONDS, ETC.

In case the estate or trust owned Liberty Bonds or other obligations of the United States issued since September 1, 1917 (except Victory Liberty Loan 3 $\frac{3}{4}$ % Notes and postal savings certificates of deposit), or a share of these obligations owned by a partnership or another fiduciary, the fiduciary should advise each beneficiary as to his proportionate amount of these obligations and the interest thereon, in order that the beneficiary may determine whether such interest is taxable on his individual income tax return. Do not include in this return any interest on these obligations.

23. AFFIDAVIT.

The affidavit must be executed by the individual or organization receiving, or having custody or control and management of the income of the estate or trust. If two or more individuals act jointly as a fiduciary, the affidavit may be executed by any one of them.

The oath will be administered without charge by any collector, deputy collector, or internal revenue agent. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

It is not necessary to show the statement of net income to the officer who administers the oath.

24. WHEN AND WHERE THE RETURN MUST BE FILED.

If the return is for the calendar year 1923, file it with the Collector of Internal Revenue for the district in which the fiduciary resides or has his principal place of business, so as to reach the collector's office on or before March 15, 1924. If for a period other than a calendar year, the return should be filed on or before the 15th day of the third month following the close of such period. If the fiduciary has no legal residence or principal place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Maryland. (See Section 227 of the Revenue Act of 1921.)

25. PENALTY FOR FAILURE TO MAKE RETURN ON TIME.

A penalty of not more than \$1,000 attaches for failure to file the return within the time required by law. If the failure is willful or an attempt is made to defeat or evade the tax, the penalty is not more than \$10,000 or imprisonment for not more than one year, or both, together with costs of prosecution.

26. INFORMATION AT SOURCE.

Every fiduciary making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,000 or more during the calendar year, to any individual or partnership, is required to make a true and accurate return to the Commissioner of Internal Revenue, showing the amount of such payments and the name and address of the recipient. Forms 1096 and 1099, for reporting such information, will be furnished by any collector of internal revenue. Such returns of information covering the calendar year 1923 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than March 15, 1924.

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