## General Information

### Purpose of Schedule

Estates and trusts use PA-41 Schedule D to report the sale, exchange or other dispositions of real or personal tangible and intangible property.

Pennsylvania law does not recognize the deemed sale election permitted by the Internal Revenue Service.

Report each sale, exchange or disposition of property on PA-41 Schedule D, unless the instructions require a different Pennsylvania schedule.

### Form Instructions

**Name**

Enter the complete name of the estate or trust as shown on the PA-41, Fiduciary Income Tax Return.

**FEIN or Decedent’s SSN**

Enter the nine-digit federal employer identification number (FEIN) of the estate or trust or the decedent’s Social Security number as shown on the PA-41, Fiduciary Income Tax Return.

**TIP**

An estate with a FEIN should not use the decedent’s Social Security number.

### Line Instructions

#### Line 1

**Column a – Property Sold**

List and describe the property sold or otherwise disposed of for cash or other property. If a loss, fill in the oval next to the line.

**Column b – Month, Day and Year Acquired**

Enter the month, day and year property was acquired. If a loss, fill in the oval next to the line.

#### Line 2

**Net Gain (loss) from Above Sales**

Add Column (f) and enter the total. Gains and losses may be offset to calculate this line. If a loss, fill in the oval next to the line.

#### Line 3

**Gain from PA Schedule D-1 Installment Sales**

Enter amount from PA Schedule D-1, Installment Sales.

#### Line 4

**Taxable Distributions from C Corporations**

Enter total taxable distributions from C corporations.

**Taxable Distributions from a C Corporation**

An estate or trust that is a shareholder in a C corporation must report as taxable gain the excess of the fair market value of a distribution (other than a dividend) in excess of current or accumulated earnings and profits over the adjusted basis of its stock when the adjusted basis of the stock is zero.

When a distribution, that is not a dividend, is received in excess of the current or accumulated earnings and profits, it decreases the basis of the stock or shares, but not below zero, by any distribution that is not taxable as a dividend on Line 2 of PA-41, Fiduciary Income Tax Return.

Once a distribution reduces the basis of the stock to zero, the excess distributions are taxable as gains from the disposition of property and reported on Schedule D, Line 4.

**Example.** B Corp distributes from its capital account $100,000 to the estate of John Doe, the only stockholder. The estate’s adjusted basis in the stock is $75,000.

The distribution is not from the regular corporation’s earnings and profits, so it is not a taxable dividend.

The estate must reduce its basis from $75,000 to zero, then report $100,000 on the "Enter total distribution" line, and $75,000 on the "Minus adjusted basis" line.
The estate reports the remaining $25,000 as a gain on its PA-41 Schedule D.

**Property Acquired Before June 1, 1971**

Obtain and complete PA Schedule D-71 (REV-1742). Report on Line 5 of PA-41 Schedule D the total net gain or loss from PA Schedule D-71.

**Line 5**
Net Gain (Loss) from PA Schedule D-71 – Sale of 6-1-71 Property
Enter the total amount from PA Schedule D-71 (REV-1742), Gain or Loss on Property Acquired Prior to June 1, 1971. If a loss, fill in the oval next to the line.

**Line 6**
Net Partnership Gain (Loss) from PA Schedules RK-1 or NRK-1
Report the net gain (loss) from the sale, exchange or disposition of property reported on PA-20S/PA-65 Schedule RK-1, Line 4 or on PA Schedule NRK-1, Line 2. If a loss, fill in the oval next to the line.

Submit all such schedules to support the amount reported on PA-41 Schedule D. Include a copy of federal Form 1020S Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied by the PA S corporation or entity formed as a limited liability company classified as a PA S corporation for federal income tax purposes. If the estate or trust receives only a federal Form 1120S Schedule K-1, the estate or trust must obtain a PA-20S/PA-65 Schedule RK-1 from the entity. The department will only permit the estate or trust to adjust and reclassify the income from federal Form 1120S Schedule K-1 according to Pennsylvania rules in limited circumstances. See the PA PIT Guide, Chapter 16, Pass Through Entities, for additional information on the adjustments required and the proper classification of income.

If the estate or trust realizes income from more than one partnership, provide a statement showing the FEIN, name and amount of distributable/distributed income by the partnership. Also include PA-20S/PA-65 Schedules RK-1 and/or federal Form 1120S Schedules K-1 when filing the PA-41, Fiduciary Income Tax Return.

**Line 7**
Net PA S Corporation Gain (Loss) from PA Schedules RK-1 or NRK-1
Report the net gain (loss) from the sale, exchange or disposition of property reported on PA-20S/PA-65 Schedule RK-1, Line 4 or on PA-20S/PA-65 Schedule NRK-1, Line 2. If a loss, fill in the oval next to the line.

Submit all such schedules to support the amount reported on PA-41 Schedule D. Include a copy of federal Form 1020S Schedule K-1 if a PA-20S/PA-65 Schedule RK-1 is not supplied by the PA S corporation or entity formed as a limited liability company classified as a PA S corporation for federal income tax purposes. If the estate or trust receives only a federal Form 1120S Schedule K-1, the estate or trust must obtain a PA-20S/PA-65 Schedule RK-1 from the entity. The department will only permit the estate or trust to adjust and reclassify the income from federal Form 1120S Schedule K-1 according to Pennsylvania rules in limited circumstances. See the PA PIT Guide, Chapter 16, Pass Through Entities, for additional information on the adjustments required and the proper classification of income.

If the estate or trust realizes income from more than one PA S corporation, provide a statement showing the FEIN, name and amount of distributable/distributed income by the PA S corporation. Also include PA-20S/PA-65 Schedules RK-1 and/or federal Form 1120S Schedules K-1 when filing the PA-41, Fiduciary Income Tax Return.

**Line 8**
Taxable Distributions from Partnerships from REV-999
Report any gain realized from other partnership distributions that exceed the estate or trust’s ownership basis in that partnership.
Complete and submit REV-999, Partner’s Outside Tax Basis in a Partnership Worksheet. The worksheet is available on the department’s website.

**Line 9**
Taxable Distributions from PA S Corporations from REV-998
Report any gain realized from other PA S corporation distributions that exceed the estate or trust’s ownership basis in that PA S corporation.
Complete and submit REV-998, Shareholder Tax Basis in PA S Corporation Stock Worksheet. The worksheet is available on the department’s website.

**Line 10**
Total Net Gain (Loss)
Add Lines 2 through 9. Include the net gain (loss) on the PA-41, Fiduciary Income Tax Return, Line 4. If a loss, fill in the oval next to the line.