

2019 Beneficiary's Instructions for Schedule K-1 (541)

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

Purpose

The estate or trust uses Schedule K-1 (541), Beneficiary's Share of Income, Deductions, Credits, etc., to report your share of the estate's or trust's income, deductions, credits, etc. Your name, address, and tax identification number, as well as the estate's or trust's name, address, and tax identification number, should be entered on the Schedule K-1 (541). Keep Schedule K-1 (541) for your records. **Do not** file it with your tax return. The estate or trust has filed a copy with the Franchise Tax Board (FTB).

You are subject to tax on your share of the estate's or trust's income, and you must include your share on your individual tax return.

Schedule K-1 (541), column (b) shows amounts from your federal Schedule K-1 (Form 1041), Beneficiary's Share of Income, Deductions, Credits, etc. Column (c) shows the difference between federal and California amounts. Column (d) shows your total amounts using California law by combining column (b) and column (c). Column (e) shows your income and loss from California sources.

Generally, the amount of loss and deduction you may claim on your tax return is limited to your share of the estate or trust and the amount for which you are considered at-risk. If you have losses, deductions, or credits from a passive activity, you must also apply the passive activity rules. It is the beneficiary's responsibility to consider and apply any applicable limitations.

California law is generally the same as federal law with regard to income, the character of income, allocation of deductions, gifts, and bequests, and past years. Follow the instructions for federal Schedule K-1 (Form 1041) for these items.

Generally, you must report items shown on your Schedule K-1 (541) (and any attached schedules) the same way that the estate or trust treated the items on its tax return. If the treatment on your original or amended tax return is inconsistent with the estate's or trust's treatment, or if the estate or trust was required to but has not filed a tax return, you must attach a statement identifying the inconsistency. Beneficiaries may be liable for negligence penalties and penalties relating to mathematical errors if they cannot demonstrate that their treatment is consistent with the estate or trust.

Beneficiaries of estates and trusts include in their gross income their distributive share of the fiduciary's income distribution deduction for the taxable year. Amounts that are distributed by an estate or trust and that are not deductible in computing the entity's taxable income (i.e., distributions of corpus or tax-exempt income) usually are not taxable to the beneficiary.

Resident beneficiaries are taxed on income distributed or distributable from all sources. Nonresident beneficiaries are taxed only on income distributed or distributable that is derived from sources within California (R&TC Section 17953).

For purposes of this section, the nonresident beneficiary is deemed the owner of any intangible personal property from which the income of the estate or trust is derived. Therefore, such income is taxed at the beneficiary's domicile.

The estate or trust will attach a schedule of intangible income, such as income from stocks, bonds, bank accounts, and notes, whose source is dependent upon the residence or commercial domicile of the taxpayer. The income on this schedule is not income from California sources for nonresidents but is income sourced at the beneficiary's state of residence or commercial domicile.

Specific Line Instructions

If you are a nonresident beneficiary, the California source amounts in column (e) will help you identify the California source adjusted gross income that must be reported on your Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents, column E. Part-year residents may be required to calculate their IRC Section 652 or 662 income in a manner that produces a different result than the amounts shown in column (e) of this form. For more information, get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency.

Line 3 through Line 12

You must report the amounts in column (c), adjustments, that are from **nonpassive** activities on the appropriate California form or schedule as explained in these instructions.

Report the amounts in column (d), total amounts using California law, that are from **passive** activities on the appropriate California form or schedule. Get form FTB 3801, Passive Activity

Loss Limitations, to transfer those amounts and to figure the amount of your passive activity loss limitation. Carry the passive activity amounts to the California form or schedule to figure your California adjustment amount. Enter this adjustment amount on the corresponding line on Schedule CA (540 or 540NR) only if there is a federal/California difference.

If there is no California form or schedule on which to compute your passive activity loss adjustment amount (i.e., rental loss from passive activities), you may figure the adjustment amount on the California Adjustment Worksheets in the instructions for form FTB 3801. Enter the total of your adjustments from these worksheets from all passive activities on Schedule CA (540), Part I, Section B, line 5, or Schedule CA (540NR), Part II, Section B, line 5, column B or column C, whichever is appropriate.

Line 1 – Interest

If you have an amount on Schedule K-1 (541), line 1, column (c), report this amount on Schedule CA (540), Part I, Section A, line 2 or Schedule CA (540NR), Part II, Section A, line 2, column B or column C, whichever is applicable.

Line 2 – Dividends

If you have an amount on Schedule K-1 (541), line 2, column (c), report this amount on Schedule CA (540), Part I, Section A, line 3, or Schedule CA (540NR), Part II, Section A, line 3, column B or column C, whichever is applicable.

Line 3 – Net capital gain or (loss)

If you have an amount on Schedule K-1 (541), line 3, column (d), report this amount on Schedule D (540 or 540NR), California Capital Gain or Loss Adjustment, line 2, column (d) or column (e), whichever is applicable.

If there is an attachment to Schedule K-1 (541) that reports the disposition of a passive activity, get form FTB 3801 for more information.

Line 5 – Other portfolio and nonbusiness income

If you have an amount on Schedule K-1 (541), line 5, column (c), report this amount on Schedule CA (540), Part I, Section B, line 5, or Schedule CA (540NR), Part II, Section B, line 5, column B or column C, whichever is applicable.

Line 6 through Line 8 – Ordinary business, net rental real estate, and other rental income

Read the instructions below before including any amounts shown on Schedule K-1 (541), line 6, on Schedule CA (540), Part I, Section B, line 5, or Schedule CA (540NR), Part II, Section B, line 5.

Passive activities: The deductions on line 6 may be subject to the passive loss limitation rules. In general, losses from passive activities are allowed only to the extent of income from passive activities.

If your passive activity deductions exceed your passive activity income, or you have passive activity losses from any other source, you must use form FTB 3801 to figure your losses allowed from all passive activities.

Line 9a through Line 9c – Depreciation, depletion, and amortization

Any directly apportionable deduction, such as depreciation, is treated by the beneficiary as having been incurred in the same activity as incurred by the estate or trust. The estate or trust should provide you with a schedule showing your share of directly apportionable deductions derived from each activity reported on line 5 through line 8.

Line 11a – Excess deductions on termination

If you have an amount on Schedule K-1 (541), line 11a, column (c), report this amount as a positive or negative amount on Schedule CA (540), Part II, line 21 or Schedule CA (540NR) Part III, line 21, whichever is applicable.

Line 11b – Capital loss carryover

If you have an amount on Schedule K-1 (541), line 11b, column (c) report the amount on Schedule D (540 or 540NR), line 6.

Line 11c and Line 11d – Net operating loss (NOL) carryover

Upon termination of a trust or decedent's estate, a beneficiary succeeding to its property is allowed to deduct any unused NOL (and any Alternative Minimum Tax (AMT) NOL) carryover for regular and AMT purposes if the carryover would be allowable to the estate or trust in a later tax year but for the termination.

For taxable years beginning on or after January 1, 2002, the NOL carryover computation for the California taxable income of a nonresident or part-year resident is no longer limited by the amount of net operating loss from all sources.

Line 12a – Adjustment for alternative minimum tax purposes

If you have an amount on Schedule K-1 (541), line 12, column (d), report this amount on Schedule P (540), Alternative Minimum Tax and Credit Limitations — Residents, or Schedule P (540NR), Alternative Minimum Tax and Credit Limitations — Nonresidents or Part-Year Residents, Part I, line 12, whichever is applicable.

Line 12b through Line 12d

- **Schedule P (540) filers:** Include any column (d) amount on Schedule P (540), Part I, line 12.
- **Schedule P (540NR) filers:** Include column (d) amounts on Schedule P (540NR), Part I, line 12, and report column (e) amounts in Part II, line 29 (f).

Line 12e – Exclusion items

Include any column (d) or column (e) amount on form FTB 3510, Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries, line 2.

Line 13a – Trust payments of estimated tax credited to you

Include on Form 540, California Resident Income Tax Return, line 72 or Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, line 82, any estimated tax payments paid by the trust on your behalf.

Line 13b – Total withholding

Total withholding is the sum of your distributive share of taxes withheld from payments to the estate or trust by another entity (allocated to all beneficiaries according to their respective estate or trust interests) plus taxes withheld-at-source on you as a domestic or foreign nonresident

beneficiary. If there is a withholding credit allocated to you from another entity or taxes were withheld on you by the estate or trust, the estate or trust must provide you with a completed 2019 Form 592-B, Resident and Nonresident Withholding Tax Statement. Attach Form 592-B to the front of your California income tax return to claim the amount withheld. The amount shown on Form 592-B must be claimed on one of the following:

- Form 540, California Resident Income Tax Return, line 73.
- Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, line 83.
- Form 541, California Fiduciary Income Tax Return, line 31.
- Form 109, California Exempt Organization Business Income Tax Return, line 17.
- Form 100, California Corporation Franchise or Income Tax Return, line 33.
- Form 100S, California S Corporation Franchise or Income Tax Return, line 32.

Schedule K-1 (541) is not used to claim the withholding credit. If the estate or trust is not on a calendar year, the amount on line 13b may not match the amount on Form 592-B because of the difference in accounting periods.

Line 13c – Taxes paid to other states

You may claim a credit against your individual income tax on your share of the net income tax paid to other states by the estate or trust. Get Schedule S, Other State Tax Credit.

Line 13d – Other credits

If applicable, the estate or trust will use this line, through an attached statement, to give you the information you need to compute credits related to a trade or business activity.

Credits that may be reported include the following:

- California Competes Tax Credit. Get form FTB 3531.
- College Access Tax Credit. Get form FTB 3592.
- Disabled Access Credit for Eligible Small Businesses. Get form FTB 3548.
- Donated Agricultural Products Transportation Credit. Get form FTB 3547.
- Enhanced Oil Recovery Credit. Get form FTB 3546.
- Low Income Housing Credit. Get form FTB 3521.
- Natural Heritage Preservation Credit. Get form FTB 3503.
- New Advanced Strategic Aircraft Credit. Use credit code 236.
- New California Motion Picture and Television Production Credit. Get form FTB 3541.
- New Donated Fruits or Vegetables Credit. Get form FTB 3814.
- New Employment Credit. Get form FTB 3554.
- Prison Inmate Labor Credit. Get form FTB 3507.
- Research Credit. Get form FTB 3523.

The passive activity limitations of IRC Section 469 may limit the amount of credits you may claim. Get form FTB 3801-CR, Passive Activity Credit Limitations.

Line 14a – Tax-exempt interest

Include any column (c) amount on Schedule CA (540), Part I, Section A, line 2, or Schedule CA (540NR), Part II, Section A, line 2, column B or column C, whichever is appropriate.

Line 14d – Other information

Report any column (c) amount on Schedule CA (540), Part I, Section B, line 5, or Schedule CA (540NR), Part II, Section B, line 5, column B or column C, whichever is appropriate.

If the estate or trust is claiming tax benefits from a former Enterprise Zone (EZ), Local Agency Military Base Recovery Area (LAMBRA), Manufacturing Enhancement Area (MEA), or Targeted Tax Area (TTA), it will give the beneficiaries their distributive share of the business income, and business capital gains and losses included in business income, apportioned to the EZ, LAMBRA, MEA, or TTA on this line. Get form FTB 3805Z, Enterprise Zone Deduction and Credit Summary; form FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary; form FTB 3808, Manufacturing Enhancement Area Credit Summary; or form FTB 3809, Targeted Tax Area Deduction and Credit Summary to claim any applicable credit.

2019 Instructions for Schedule K-1 (541)

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

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

General Information

Schedule K-1 Federal/State Line References

The California Schedule K-1 (541), Beneficiary's Share of Income, Deductions, Credits, etc., line items are formatted similar to the federal Schedule K-1 (Form 1041), Beneficiary's Share of Income, Deductions, Credits, etc. For more information, see the Schedule K-1 Federal/State Line References chart on page 37.

A Purpose

The estate or trust uses Schedule K-1 (541) to report its beneficiary's share of the income, deductions, credits, etc.

B Who Must File

A fiduciary of the estate or trust (or one of the joint fiduciaries) must file a Schedule K-1 (541) for each beneficiary. A copy of each beneficiary's Schedule K-1 (541) must be attached to the Form 541, California Fiduciary Income Tax Return, filed with the Franchise Tax Board (FTB). The fiduciary also must give each beneficiary a copy of his or her respective Schedule K-1 (541) and a copy of the Beneficiary's Instructions for Schedule K-1 (541) or other prepared specific instructions. One copy of each Schedule K-1 (541) must be retained for the fiduciary's records.

C Penalty

The estate or trust will be charged a \$100 penalty for failure to provide a copy of each beneficiary's Schedule K-1 (541), unless reasonable cause is established for not providing it (California Revenue and Taxation Code (R&TC) Section 19183).

D Substitute Forms

If the estate or trust does not use an official FTB Schedule K-1 (541) or a software program with an FTB-approved Schedule K-1 (541), it must get approval from the FTB to use a substitute Schedule K-1 (541). Get FTB Pub. 1098, Annual Requirements and Specifications for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms, for more information.

E Taxable Year

Beneficiary's taxable year. The beneficiary's income from the estate or trust must be included in the beneficiary's return for the taxable year in which the estate's or trust's taxable year ends.

Prior Year. Do not include in the beneficiary's income any amounts deducted on Form 541 for an earlier year that were credited or required to be distributed in that earlier year.

F Beneficiary's Income

If no special computations are required, use the following instructions to compute the beneficiary's income from the estate or trust.

California reporting requirements are the same as federal for:

- Income
- Character of income

- Allocation of deductions
- Allocation of credits
- Gifts and bequests

However, income of nonresidents from bank accounts, stocks, bonds, notes, and other intangible personal property is not income from sources in California unless one of the following applies 1) the property has acquired a business situs in California 2) orders with brokers have been placed so regularly as to constitute "doing business" (R&TC Section 17952).

Include on Schedule K-1 (541) column (e) only income from intangible property that is income from sources within California.

Attach a separate schedule to each beneficiary's Schedule K-1 (541) showing intangible income, such as interest, dividends, capital gains from the sale of stocks, bonds, etc., whose source is dependent upon the residence or commercial domicile of the beneficiary.

For nonresidents, income from a trade or business conducted within and outside California is apportioned or allocated to California in accordance with Cal. Code Regs., tit. 18, section 17951-4(c).

G Passive Activities

The limitations on passive activity losses and credits under Internal Revenue Code Section 469 apply to estates and trusts. Estates and trusts that distribute income to beneficiaries are allowed to allocate depreciation, depletion, and amortization deductions to beneficiaries. These deductions are called "directly allocable deductions."

If items of income (loss), deduction, or credit from more than one activity are reported on Schedule K-1 (541), the fiduciary must attach a statement to Schedule K-1 (541) for each passive activity.

H Nonresident Beneficiaries

If the beneficiary of an estate or trust was a nonresident of California for the estate's or trust's entire taxable year, California will only tax the beneficiary on income that is derived from California sources. If the beneficiary of an estate or trust is a resident of California for only part of the estate's or trust's taxable year, California will tax the beneficiary's share of the estate's or trust's income or loss in accordance with FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency, and FTB Legal Ruling 2003-1. Where an estate or trust derives income from both within and outside California, it is necessary for the fiduciary to determine what portion of the beneficiary's share of income of the estate or trust is from within and outside California. The amounts derived from or attributable to income from sources within and outside California are to be properly allocated and reported on the Schedule K-1 (541).

Payments to nonresidents having a business or taxable situs in California are subject to withholding of taxes. For more information, get the 2019 instructions for Form 592, Resident and

Nonresident Withholding Statement; Form 592-B, Resident and Nonresident Withholding Tax Statement; and Form 592-V, Payment Voucher for Resident and Nonresidents Withholding.

General Summary of Treatment for Sourcing Specific Nonbusiness Income Items

For California tax purposes:

- Compensation for personal services has a source where the services are performed.
- Interest and dividends generally have a source at the taxpayer's state of residence.
- Gains and losses from the sale or exchange of real and tangible personal property have a source where the property is located.
- Income from intangible personal property generally has a source at the taxpayer's state of residence.
- Rents and royalties have a source where the property is located.
- Pensions have a source where the services were performed. However, California does not impose a tax on qualified retirement income or pensions received by nonresidents on or after January 1, 1996.

Generally, income from a business, trade, or profession is sourced as follows:

- If the operations are conducted wholly within California, the income has a California source.
- If the operations within California are so separate and distinct from the operations outside of California that taxable income can be separately accounted for, only the income from within California must be included in California source income.
- If the trade or business carried on within California is an integral part of a unitary business carried on outside of California, the entire net income must be reported and apportioned or allocated in accordance with the provisions of the Uniform Division of Income for Tax Purposes Act as contained in R&TC Sections 25120 through 25139.

S corporation, partnership, and limited liability company (LLC) income (loss), is apportioned or allocated in the same manner as any other business. If the estate or trust is a S corporation shareholder, partner, or member in a business entity, income sourced to California is generally included in column (e) of Schedules K-1 (100S, 565, or 568), Shareholder's, Partner's, or Member's Share of Income, Deductions, Credits, etc. For more information, see Cal. Code Regs., tit. 18, section 17951-4 and related tax codes.

See Cal. Code Regs., tit. 18, sections 17951-1(c), 17951-2, and 17953 regarding taxability of distributions to nonresident beneficiaries.

For more information on California source income being distributed to a nonresident beneficiary, get Form 541 instructions, General Information R, Miscellaneous Items.

If the beneficiary of an estate or trust was a resident of California for the estate's or trust's entire taxable year, the beneficiary's share of the estate's or trust's income or loss for the taxable year is taxable to California.

I Internet Access

You can download, view, and print California tax forms and publications at ftb.ca.gov/forms.

Specific Line Instructions

When completing the California Schedule K-1 (541) refer to the Federal/State Line References chart on page 37 that shows the specific line instructions between the federal Schedule K-1 (Form 1041) and the California Schedule K-1 (541).

The estate or trust is required to request and provide a proper identification number for each beneficiary. Enter the beneficiary's number on the respective Schedule K-1 (541) when the estate or trust files Form 541.

Individuals and business beneficiaries are responsible for giving the estate or trust their social security number or Individual Taxpayer Identification Number (ITIN), California corporation number, Secretary of State (SOS) file number, or federal employer identification number (FEIN) upon request.

The estate or trust may use federal Form W-9, Request for Taxpayer Identification Number and Certification, to request the beneficiary's identifying number.

Fiduciary's name, address

If there is more than one fiduciary or trustee, list all of the fiduciaries or trustees' names, addresses, and indicate if the fiduciary is a nonresident. If more space is needed, add an attachment. Include the estate's or trust's FEIN at the top of each separate attachment.

Columns (b), (c), (d), and (e)

In **column (b)**, enter the amounts from your federal Schedule K-1 (Form 1041).

In **column (c)**, enter adjustments resulting from differences between California and federal law for each specific line item.

In **column (d)**, enter the result of combining column (b) and column (c).

In **column (e)**, enter California source income and credits.

Line 1 – Enter in column (b) the amount from federal Schedule K-1 (Form 1041), line 1.

Line 2 – Enter in column (b) the amount from federal Schedule K-1 (Form 1041), line 2a.

Line 3 – Enter the combined amount from federal Schedule K-1 (Form 1041), line 3 and line 4a on line 3, column (b). Attach a statement to Schedule K-1 (541) listing gains or losses from the complete or partial disposition of a rental real estate or trade or business activity that is a passive activity.

Line 5 – Enter on line 5 the beneficiary's share of annuities, royalties, or any other income (before directly allocable deductions) that is not subject to any passive activity loss limitation rules at the beneficiary level. Use lines 6 through 8 to report income items subject to the passive activity rules at the beneficiary's level.

Line 6 through Line 8 – Enter the beneficiary's share of trade or business, rental real estate, and other rental income, minus allocable deductions (other than directly apportionable deductions). To assist the beneficiary in figuring any applicable

passive activity loss limitations, also attach a separate schedule showing the beneficiary's share of income derived from each trade or business, rental real estate, and other rental activity.

Line 9a through line 9c – Enter the beneficiary's share of the depreciation and depletion deductions directly apportioned to each activity reported on line 5 through line 8. Itemize the beneficiary's share of the amortization deductions directly apportioned to each activity on line 5 through line 8. For more information, get the instructions for federal Schedule K-1 (Form 1041).

Line 11a through Line 11d – If this is the final return, enter on line 11 the beneficiary's share of any of the following:

- Excess deductions on termination (follow the instructions for federal Form 1041, U.S. Income Tax Return for Estates and Trusts)
- Capital loss carryover
- Unused net operating loss (NOL) carryover for both regular and alternative minimum tax, if the NOL carryover would be allowed to the estate or trust in a later year but for termination

Note: No deduction is allowed for estate taxes.

Net Operating Loss (NOL)

For more information, get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts.

Line 12a – Enter the beneficiary's share of the adjustment for minimum tax purposes. To figure the adjustment, subtract the beneficiary's share of the income distribution deduction figured on Form 541, Schedule B, line 15, from the beneficiary's share of the income distribution deduction on an alternative minimum tax basis figured on Schedule P (541), Alternative Minimum Tax and Credit Limitations – Fiduciaries, Part II, line 15. The difference is the beneficiary's share of the adjustment for minimum tax purposes.

An estate or trust cannot pass through the alternative minimum taxable income (AMTI) exclusion to the beneficiary. The fiduciary for the estate or trust must recalculate Schedule P (541), by leaving Part I, line 7b blank. This will eliminate the effect of the AMTI exclusion but allow other items of adjustment or tax preference to be passed through to the beneficiary. The recalculated amount on Schedule P (541), Part I, line 10, must be entered on Schedule K-1 (541), line 12a, column (d).

Line 12b through Line 12e – Enter the amounts from Schedule P (541), line 4. Get the instructions for federal Schedule K-1 (Form 1041) for more information.

Line 13 and Line 14 – Enter the beneficiary's trust payments, withholding, taxes paid to other states, and/or other credits. Attach a separate sheet for each item reported on line 13a-d and line 14a showing the computation. Items that must be reported on these lines include the allocable share, if any, of items listed on line 13a through line 14a.

Line 13a – Enter the beneficiary's share of estimated payment credited.

Form 541-T, California Allocation of Estimated Tax Payments to Beneficiaries, **must be** submitted in order for the beneficiary to receive credit for the payments.

Line 13b – If the fiduciary withheld taxes at source for a domestic or foreign nonresident beneficiary, if there is a withholding credit allocated to you from another entity, or backup withholding, the fiduciary must provide each affected beneficiary (including California residents), a completed Form 592-B. The fiduciary and beneficiaries must attach Form 592-B to the front of their California tax return to claim the withholding amounts. Schedule K-1 (541) may not be used to claim the withholding credit.

Line 13c – Enter taxes paid to other states reported on Schedule S, Other State Tax Credit.

Attach a copy of the return filed with the other state, evidence of payment, and a copy of Schedule S to verify the amount of tax paid.

Line 13d – Enter on an attached schedule each beneficiary's allocable share of any credit or credit information that is related to a trade or business activity.

Line 14a – Enter tax-exempt interest received by the estate or trust. Include exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

Line 14d – Enter any other item that is not included. The estate or trust may need to report supplemental information that is not specifically requested on the Schedule K-1 (541) separately to each beneficiary.

If the estate or trust claims tax benefits from a former Enterprise Zone (EZ), Local Agency Military Base Recovery Area (LAMBRA), Manufacturing Enhancement Area (MEA), or Targeted Tax Area (TTA), it should give the beneficiaries their distributive share of the business income and business capital gain or loss apportioned to the EZ, LAMBRA, MEA, or TTA on this line.

SCHEDULE K-1 FEDERAL/STATE LINE REFERENCES

The following chart cross-references the line items on the federal Schedule K-1 (Form 1041), Beneficiary's Share of Income, Deductions, Credits, etc. to the appropriate line items on the California Schedule K-1 (541), Beneficiary's Share of Income, Deductions, Credits, etc. For more information, see the Specific Line Instructions for Schedule K-1 (541) and the Beneficiary's Instructions for Schedule K-1 (541).

Federal Schedule K-1 (Form 1041)			CA Schedule K-1 (541)	
Box	Code	Items	Line	Items
1		Interest income	1	Interest
2a		Ordinary dividends	2	Dividends (ordinary and qualified)
2b		Qualified dividends		<i>Not applicable</i>
3		Net short-term capital gain	3	Net capital gain or (loss)
4a		Net long-term capital gain	3	Net capital gain or (loss)
4b		28% rate gain		<i>Not applicable</i>
4c		Unrecaptured section 1250 gain		<i>Not applicable</i>
5		Other portfolio and nonbusiness income	5	Other portfolio and nonbusiness income
6		Ordinary business income	6	Ordinary business income
7		Net rental real estate income	7	Net rental real estate income
8		Other rental income	8	Other rental income
9	A	Depreciation	9a	Depreciation
	B	Depletion	9b	Depletion
	C	Amortization	9c	Amortization
10		Estate tax deduction	10	<i>Not applicable</i>
11	A	Excess deductions	11a	Excess deduction on termination (Attach computation)
	B	Short-term capital loss carryover	11b	Capital loss carryover
	C	Long-term capital loss carryover		<i>Not applicable</i>
	D	NOL carryover – regular tax	11c	NOL carryover for regular tax purposes
	E	NOL carryover – minimum tax	11d	NOL carryover for alternative minimum tax purposes
12	A	Adjustment for minimum tax purposes	12a	Adjustment for alternative minimum tax purposes
12	B-F	AMT adjustments		<i>Not applicable</i>
12	G	Accelerated depreciation	12b	Accelerated depreciation
12	H	Depletion	12c	Depletion
12	I	Amortization	12d	Amortization
12	J	Exclusion items	12e	Exclusion items
13	A	Credit for estimated taxes	13a	Trust payments of estimated tax credited to beneficiary
	B-Z	Federal credits		<i>Not applicable</i>
		<i>Not applicable</i>	13b	Total withholding (equals amount on Form 592-B, if calendar year)
		<i>Not applicable</i>	13c	Taxes paid to other states. Attach Schedule S
		<i>Not applicable</i>	13d	Other California credits. Attach schedule
14	A	Tax-exempt interest	14a	Tax-exempt interest
14	B	Foreign taxes		<i>Not applicable</i>
14	C	Reserved		<i>Not applicable</i>
14	D	Reserved		<i>Not applicable</i>
14	E	Net investment income	14b	Net investment income
14	F	Gross farm and fishing income	14c	Gross farm and fishing income
14	G	Foreign trading gross receipts (IRC 942(a))		<i>Not applicable</i>
14	H	Adjustment for section 1411 net investment income or deductions		<i>Not applicable</i>
14	I	Qualified business income, section 199A		<i>Not applicable</i>
14	Z	Other information	14d	Other information