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FORM IT-41

**INDIANA DEPARTMENT OF REVENUE
FIDUCIARY INCOME TAX RETURN**

State Form 11458
(R17/8-21)

Check box **A** For the calendar year **CE** or fiscal year beginning **CF** and ending **CG**

Name of Estate or Trust **CH** Address **K**

Name and Title of Fiduciary **CI** City **M** State **N** ZIP Code **O**

2-Digit County Code **H** Federal Employer Identification Number **CJ** Foreign Country 2-Character Code **I**

Please round entries

1. Taxable income of fiduciary from federal Form 1041	1	9999999999	.00
2. Indiana additions or add-backs, see line 2 instructions	2	9999999999	.00
3. IRC Section 965 Income	3	9999999999	.00
4. Net operating loss deduction from federal return	4	9999999999	.00
5. Add lines 1 through 4 Total Income	5	9999999999	.00
6. Interest on U.S. Government Obligations reported on federal return	6	9999999999	.00
7. Non-Indiana fiduciary income	7	9999999999	.00
8. Indiana portion of net operating loss deduction (enclose Schedule IT-40NOL, see instructions)	8	9999999999	.00
9. Line 5 minus lines 6 through 8 State Taxable Income	9	9999999999	.00
10. State Adjusted Gross Income Tax: multiply line 9 by .0323	10	9999999999	.00
11. Other Taxes from Form IT-41, Schedule 1, line 5	11	9999999999	.00
12. Add lines 10 and 11 Total Tax	12	9999999999	.00
13. Fiduciary estimated tax paid	13	9999999999	.00
14. Other Credits (You MUST enclose verification), see line 14 instructions	14	9999999999	.00
15. Add lines 13 and 14 Total Credits	15	9999999999	.00
16. If line 12 is greater than line 15, enter the difference Balance Due	16	9999999999	.00
17. Penalty, see line 17 instructions	17	9999999999	.00
18. Interest, see line 18 instructions	18	9999999999	.00
19. Total Amount Due (Add lines 16 through 18) Payment Due	19	9999999999	.00
20. Refund Due (If line 15 is greater than line 12, enter the difference) Refund	20	9999999999	.00



2422111694

Name of Estate or Trust

Federal Employer Identification Number

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX CH

999999999 CJ

Check Applicable Boxes

First Return <input checked="" type="checkbox"/> CK	Final Return <input checked="" type="checkbox"/> CL	Fiduciary Name Change <input checked="" type="checkbox"/> CM	Address Change <input checked="" type="checkbox"/> CN	Federal Extension <input type="checkbox"/>	State (IN) Extension <input type="checkbox"/>		
Retirement Plan <input checked="" type="checkbox"/> CQ	Estate <input checked="" type="checkbox"/> CR	Simple Trust <input checked="" type="checkbox"/> CS	Complex Trust <input checked="" type="checkbox"/> CT	Bankruptcy Estate <input checked="" type="checkbox"/> CU	ESBT Trust <input checked="" type="checkbox"/> CV	Grantor Trust <input checked="" type="checkbox"/> CW	Other (Please Specify) XXXXXXXXXXXXX CX

Additional Information - Please answer the following questions or provide the requested information

1. Is there a nonresident beneficiary? Yes No 2. How many Schedule IN K-1s are included with this return? 999

3. If this is an estate return, enter the date of the decedent's death and Social Security number

Decedent's date of death 99999999 Decedent's Social Security Number 999999999

4. If this is a trust return, enter date the entity was created 99999999 5. Was a final individual return filed for decedent? Yes No

6. If this is a grantor trust return, enter the grantor's Social Security number 999999999

I authorize the department to discuss my return with my personal representative. Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> AG If yes, complete the information below.	Address XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX AJ
Personal Representative's Name (please print) XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX AH	City XXXXXXXXXXXXXXXXXXXXXXXXXXXXX AK
Email 999999999999999999999999999999999 AI	State AL ZIP Code AM XX 999999999

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based upon all information of which the preparer has any knowledge.

Signature of Fiduciary or Officer CY _____	Telephone Number CZ 9999999999	Date DA 99999999
Signature of Preparer DB _____	Telephone Number DC 9999999999	Date DD 99999999
Preparer's Address AR XXXXXXXXXXXXXXXXXXXXXXXXXXXXX	Preparer's Identification Number DE 999999999	
City AS XXXXXXXXXXXXXXXXXXXXXXXXXXXXX	State AT XX	ZIP Code AU 999999999

Mail completed return with payment to:
Indiana
Department of Revenue
Fiduciary Section
P.O. Box 6192
Indianapolis, IN 46206-6192

Mail all other returns to:
Indiana
Department of Revenue
Fiduciary Section
P.O. Box 6079
Indianapolis, IN 46206-6079

IT-41 Fiduciary Income Tax Return Instructions

Introduction

A **fiduciary** is defined by the Internal Revenue Service (IRS) as any person in a position of confidence acting on behalf of any other person. A fiduciary assumes the powers, rights, duties, and privileges of the person or entity on whose behalf they are acting.

According to Indiana Code (IC) 6-3-1-7, "Fiduciary" means any guardian, trustee, executor, administrator, receiver, conservator, or any person, whether individual or corporate, acting in any fiduciary capacity for any individual, trust, guardian, or estate.

This tax return is used by the fiduciary representative to report the income, deductions, gains, losses, etc. of the estate or trust; the income that is either accumulated or held for distribution to beneficiaries; or the income tax liability of the estate or trust. This form is also used for private foundations and retirement plans that are taxed as trusts by the IRS.

Examples of fiduciaries include administrators, conservators, designees, executors, guardians, receivers, trustees of a trust, trustees in bankruptcy, personal representatives, persons in possession of property of a decedent's estate, and debtors-in-possession of assets in any bankruptcy proceeding by order of the court.

A decedent's estate or a trust (except for a grantor type trust) is a separate legal entity for federal and state tax purposes. A **decedent's estate** comes into existence at the time of the death of an individual. A **trust** may be created during an individual's life (inter vivos) or at the time of the individual's death under a will (testamentary). If the trust instrument contains certain provisions, the person creating the trust (the grantor) is treated as the owner of the trust's assets.

For purposes of filing the Indiana Fiduciary Income Tax Return, estates and trusts are classified as either resident or nonresident. **For Indiana purposes, the residence of a trust is determined by the location where it is administered.** Therefore, you must determine where the trustee or personal representative is located and where the records are kept for the trust.

Resident estates or trusts are taxable on all federal taxable income from all sources regardless of where the income is earned. For estates, residence is based on the decedent's residence at the time of death.

Nonresident estates and trusts are taxable in Indiana on all federal taxable income derived from Indiana sources. Income derived from sources within and without Indiana shall be determined under IC 6-3-2-2 (see "Nonresidents"). Nonresident estates and trusts may adjust federal taxable income (or loss) reported on line 1 to reflect taxable income allocable to Indiana.

A decedent's estate or trust figures its gross income in much the same manner as an individual does. Many deductions and credits that are allowed for individuals are also allowed for estates and trusts. An estate or a trust may be allowed an income distribution deduction for distributions to **beneficiaries** (heirs). This deduction is calculated at the federal level and determines the amount of any distributions taxed to the beneficiaries. For this reason, an estate or a trust is sometimes referred to as a *pass-through* entity. Most estates and trusts file Form 1041 at the federal level and file Form IT-41 at the Indiana level.

Many of the necessary determinations are done at the federal level by the IRS. Therefore, you must complete federal Form 1041, U.S. Income Tax Return for Estates and Trusts, before you begin filling out Indiana's Form IT-41. If you need to contact the IRS, you can access its website at www.irs.gov to download forms and instructions. You can also order federal forms and publications by calling 1-800-TAX-FORM ((800) 829-3676).

According to IC 6-3-4-1 and for taxable years beginning after Dec. 31, 2012, every resident estate or trust having gross income or nonresident estate or trust having any gross income from sources within the state of Indiana exceeding the amount provided in Section 6012(a)(3) of the Internal Revenue Code (IRC)(currently \$600) for the taxable year must file a return.

Form IT-41 must be filed by the 15th day of the fourth month following the close of the taxable year. For retirement plans filing Federal Form 990-T and for private foundations filing Federal Form 990-PF, the return must be filed by the 15th day of the fifth month following the close of the taxable year.

If an extension of time to file is needed, the fiduciary may request an extension of time to file. If a federal extension has been granted, simply attach a copy of the federal extension form to Form IT-41 when you file the return. **Indiana allows the same amount of time granted by the IRS, plus 30 days.**

Effective Jan. 1, 2015, IC 6-3-4-15 now provides that all nonresident beneficiaries must be included in a composite return schedule, and the fiduciary for the trust or estate must continue to withhold Indiana adjusted gross income tax for all nonresident beneficiaries. Each nonresident beneficiary's composite tax is calculated on the Schedule Composite/Schedule Composite-COR and reported on the Form IT-41. DOR has streamlined the process for making withholding payments. There is no need to open a withholding account and file the WH1 and WH3 forms. Instead, all withholding payments will be remitted with Form IT-41ES, Fiduciary Payment Voucher. The credit will be reflected on the Schedule IN K-1 for each beneficiary.

For further information, consult Income Tax Information Bulletins #1 and #72 at www.in.gov/dor/3650.htm.

Form IT-41 Line-by-Line Instructions

Amended Return

Check this box if this return is being filed to correct or make changes to a previously filed IT-41 form.

Taxable Year

The taxable year shall be the calendar or fiscal taxable year of the taxpayer as shown on Form 1041, U.S. Income Tax Return for Estates and Trusts. If you are filing a calendar-year return, please enter the 4-digit tax year in the box (YYYY). If you are filing a fiscal-year return, please enter the beginning and ending period dates in the fiscal year boxes (MM/DD/YYYY).

Name and Address

Enter the name of the estate or trust, the name and title of the fiduciary representative, and the complete address (as they appear on the federal Form 1041).

Federal Identification Number

Enter the federal identification number (FEIN) on the IT-41. Every estate or trust that is required to file Form IT-41 must have an FEIN (sometimes called an employer identification number) issued by the IRS.

If you have not applied for the number yet, the fastest way is to apply online at www.irs.gov. The FEIN will be issued immediately.

The IRS also allows you to apply by telephone (toll-free at (800) 829-4933 from 7:00 a.m. to 10:00 p.m. in the fiduciary's local time zone), by fax, and by mail.

Rounding to the Nearest Whole Dollar

When making your mathematical calculations on the return, please round your numbers to the nearest whole dollar. To do so, drop any cents less than 50 cents and increase amounts from 50 cents to 99 cents to the nearest whole dollar. For example: \$100.32 would be \$100, and \$100.65 would be \$101.

Line 1 Taxable Income

Enter the federal taxable income (after exemptions) from federal Form 1041 (line 23). If there is no federal taxable income to report because distributions were made to beneficiaries, enter zero. If your federal taxable income is a loss, please indicate that with a dash and not with brackets. A loss of \$100 would be shown as -100.

If you are filing Form 990-T, Exempt Organization Business Income Tax Return, or Form 990-PF, Return of Private Foundation with the IRS, please begin with federal taxable income or unrelated business taxable income if applicable. Please include a copy of the federal return with the IT-41 for reference.

If you are filing Form 5227, Split-Interest Trust Information Return, at the federal level, please file the IT-41 as an informational type of return and include a copy of the federal return.

Line 2, Indiana Additions or Add-backs

The IT-41 Indiana Fiduciary Return begins on line 1 with federal taxable income. Included in that income amount might be items that are taxed at the Indiana level (even though they aren't at the

federal taxable level). Therefore, you might have to add back some income amounts on line 2 of the IT-41 to arrive at the proper taxable amount of Indiana income. Current add-backs include the following:

Bonus Depreciation Add-back

Add back an amount attributable to bonus depreciation in excess of any regular depreciation that would be allowed if an election under IRC Section 168(k) had not been made as applied to property in the year that it was placed into service. Taxpayers who own property for which additional first-year special depreciation for qualified property was allowed in the current taxable year or in an earlier taxable year must add or subtract an amount necessary to make their federal taxable income equal to the amount computed without applying any bonus depreciation. Enclose a statement explaining any adjustment. Special rules may apply if the bonus depreciation occurs for property acquired in a like-kind exchange or for property placed in service in a year in which the estate or trust has an excess business loss. Income Tax Information Bulletin 118 at www.in.gov/dor/files/ib118.pdf explains this initial required modification on the allowance of depreciation for state tax purposes.

Government or Civic Group Capital Contribution Deduction

Subtract any amount included in federal taxable income that are capital contributions from a government or civic group and not excluded under IRC Section 118. This deduction is the amount reported to you on Schedule IN K-1 provided by an S corporation.

OOS Municipal Obligation Interest Add-back

Interest earned from a direct obligation of a state or political subdivision other than Indiana (out of state, or OOS) is taxable by Indiana if the obligation is acquired after Dec. 31, 2011. Interest earned from obligations held or acquired before Jan. 1, 2012, is not subject to Indiana income tax and should not be reported as an add-back.

For more information about this add-back, see Income Tax Information Bulletin 19 at www.in.gov/dor/3650.htm.

Section 179 Expense Excess Add-back

Enter any IRC Section 179 deduction claimed for federal tax purposes that exceeds the amount recognized for state tax purposes. Indiana adopted the former expensing limit provided by The Jobs Creation and Workers Assistance Act of 2002 and has since specified an expensing cap of \$25,000. However, Indiana continues to follow the federal phase-out limit of \$2,500,000 (adjusted for inflation). Enclose a statement to explain your adjustment. Special rules may apply if the Section 179 expensing is claimed for property acquired in a like-kind exchange or for property placed in service in a year in which the estate or trust has an excess business loss. Income Tax Information Bulletin 118 at www.in.gov/dor/files/ib118.pdf provides additional information on computation and special rules.

Section 199A Deduction Add-Back

Enter any amount deducted by the trust or estate for qualified business income under IRC Section 199A.

U.S. Government Obligations Expenses Add-back

Deductions allocable to tax-exempt income must be used only against tax-exempt income. Therefore, if interest in U.S. government obligations is excludable on the Indiana fiduciary return, expenses related to such tax-exempt income must be added back to taxable income for Indiana purposes.

Line 3, IRC Section 965 income

For an estate or a trust that did not distribute all repatriated dividends (IRC section 965) received by it, list the amount on Federal Form 965, Part II, line 17. If the estate or trust distributed the repatriated dividends in whole or in part, add back only the portion attributable to the amount not distributed by the estate or trust.

Line 4, Net Operating Loss Deduction

Add back the net operating loss deduction claimed on your federal return. The Indiana portion of the net operating loss deduction may be claimed on line 8. You must enclose a copy of the Federal Form 1045 and the Indiana Schedule IT-40NOL, Individual Income Tax Net Operating Loss Computation.

Line 5, Total Income

Add lines 1 through 4. Enter the amount here.

Line 6, U.S. Government Obligations Interest

Enter the amount of interest on U.S. government obligations that is nontaxable by Indiana only to the extent that such income was reported on line 1.

Line 7, Non-Indiana Fiduciary Income

Nonresident trusts or estates may enter the portion of federal fiduciary taxable income not apportioned or allocated to Indiana. A separate statement (or other state's tax return) must be enclosed indicating to which state the income is attributable.

Line 8, Indiana Portion Of Net Operating Loss

Enter the Indiana portion of net operating loss deduction and enclose Indiana Schedule IT-40NOL. Please review the IT-40NOL and instructions before entering an amount on this line.

Line 9, State Taxable Income

Subtract lines 6, 7, and 8 from line 5. This is your Indiana taxable income.

Line 10, State Adjusted Gross Income Tax

Multiply the amount on line 9 by 3.23% (.0323). If the result is less than zero, leave blank.

Line 11, Additional Tax

Please complete and include Schedule 1 for Form IT-41. The schedule breaks down the type and amount of additional tax to be entered on line 11.

- **Bankruptcy Estates**—Please enter the amount of tax due from the Indiana individual income tax return. Enclose a copy of the IT-40 showing calculations.
- **Composite Filers**—Enter the total tax liability from the IT-41 composite filing schedule for nonresident beneficiaries. Enclose the completed Schedule Composite/Schedule Composite-COR.

- **ESBTs**—Report the tax due on the Indiana portion of income from an electing small business trust (ESBT). You must enclose a statement showing the income and tax computation using the 3.23% (.0323) Indiana state tax rate.
- **Sales or Use Tax**—The purchase of all tangible personal property to be used by the fiduciary is subject to either the sales tax or the use tax. If the sales tax is not paid at the time of purchase, the buyer is liable for payment of the use tax at the rate of 7% (.07) of the total purchase price.

Line 12, Total Tax

Add lines 10 and 11. Enter the result here.

Line 13, Fiduciary Estimated Tax Paid

Enter the total amount of fiduciary estimated payments made during the taxable year by the fiduciary. These payments should have been made using the FEIN and the IT-41ES, Fiduciary Payment Voucher. If you made an extension payment, include the amount of your extension payment combined with the amount of the estimated payments.

There are no carryover provisions for estimated payments. Therefore, overpayments are not applied to the estimated account for the following year. Any overpayments will be refunded.

Line 14, Other Credits

Note: Please remember to enclose verification for credits claimed. If DOR disallows the credits due to insufficient information, you may receive a bill for additional tax on your tax return.

- **Withholding Credit** – If you are claiming withholding credits (paid into a withholding account or paid with the Form IT-41ES as a composite payment) and have Schedule IN K-1(s) showing the Indiana tax withheld, please include a copy of the Schedule IN K-1 for verification purposes.

If you have withholding credit from a 1099-R Form, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, Etc., enter the amount of Indiana state tax withheld on this line and enclose a copy of the 1099-R form.

- **Amended Return**—If you are filing an amended return and made a payment with your original return, include the amount of the original payment on this line. If you received a refund from your original return, you may enter the amount as a negative figure (using a dash, -\$1000) on this line to make the amended calculations accurate.
- **Other Credits**—Many credits are available at the fiduciary level, similar to credits available to an individual. The main thing to remember when entering an amount as Other Credits is to enclose the required verification with the IT-41 form. The credits are subject to the limitations detailed in Information Bulletin 59 available at www.in.gov/dor/reference/files/ib59.pdf.

Line 15, Total Credits

Add lines 13 and 14. Enter the result here.

Line 16, Balance Of Tax Due

Subtract line 15 from line 12. Enter the result here.

Line 17, Penalty

If you are filing this return after the original due date and/or you have a balance of tax due, you probably owe a penalty. If you owe a penalty, enter the penalty amount on line 17.

- **Late Filing Penalty**—If the return is filed after the due date and has **no tax liability** on line 16, the penalty for failure to file by the due date is \$10 per day that the return is past due, up to a maximum of \$250.
- **Late Payment Penalty**—If the return has **an amount due** on line 16 and is filed after the original due date, the penalty is 10% (.10) of the balance of tax due on line 16 or \$5, whichever is greater.

Note: An extension of time to file does not extend the time to pay any tax due. Tax due must be paid by the original due date. Interest and penalty are calculated on late payments from the due date of the payment.

The penalty for paying late is not due if **all 3** of the following conditions are met:

1. A valid extension of time to file exists;
2. At least 90% of the tax liability was paid by the original due date; and
3. The remaining tax plus interest is paid by the extended due date.

Line 18, Interest

If a return is filed and payment is made after the original due date, interest must be included with the payment. Interest is calculated from the original due date until the date the payment is made. Interest rates are listed in Departmental Notice #3 available at www.in.gov/dor/3618.htm or you can contact DOR to get the current interest rate or calculation.

Line 19, Total Amount Due

Add lines 16, 17, and 18. Enter the result here. This is the amount of total tax owed to DOR. Please make your check or money order payable to “Indiana Department of Revenue” and send your payment with your return.

If you are unable to mail your payment when you file the return, you may receive a bill that includes additional interest and/or penalties due on the return.

Note: If you owe with your return, please send your check or money order in the same envelope with the IT-41 tax return for more efficient processing. Please do not staple your check to the IT-41 or attach it in any way. If you are sending several returns in the same envelope, please send a separate check for each return that has an amount due.

Line 20, Refund Due

If line 15 is greater than line 12, enter the difference. This is the amount of overpayment and the amount that will be refunded in the name of the trust or estate.

Check Applicable Boxes

- **First Return**—Check this box if this is the first return filed in Indiana for the trust or estate.
- **Final Return**—Check this box if this is the last return to be filed in Indiana for the trust or estate.
- **Fiduciary Name Change**—Check this box if there has been a change or correction to the fiduciary representative.
- **Address Change**—Check this box if there has been a change of address for the trust or estate.
- **Federal Extension**—Check this box if there is a federal extension of time to file.
- **State Extension**—Check this box for a state extension of time to file.

Check Applicable Boxes

The IRS makes the determination at the federal level as to which type of entity applies to your specific situation. Please check the box that agrees with the entity indicated on the federal form you completed for the trust or estate. If none of these apply to your situation, please indicate “Other” and specify which type of entity is involved:

- Retirement plan
- Estate
- Simple trust
- Complex trust
- Bankruptcy estate
- ESBT trust
- Grantor trust
- Other (please specify)

Questions

1. **Is there a nonresident beneficiary?**
Indicate “Yes” or “No” by checking the box.
2. **How many Schedule IN K-1s are enclosed with this return?**
Enter the number of Schedule IN K-1 forms enclosed with the return. If there are none, leave the box blank.
3. **If this is an estate return, enter the date of the decedent’s death and Social Security number.**
Enter the decedent’s date of death and the decedent’s Social Security number. If this is not an estate return, leave the boxes blank.
4. **If this is a trust return, enter the date the entity was created.**
Enter the Date Entity Created from the federal 1041 form. If this is not a trust return, leave the box blank.
5. **Was a final individual return filed for decedent?**
Indicate “Yes” or “No” by checking the box.
6. **If this is a grantor trust return, enter the grantor’s Social Security number.**
Enter the grantor’s Social Security number. If this is not a grantor type trust return, leave the box blank.

Signature

The IT-41 must be signed by the fiduciary (trustee, executor, personal representative, etc.) to be considered a valid return.

Preparer Information

The preparer information section in the signature area is for the paid preparer's information. The preparer's identification number is the preparer's taxpayer identification number (PTIN). If there is no paid preparer, leave this section blank.

Enclosures

It is very important that you provide supporting documentation for income, deductions, and credits claimed on the IT-41. Failure to do so can result in longer processing time for your return. If you are claiming a refund, please include a complete copy of the federal Form 1041. If you are not claiming a refund, you may include (at least) the first 2 pages of the federal Form 1041 along with any pertinent schedules, such as the Schedule IN K-1 or verification for deductions or credits claimed on the Indiana return.

Enclose all Schedule IN K-1s and any Schedule Composites.

If you are claiming credit for Indiana taxes withheld, you must include a withholding statement (W-2, 1099-R, or Schedule IN K-1) so DOR can verify that payments have been made for the trust or estate in an actual Indiana withholding account.

Mailing Addresses

- **Returns with Payment**
Indiana Department of Revenue
Fiduciary Section
P.O. Box 6192
Indianapolis, IN 46206-6192
- **All Other Returns or Correspondence**
Indiana Department of Revenue
Fiduciary Section
P.O. Box 6079
Indianapolis, IN 46206-6079
- **If you need an actual street location address, you may use:**
Indiana Department of Revenue
Fiduciary Section
100 N. Senate Ave.
Indianapolis, IN 46204-2253

If you need additional information, you may always contact us:

- On the internet at www.in.gov/dor
- By email at rpoindividual@dor.in.gov
- By telephone at (317) 232-2067 Monday through Friday from 8:00 a.m. to 4:30 p.m.
- By fax at (317) 615-2697, available 24 hours a day, 7 days a week
- By mail at: Indiana Department of Revenue, Fiduciary Section, P.O. Box 6079, Indianapolis, IN 46206-6079
- In person at any of our district offices. Our offices are open Monday through Friday from 8:00 a.m. to 4:30 p.m. To find the district office nearest you, go to www.in.gov/dor/3390.htm

To find more information on the IT-41 and get answers to frequently asked questions, go to www.in.gov/dor/3514.htm.

Instructions for Schedule Composite/Schedule Composite-COR (Form IT-41)

Filing Requirements

Any trust or estate that has beneficiaries who are nonresidents of Indiana must file a composite return and include all its nonresident beneficiaries. Submit a Schedule Composite for all individual/pass-through entity beneficiaries and a Schedule Composite-COR for all C corporation beneficiaries. The composite return must be filed with and have the same due date as the IT-41 Indiana Fiduciary Income Tax Return. If the IRS allows the trust or estate an extension to file its tax return, the due date for its Indiana return is automatically extended for the same period, plus 30 days.

Information Bulletin #72 contains additional information regarding composite filing and can be found on our web site at www.in.gov/dor/reference/files/ib72.pdf.

The following limitations and conditions apply to each beneficiary included as a member in the composite return:

- Any short-term capital gain (loss) plus any long-term capital gain (loss) specifically allocated for a beneficiary is allowed, subject to any “passive activity” loss limitations pursuant to IRC Section 469 and capital loss limitations imposed on noncorporate taxpayers by IRC Section 1211;
- No deduction is permitted for interest paid on investment indebtedness under IRC Section 163(d) (limitation on interest investment indebtedness);
- No deduction is permitted for carryover of net operating losses or capital losses;
- No personal exemption is permitted;
- No deduction is allowed for charitable contributions allowed or allowable pursuant to IRC Section 170;
- No credit is permitted for taxes paid to other states;
- No credit carryovers are permitted; (except for those on Schedule IN-OCC); and
- All other credits that flow through to beneficiaries on a pro rata basis are limited to the beneficiary’s state income tax liability.

The trust or estate filing a composite return is liable for the tax shown on the return. It is also liable for any additional tax, interest, and penalty as a result of a subsequent audit or examination. Any refund of state or county tax as a result of filing a composite return will be remitted directly to the trust or estate.

Instructions for Completing Schedule Composite/Schedule Composite-COR

Indicate the name of each nonresident beneficiary on the appropriate schedule. Subject to the limitations and conditions specified in the filing requirements, separately compute the state tax liability on the composite return attributable to each nonresident beneficiary. See Schedule CT-40PNR, page 2, at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/ to get the applicable county tax rate.

Note: The name of all nonresident individuals of reverse credit agreement states who are subject to and pay income taxes at rates equal to or greater than Indiana’s individual income tax rate to the resident states must be listed on the Schedule Composite, but with

the amount of withholding tax/credit for these beneficiaries listed as zero.

Column A. If a beneficiary has an exception where the beneficiary may not be subject to tax or may be subject to a reduced tax, enter the exception code applicable to that beneficiary. If no exception code applies to a beneficiary, leave the column blank. If an invalid code is entered, this will be treated as a blank code. If a code is entered into this column, compute the values for state and local income tax based on the proper amount of tax due rather than based on the default computation.

- Code 01 - Approved alternative arrangement. This is available only if DOR has approved an alternative withholding arrangement with the corporation responsible for paying the tax. You must maintain DOR’s approval of the arrangement with your records as DOR can require you to provide it at a later date.
- Code 02 - Credit used to offset composite tax. If the beneficiary would have been entitled to claim a nonrefundable tax credit that flowed through from the estate or trust to reduce the beneficiary’s income tax liability, the beneficiary may reduce the amount of composite tax by the beneficiary’s share of such credit. Do not reduce the tax by more than the beneficiary’s share of any credits that properly passed through to the beneficiary. Also, you may only reduce the tax by the amount of current year credit unless specifically permitted. Finally, you may not use this code to reduce composite tax for credits that did not flow through from the estate or trust.
- Code 03 - Employee Stock Ownership Plan Enter this code if the beneficiary is an employee stock option plan (ESOP).
- Code 05 - Insurance Company not subject to AGIT or FIT. If the beneficiary is an insurance company that is not subject to AGIT or FIT for the year in question, use this code. Use this code only if the insurance company has filed a timely election to be subject to Indiana gross premiums tax.
- Code 06 - Nonprofit Entity. If the beneficiary if an entity that is a nonprofit corporation or a retirement plan that is subject to Indiana adjusted gross income tax or financial institutions tax on only its unrelated business income AND the estate or trust knows that the income from the trust or estate would not be considered unrelated business income to the beneficiary, enter this code. Do not enter this code if the estate or trust lacks actual knowledge of the character of the income in the beneficiary’s hands or if the estate or trust knows that the income is unrelated business income to the beneficiary.
- Code 07 - Real Estate Investment Trust. Enter this code if the beneficiary is a real estate investment trust (REIT). However, do not enter this code if the REIT is a captive REIT required to add back its dividends paid.
- Code 08 - Real Estate Mortgage Investment Conduit. Enter this code if the beneficiary is a real estate mortgage investment conduit.
- Code 09 - Treaty-based exclusion. If a beneficiary is subject to a treaty-based exception from federal income tax, the scope of the treaty includes the income derived from the estate or trust, and the estate or trust has knowledge of the beneficiary’s exemption, enter this code for the beneficiary.

Column B, Schedule Composite. Enter the 2-character state of residency for each nonresident listed.

Column B, Schedule Composite-COR. Enter the Indiana adjusted gross income from IT-41 Schedule IN K-1, Part 4, line 9.

Column C, Schedule Composite. Enter the Indiana adjusted gross income from IT-41 Schedule IN K-1, Part 4, line 9.

Column C, Schedule Composite-COR. Multiply the amount in Column B by the Indiana corporate tax rate (see Form IT-20, page 10).

Column D. State Tax. Multiply the adjusted gross income by .0323.

Column E. Enter the income subject to county tax from IT-41 Schedule IN K-1, Part 1, line 12.

Column F. Multiply the amount in Column E by the county tax rate associated with the county reported on IT-41 Schedule IN K-1, line 7. This rate is listed on Schedule CT-40PNR, which is located at www.in.gov/dor/tax-forms/2021-individual-income-tax-forms/. Notwithstanding any other requirement, a nonresident individual who is subject to Indiana county income tax on Schedule Composite (Column F) is required to file a nonresident individual income tax return, Form IT-40PNR, to report all sources of Indiana income.

Note. If the nonresident owner is also employed by the business, the business shall use the county reported on the owner/employee's WH-4 to determine whether or where withholding is required.

Column G. Add the amounts from Columns D and F. Enter the amount from Schedule Composite, line 15G, on Form IT-41, line 11. If completing Schedule Composite-COR, enter the amount from line 29C on Form IT-41, line 11 as well.

Note: A federal Schedule K-1 for each beneficiary is not required to be enclosed but must be made available for inspection upon request by DOR.