GENERAL INFORMATION

PURPOSE OF SCHEDULE
Trusts and estates use PA-41 Schedule NRK-1 to report income and losses by class of income to each of its nonresident beneficiaries. A PA-41 Schedule NRK-1 is prepared for each individual nonresident beneficiary or entity beneficiary showing the share of income (losses) by class and other items required to be reported.

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

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

Who Should Receive a PA-41 Schedule NRK-1
A PA-41 Schedule NRK-1 must be completed for every nonresident resident beneficiary who is an individual. A copy of the PA-41 Schedule NRK-1 for each nonresident beneficiary who is an individual must accompany the estate’s/trust’s PA-41, Fiduciary Income Tax Return. Estates and trusts are required to prepare both PA-41 Schedules RK-1 and NRK-1 for entity beneficiaries that are estates or trusts, PA S corporations; partnerships; entities formed as limited liability companies classified as partnerships or PA S corporation for federal income tax purposes.

Nonresident Beneficiary (Individual)
If the beneficiary’s last known address indicates they were a nonresident beneficiary for an entire tax year, the estate or trust includes only a copy of the PA-41 Schedule NRK-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 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 NRK-1 submitted to nonresident and entity beneficiaries should reflect the taxable income to Pennsylvania as if the nonresident individual and entity beneficiary were Pennsylvania residents even if the estate or trust is a nonresident.

Nonresident beneficiaries should be issued PA-41 Schedules NRK-1 that reflects only the Pennsylvania-source income taxable to nonresidents even if the estate or trust is a nonresident.

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

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

To amend an original PA-41 Schedule NRK-1, use a blank schedule for the tax year to be amended and fill in the “Amended Schedule” oval at the top of the schedule. Do not send a copy of the 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.

COMPLETING
PA-41 SCHEDULE NRK-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 NRK-1 according to U.S. Postal Service standards. Failure to use these standards may delay any refunds requested or 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 NRK-1:

- Eliminate apostrophes, commas, periods and hyphens.
- Write the name of the estate or trust in the space provided.
- Write the name and title of the fiduciary in the space 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.
If the beneficiary of the estate or trust is
(If Other Than an Individual)
Receiving NRK-1
Schedule NRK-1.

Enter the nine-digit federal employer identification number (FEIN) of the entity receiving the PA-41 Schedule NRK-1.

If the PA- Schedule NRK-1 is being issued to an individual beneficiary, leave this field blank.

First Line of Address
Enter the street address of the individual or entity beneficiary receiving the PA-41 Schedule NRK-1. If the address has an apartment number, suite or RR number, enter it after the street address.

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 entity receiving the PA-41 Schedule NRK-1. If there is no post office box, leave the second line of the 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 Canada.

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

Name of Entity Issuing NRK-1
Enter the name of the estate or trust issuing the PA-41 Schedule NRK-1.

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

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

Revenue ID
If the estate or trust has a Revenue ID or PA Tax Account ID for corporation tax purposes, enter it here. Otherwise, leave this field blank.

Amended Schedule
If the estate or trust is filing an amended PA-41, Fiduciary Tax Return, and the amount of income distributed to a non-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 PA-41 Schedule NRK-1, Line 4 to the total distribution as reported on PA-41, Fiduciary Income Tax Return, Line 8.

Valid values are: “00000” to “10000”, where 10000 = 100%
Decimal point is implied after 3rd 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 NRK-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 entity changes from a fiscal to a calendar filer;
- An entity is in existence during only part of the tax year. For example, the estate or trust tax year is the initial year.

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

**LINE INSTRUCTIONS**

**PART II**

**SHAREHOLDER/PARTNER/BENEFICIARY DISTRIBUTIVE SHARE OF PENNSYLVANIA-SOURCE INCOME (LOSS)**

**LINES 1 THROUGH 3**

Do not enter any amounts on Lines 1 through 3.

**TIP:** Do not report the income of beneficiaries of estates and trusts on any lines of PA-41 Schedule NRK-1 except Line 4.

**LINE 4**

Follow Steps 1 and 2 below to calculate the amount of each beneficiary’s income on PA-41 Schedule NRK-1, Line 4.

**LINES 5 THROUGH 18**

Do not enter any amounts on Lines 5 through 18.

**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 credited, payable or required to be currently distributed to the beneficiary during the taxable year.

**TIP:** Do not enter any amounts on Lines 1 through 3 and Lines 5 through 18.

**TIP:** Do not report the income of beneficiaries of estates and trusts on any lines of PA-41 Schedule NRK-1 except Line 4.

**DO NOT TAKE INTO ACCOUNT**

- Amounts 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 NRK-1**

To calculate the beneficiary’s income of/from estates or trusts (Line 4) for entry on a PA-41 Schedule NRK-1, multiply the amount calculated in Step 1 by a fraction, calculated as follows-

- The numerator is the lesser of Line 3b or Line 14b 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 NRK-1, Line 4.