

Instructions for PA-41 Schedule RK-1

Resident Schedule of Shareholder/Partner/Beneficiary
Pass Through Income, Loss and Credits

GENERAL INFORMATION

PURPOSE OF SCHEDULE

Estates and trusts use PA-41 Schedule RK-1 to report income of estates and trusts to each resident beneficiary. A PA-41 Schedule RK-1 is also used to report the income of the estate or trust for each beneficiary that is a nonresident estate or trust and each nonresident partnership, PA S corporation or entity formed as a limited liability company classified as a partnership or PA S corporation for federal income tax purposes.

Resident estate and trust beneficiaries are subject to tax on their shares of the estate or trust's distributed or distributable income, regardless of income source. Nonresident estate and trust beneficiaries are only subject to Pennsylvania personal income tax on their shares of the estate or trust's distributed or distributable Pennsylvania-source income.

Resident Beneficiary Residency Status

The fiduciary of an estate or trust must determine (through reasonable means) the residency status of each individual and/or estate or trust beneficiary. A fiduciary of an estate or trust that fails to keep an accurate list of beneficiaries may be subject to the tax, penalty and interest of any beneficiary who was provided a PA-41 Schedule NRK-1 when a PA-41 Schedule RK-1 should have been provided.

Who Should Receive a PA-41 Schedule RK-1

A PA-41 Schedule RK-1 must be prepared and provided to every Pennsylvania resident beneficiary who is an individual. A copy of the PA-41 Schedule RK-1 for each resident beneficiary who is an individual must accompany the estate or trust's PA-41, Fiduciary Income Tax Return.

The estate or trust must prepare and 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 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.

PA-41 Schedules NRK-1 issued to nonresident entity beneficiaries should reflect just the Pennsylvania-source income taxable to those beneficiaries. Additionally, PA-41 Schedules NRK-1 issued to nonresident estates or trusts should also reflect PA tax withheld for nonresident beneficiaries. See the instructions for PA-41 Schedule NRK-1.

How To Amend PA-41 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 must be 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 an original PA-41 Schedule RK-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 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 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 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.
- **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 send a refund on a timely basis or contact the estate or trust if additional information is required.

Below are examples of properly completed foreign addresses.

Canada 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.

PART I

GENERAL INFORMATION

SSN

Enter the nine-digit 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 who is receiving the PA-41 Schedule RK-1.

Spouse's SSN

Enter the nine-digit SSN of the spouse of the beneficiary (if jointly held) receiving the PA-41 Schedule RK-1.

FEIN

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

apartment number, suite or RR number, enter it 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 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 [Foreign Address Example](#).

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

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

FEIN

Enter the nine-digit FEIN of the estate or trust issuing the PA-41 Schedule RK-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 Income 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 PA-41 Schedule RK-1, Line 6 to the total distribution as reported on 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 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 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, 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.

LINE INSTRUCTIONS

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.

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

LINE 6

To calculate the beneficiary's income of/from estates or trusts (Line 6) for entry

on a PA-41 Schedule RK-1, use the following formula:

$A \times B = \text{Beneficiary Income Reported on Schedule RK-1 Line 6}$

Where:

$A = \text{Total distributed or distributable income which is the lesser of Line 3a or Line 14a of PA-41 Schedule DD.}$

$B = \text{Beneficiary's year-end distribution percentage. The beneficiary's year-end distribution percentage is obtained by taking the actual cash or property distributions made to the beneficiary and any amounts credited or payable or required to be currently distributed to the beneficiary and dividing that sum by the amount on Line 13a of PA-41 Schedule DD.}$



CAUTION: When calculating beneficiary's year-end distribution percentage, do not take into account:

- Amounts properly paid out of corpus as a gift or bequest of a specific amount of money;
- Amounts 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 the specific property.

LINES 7 THROUGH 20

Do not enter any amounts on Lines 7 through 20.