

# Instructions for PA-41 Schedule RK-1

## Resident Schedule of Shareholder/Partner/Beneficiary

### Pass Through Income, Loss and Credits

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### What's New

For tax year 2011, the PA-41, Pennsylvania Fiduciary Income Tax Return Tax Booklet forms and schedules will not be printed or mailed.

Since the PA-41 Tax Booklet is no longer published, PA-41 Schedule RK-1 is available on the department's website under Forms and Publications for personal income tax.

Forms and schedules can also be obtained through one of the Forms Ordering Services. See Forms and Publications in the left navigation menu on the department's website or refer to Taxpayer Services and Assistance in the PA-41, Fiduciary Income Tax Return instructions.

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## General Information

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### Purpose of Schedule

Trust and estate beneficiaries are subject to Pennsylvania personal income tax on their share of the trust and estate's distributed or distributable income. Trust and estate beneficiaries who reside in Pennsylvania are taxed on their share of the trust or estate income, regardless of the source of the income.

The PA-41 Schedule RK-1 provides each beneficiary their share of Pennsylvania-taxable income from the estate or trust. Pennsylvania resident beneficiaries receive PA-41 Schedule RK-1.

When an estate or trust files its PA-41, Fiduciary Income Tax Return, it must submit a PA-41 Schedule RK-1 for each resident beneficiary who is an individual. Estates and trusts are required to prepare both PA-41 Schedules RK-1 for entity beneficiaries that are PA S corporations; partnerships; entities formed as limited liability companies that are classified as partnerships or PA S corporations for federal income tax purposes; and estates and trusts.

### Resident Beneficiary (Individual)

If the beneficiary's last known address indicates they were a resident beneficiary for an entire tax year, the estate or trust includes a copy of the PA-41 Schedule RK-1.

### Part-Year Resident and Entity Beneficiaries

The estate or trust must provide both PA-41 Schedules RK-1 and NRK-1 to any beneficiary that was a/an:

- individual who was a part-year Pennsylvania resident;
- estate or trust;
- PA S corporation;
- Partnership; or
- entity formed as a limited liability company that is classified as a partnership or PA S corporation for federal income tax purposes.

Both schedules for each such beneficiary must also be submitted with the PA-41, Fiduciary Income Tax Return.



**Important.** The department does not accept federal Form 1041 Schedule K-1 because the schedule does not properly reflect the classified Pennsylvania-taxable income amounts.

PA-41 Schedules RK-1 submitted to resident and entity beneficiaries should reflect the taxable income to Pennsylvania residents even if the estate or trust is a nonresident.

### How To Amend PA Schedule RK-1

Where an amendment to the PA-41, Fiduciary Income Tax Return results in a need to amend the PA-41 Schedule RK-1, an amended PA-41 Schedule RK-1 must be forwarded to the PA Department of Revenue with the amended tax return and a copy provided to each beneficiary.

An amended PA-41, Fiduciary Income Tax Return and an amended PA-41 Schedule RK-1 for each beneficiary must also be filed to correct any error on or reflect any change to the original PA-41, Fiduciary Income Tax Return, whether or not an amended federal Form 1041 was filed for that year.

To amend your original PA-41 Schedule RK-1, use a blank schedule for the tax year that is to be amended and fill in the "Amended Schedule" oval at the top of the schedule. Do not send a copy of your original schedule. Complete the schedule by entering the corrected information and submit it with the amended PA-41, Fiduciary Income Tax Return. See "Where To File" in the PA-41 instructions.

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## Form Instructions

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### Part I General Information

#### SSN

Enter the Social Security number (SSN) if the beneficiary of the estate or trust is an individual receiving the PA-41 Schedule RK-1.

#### Last Name, Suffix, First Name, Middle Initial

Enter the last name; suffix such as Jr., Sr., etc; first name and middle initial of the individual beneficiary of the estate or trust who is receiving the PA-41 Schedule RK-1.

#### Spouse's SSN

Enter the beneficiary spouse's SSN (if jointly held) receiving the PA-41 Schedule RK-1.

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#### FEIN

Enter the federal employer identification number (FEIN) of the entity beneficiary receiving the PA-41 Schedule RK-1.

## Name of Owner Receiving RK-1 (Other Than an Individual)

If the beneficiary of the estate or trust is an entity such as a partnership, PA S corporation, entity formed as a limited liability company that is classified as a partnership or PA S corporation for federal income tax purposes, or an estate or trust, enter the FEIN and name of the entity receiving the PA-41 Schedule RK-1.

## First Line of Address

Enter the street address of the individual or entity beneficiary receiving the PA-41 Schedule RK-1. If the address has an apartment number, suite, or RR number, enter after the street address. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

The U.S. Postal Service preference is to put the actual delivery address on the line immediately above the city, state and ZIP Code.



**Note.** If the street address along with the apartment number, suite, or RR number does not fit on the first line of address, then enter the street address on the second line of address and the apartment number, suite, or RR number on the first line of address.

## Second Line of Address

Enter the post office box, if appropriate, of the individual or entity beneficiary receiving the PA-41 Schedule RK-1. If there is no post office box, leave the second line of address blank. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

For a foreign address enter the city or municipal designation. See the example for [Foreign Address Example](#).

For a Canadian address, enter the city and postal delivery zone number. See the example for [Canada](#).



**Important.** If the address has only a post office box, enter on the first line of address.

## City, State and ZIP Code

Enter the appropriate information in each box of the individual or entity beneficiary receiving the PA-41 Schedule RK-1. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

## Name of Entity Issuing RK-1

Enter the name of the estate or trust issuing the PA-41 Schedule RK-1.

## City, State and ZIP Code

Enter the appropriate information in each box of the estate or trust issuing the PA-41 Schedule RK-1. Eliminate all punctuation such as apostrophes, commas, periods and hyphens.

## FEIN

Enter the federal employer identification number (FEIN) of the estate or trust issuing the PA-41 Schedule RK-1.

## Foreign Address Standards

If the estate or trust is located outside the U.S., it is important to write the foreign address on the PA-41 Schedule RK-1, according to U.S. Postal Service standards.

Failure to use these standards may delay any refunds requested or any correspondence necessary to complete the processing of the return.

To comply with foreign address standards, use the following rules when completing the address portion of the PA-41 Schedule RK-1.

- Eliminate apostrophes, commas, periods and hyphens.
- Write the name of the estate or trust in the spaces provided.
- Write the name and title of the fiduciary in the spaces provided.
- Write the address in the space provided, including street and building name and number, apartment or suite numbers, city name, and city or provincial codes.
- Write only the name of the country in the space provided for the city or post office.
- **Do not** include any entries in the state or ZIP code spaces on the PA-41 Schedule RK-1.

Providing the address in this format will better ensure that the department is able to contact the estate or trust if we need additional information or to send a refund on a timely basis.

Below are two examples of properly completed foreign addresses.

### **Foreign Address Example.**

SAUNDERS HELEN ESTATE OF  
JANET SAUNDERS ADMIN  
10 BOW ST OTTAWA ON K1A 0B1  
CANADA

### **Foreign Address Example.**

DIETRIC-FISCHER INGE TRUST  
PATRIK FISCHER TTEE  
WEIMARER STR 7 5300 BONN 1  
GERMANY

If the estate or trust's address does not fit in the available spaces on the PA-41 Schedule RK-1 using this format, please include a separate statement with the return showing the complete address.

## Amended Schedule

If the estate or trust is filing an amended PA-41, Fiduciary Tax Return, and the amount of income distributed to a resident beneficiary changes, fill in the amended schedule oval.

## Final

If this is the final year of distributions to the beneficiary from the estate or trust, fill in the final oval.

## Beneficiary's Year-End Distribution

Enter the beneficiary's percentage of year-end distributions from the estate or trust for the ratio of the beneficiary's taxable distribution as reported on the PA-41 Schedule RK-1, Line 6 to the total distribution as reported on the PA-41, Fiduciary Income Tax Return, Line 8.

If a beneficiary who is an individual and part-year resident or an entity beneficiary, calculate and enter the percentage as if a resident taxpayer.

Valid values are: "00000" to "10000", where 10000 = 100%
Decimal point is implied after 3 <sup>rd</sup> character from the left
e.g. to indicate 33.33%, the value should be "03333"
e.g. to indicate 25%, the values should be "02500"

## Owner

Fill in the oval that designates what type of beneficiary received the PA-41 RK-1. Fill in one oval only.

## Entity

Fill in the estate or trust oval only.

## Fiscal Year

If the estate or trust does not file on a calendar-year basis, fill in the oval.

Enter month, day and year (MMDDYY) when the fiscal year begins and ends.

### Short Year

A short year is an accounting period shorter than one year (and not a 52-53 week taxable year).

A short-year return is required for the following reasons:

- changes in the annual accounting period. For example: The estate or trust changes from a fiscal to a calendar filer; or
- an estate or trust is in existence during only part of the tax year. For example: If the trust or estate is in its initial or final year.

See "How to File a Short-Year Return" in the PA-41, Fiduciary Income Tax Return instructions.

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## Line Instructions

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### Part II

#### Shareholder/Partner/ Beneficiary Distributive Share of Pennsylvania- Source Income (Loss)

#### Lines 1 through 5

Do not enter any amounts on Lines 1 through 5 and Lines 7 through 20.



Do not report the income of beneficiaries of estates and trusts on any lines of the PA-41 Schedule RK-1 except Line 6.

#### Lines 6

Follow Steps 1 and 2 below to calculate the amount of each beneficiary's income on PA-41 Schedule RK-1, Line 6.

#### Lines 7 through 20

Do not enter any amounts on Lines 7 through 20.

#### Step 1

##### Calculate the Total Dollar Amount

Calculate the total dollar amount of-

- cash and property distributions actually made to the beneficiaries during the taxable year; and
- undistributed amounts that are either credited or payable or required to be currently distributed to the beneficiary during the taxable year.

#### DO NOT TAKE INTO ACCOUNT

- amounts that are properly paid out of corpus as a gift or bequest of a specific amount of money;
- amounts that were required to have been distributed in any prior taxable year; or
- the market value of property distributed in kind as a gift or bequest of specific property.

#### Step 2

##### Calculate Beneficiary Income for the RK-1

To calculate the beneficiary's income of/from estates or trusts (Line 6) for entry on a PA-41 Schedule RK-1, multiply the amount calculated in Step 1 by a fraction, calculated as follows-

- the numerator is the lesser of Line 3a or Line 14a on PA-41 Schedule DD.
- the denominator is Line 13a of PA-41 Schedule DD. Multiply this amount by the beneficiary's year-end distribution percentage.
- enter the amount on the PA-41 Schedule RK-1, Line 6.