

**SCHEDULE K-1
(Form 1041)**Department of the Treasury
Internal Revenue Service**Beneficiary's Share of Income, Deductions, Credits, etc.**

for the calendar year 1993, or fiscal year

beginning _____, 1993, ending _____, 19 _____

► Complete a separate Schedule K-1 for each beneficiary.

OMB No. 1545-0092

1993

Name of trust or decedent's estate

 Amended K-1
 Final K-1

Beneficiary's identifying number ►	Trust's or Decedent's Estate's employer identification number ►	
Beneficiary's name, address, and ZIP code	Fiduciary's name, address, and ZIP code	
(a) Allocable share item	(b) Amount	(c) Calendar year 1993 Form 1040 filers enter the amounts in column (b) on:
1 Interest		Schedule B, Part I, line 1
2 Dividends.		Schedule B, Part II, line 5
3a Net short-term capital gain.		Schedule D, line 5, column (g)
b Net long-term capital gain.		Schedule D, line 13, column (g)
4a Business income and other nonpassive income before directly apportioned deductions. (see instructions)		Schedule E, Part III
b Depreciation.		
c Depletion.		
d Amortization.		
5a Rental, rental real estate, and other passive income before directly apportioned deductions. (see instructions)		
b Depreciation.		
c Depletion.		
d Amortization.		
6 Income for minimum tax purposes		
7 Income for regular tax purposes (add lines 1 through 3b, 4a, and 5a)		
8 Adjustment for minimum tax purposes (subtract line 7 from line 6) (see instructions)		Form 6251, line 12
9 Estate tax deduction (including certain generation-skipping transfer taxes)		Schedule A, line 25
10 Foreign taxes (list on a separate sheet)		Form 1116 or Schedule A (Form 1040), line 7
11 Tax preference items (itemize):		
a Accelerated depreciation		(Include on the applicable line of Form 6251)
b Depletion.		
c Amortization.		
d Exclusion items.		
12 Distributions in the final year of trust or decedent's estate:		
a Excess deductions on termination (see instructions) . . .		Schedule A, line 20
b Short-term capital loss carryover		Schedule D, line 5, column (f)
c Long-term capital loss carryover		Schedule D, line 13, column (f)
d Net operating loss (NOL) carryover for regular tax purposes		Form 1040, line 22
e Net operating loss carryover for minimum tax purposes		(Include on the applicable line of appropriate tax form)
f		
g		
13 Other (itemize):		
a Payments of estimated taxes credited to you		Form 1040, line 55
b Tax-exempt interest		Form 1040, line 8b
c		(Include on the applicable line of appropriate tax form)
d		
e		
f		
g		
h		

Instructions for Beneficiary Filing Form 1040

General Instructions

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

Name, address, and identifying number.—The fiduciary should have entered your name, address, and identifying number, the trust's or decedent's estate's identifying number, and the fiduciary's name and address on the Schedule K-1 you received.

Tax shelters.—If you receive a copy of **Form 8271**, Investor Reporting of Tax Shelter Registration Number, and other tax shelter information from the trust or estate, see the instructions for Form 8271 to determine your reporting requirements.

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

Beneficiaries of generation-skipping trusts.—If you received **Form 706GS(D-1)**, Notification of Distribution From a Generation-Skipping Trust, and paid a generation-skipping transfer (GST) tax on **Form 706GS(D)**, Generation-Skipping Transfer Tax Return for Distributions, you can deduct the GST tax paid on income distributions on Schedule A (Form 1040) (or Form 1041 if a trust).

To compute the deduction, look at column d of Form 706GS(D-1), Part II, that was filed in 1993. If the inclusion ratio is the same for all items, compute a fraction. The numerator of the fraction is the total of all income items from your Schedule(s) K-1 (Form 1041) whose values are included in column e of Form 706GS(D-1), Part II. The denominator of the fraction is the total of all the fair market values in column e. Multiply the amount on line 11, Form 706GS(D), by this fraction. Include this amount with any other taxes on Schedule A (Form 1040), line 7 (or on line 11, page 1 of Form 1041, if a trust).

If the distributions are from trusts that have different inclusion ratios, compute the GST tax attributable to income distributions from each trust separately in the following manner:

Step 1. Compute the portion of the total GST tax attributable to total distributions from the trust under consideration. To do this, multiply the total GST tax shown on line 11, Form 706GS(D) by a fraction. The numerator of the fraction is the amount in column f of Form 706GS(D-1), Part II, for that particular trust. The denominator of the fraction is line 3 of Form 706GS(D).

Step 2. Multiply the GST tax attributable to the particular trust (from Step 1 above) by a different fraction. The numerator of this fraction is the income from that particular trust as shown on Schedule K-1 (Form 1041), which is also included in column e of Form 706GS(D-1), Part II; and the denominator of this fraction is the total amount shown in column e of Form 706GS(D-1) for that particular trust.

Attach a schedule to your income tax return showing your computations.

Note: All references to Forms 706GS(D) and 706GS(D-1) are to the November 1992 versions.

Specific Instructions

Line 1. Interest.—Report the amount from line 1 (Schedule K-1) on your Schedule B (Form 1040), Part I, line 1.

Line 2. Dividends.—Report the amount from line 2 (Schedule K-1) on your Schedule B (Form 1040), Part II, line 5.

Lines 3a and 3b. Capital gains.—Report the amount from line 3a (Schedule K-1) on your Schedule D (Form 1040), line 5, column (g). Report the amount from line 3b (Schedule K-1) on your Schedule D (Form 1040), line 13, column (g). If there is an attachment to this Schedule K-1 reporting a disposition of a rental, rental real estate, or passive business activity, see the instructions to **Form 8582**, Passive Activity Loss Limitations, for information on the treatment of dispositions of interests in a passive activity.

Lines 5a-5d.—Caution: *The limitations on passive activity losses and credits under section 469 apply to trusts and decedent's estates. Rules for treating a beneficiary's share of income and directly apportionable deductions from a trust or decedent's estate, and other rules for applying the passive loss and credit limitations to beneficiaries, have not yet been issued.*

Code section 469 provides rules limiting deductions from passive activities to the income from passive activities and credits from passive activities to the tax imposed on any net income from passive activities.

Line 11d.—If you pay alternative minimum tax in 1993, the amount on line 11d will help you figure any minimum tax credit for 1994. See the 1994 **Form 8801**, Credit for Prior Year Minimum Tax—Individuals and Fiduciaries, for more information.

Lines 12a-12d.—If the fiduciary checked the "Final K-1" box at the top, you may be allowed to deduct excess deductions from the final year of the trust or decedent's estate and certain unused carryovers (subject to limitations) on your individual tax return.

Line 13a.—For purposes of computing any underpayment and penalty on **Form 2210**, Underpayment of Estimated Tax by Individuals and Fiduciaries, you should treat the amount entered on line 13a as an estimated tax payment made on January 17, 1994.

Line 13b.—If any tax-exempt interest is entered on this line by the trust or decedent's estate, report it on Form 1040, line 8b.

Lines 13c-13h.—The amount of gross farming and fishing income is included in lines 4a and 5a. This income is also separately stated on line 13 to help you determine if you are subject to a penalty for underpayment of estimated tax.

- **Individual Beneficiaries.**—Report the amount of gross farming and fishing income on Schedule E (Form 1040), line 41.
- **Beneficiaries That Are Trusts or Decedent's Estates.**—Beneficiaries that are trusts or decedent's estates must pass through the amount of gross farming and fishing income included on line 13 of their Schedules K-1 to line 13 of their beneficiaries' Schedules K-1 on a pro rata basis.

Note: You can find the fiduciary's instructions for completing Schedule K-1 in the Form 1041 instructions.