



# 2005 D-41

## Fiduciary Income Tax Forms and Instructions

### New!

- **Tax rate lowered, see D-41 page 2.**

#### Filling out the forms

Please help us process your return quickly and more accurately by following these rules.

Stay inside the boxes.  
Using black ink print  
in CAPITAL letters.

ROBERTS

Leave a space between  
words and between words  
and numbers.

2003 JOE

Enter dollar amounts so  
single dollars are always  
in the right-most box.  
Do not enter cents. Round  
cents to nearest dollar.

\$ 57204 00

Write 3s with a rounded  
top, not a flat top.

3 7 ~~3~~ ~~7~~

Write 7s without a  
middle bar.

Fill in ovals completely.  
Do not ✓ or "x" ovals.

● ~~✓~~ ~~x~~



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## Need assistance?

**File or pay online:** [www.cfo.dc.gov/otr](http://www.cfo.dc.gov/otr)

### Get tax forms

Download forms at [www.cfo.dc.gov/otr](http://www.cfo.dc.gov/otr)

Request forms by fax: 202-727-4TAX(4829) (option 3)

Request forms by mail: 202-442-6546

Pick up forms:

**Office of Tax and Revenue**

941 North Capitol St NE Lobby  
8:15 am–4:30 pm

**Reeves Center**

2000 14<sup>th</sup> St NW Lobby  
7 am–7 pm

**Municipal Center**

300 Indiana Av NW Lobby  
6:30 am–8 pm

**Recorder of Deeds Building**

515 D St NW Lobby  
8:30 am–4:30 pm

**Wilson Building**

1350 Pennsylvania Av NW  
7 am–7 pm

**MLK Jr Memorial Library**

901 G St NW  
Sunday, 1-5 pm  
Monday–Thursday 10 am–9 pm  
Friday, Saturday 10 am–5:30 pm

**Penn Branch**

**3220 Pennsylvania Av SE**  
8:15 am–4:30 pm  
Tuesdays & Thursdays

**One Judiciary Square**

441 4<sup>th</sup> St NW Lobby  
7 am–7 pm

### Ask tax questions

Contact our Customer Service Call Center: 202-727-4TAX(4829)

**Regular hours**

8:15 am–4:30 pm  
Monday–Friday

**Extended hours**

April 3 - 14 - 8:15 am–6 pm; April 18 - 8:15 am–8 pm  
Monday–Friday

### Ask tax questions; get free tax preparation help

Visit our Walk-In Center, 941 North Capitol St NE 1<sup>st</sup> floor

**Regular hours**

8:15 am–4:30 pm  
Monday–Friday

**Extended hours**

April 3 - 14 - 8:15 am–6 pm  
Monday–Friday

**Saturdays**

April 8 & 15 - 9 am–1 pm

Visit our Penn Branch Satellite Center, 3220 Pennsylvania Av SE

**Regular hours**

8:15 am–4:30 pm Tuesdays & Thursdays

**Need help with this form?** Come to our Walk-In Center, at 941 North Capitol St NE.

**Are you unable to hear or speak?** Call the DC Relay Service, 202-855-1234.

[Chinese/中文] 您需要協助閱讀或了解英文嗎? 請致電 202-727-4829 或請到 941 North Capitol St NE, 要求免費語言熱線(Language Line)口譯員協助您。

[Korean/한국어] 영어를 읽거나 이해하기 위해 다른 사람의 도움이 필요하십니까? 202-727-4829 번으로 전화하시거나 941 North Capitol St NE 를 방문하십시오. 귀하를 도와드릴 무료 랭귀지 라인(Language Line) 통역사를 요청하십시오.

[Spanish/Español] ¿Necesita ayuda para leer o entender inglés? Llame al 202-727-4829 o venga a 941 North Capitol St NE. Pida que le asignen un intérprete de la Línea de los Idiomas (Language Line) para que le ayude, sin costo alguno.

[Vietnamese/Tiếng Việt] Quý vị có cần giúp đỡ để đọc và hiểu Anh ngữ không? Xin gọi 202-727-4829 hoặc đến 941 North Capitol St NE. Yêu cầu có được thông dịch viên Đường Dây Ngôn Ngữ (Language Line) để giúp đỡ miễn phí cho quý vị.

## Who must file the Form D-41?

**File a D-41** if you are the fiduciary of a DC estate or trust and:

- The gross income for the estate is \$1,370 or more for the taxable year; or
- The gross income for the trust is \$100 or more for the taxable year.

**NOTE:** Identification numbers (Federal Employer Identification Number (FEIN) or Social Security Number (SSN)) are used for tax administration purposes only.

## Are there other DC tax forms that fiduciaries may need to file?

### **D-40 or D-40EZ**

A fiduciary who is responsible for the income of a DC resident, such as a minor or someone else unable to administer his/her own assets, must file an individual income tax return for that person in addition to the Form D-41.

### **D-40 for a deceased**

A fiduciary must file a D-40 for the last taxable year of the deceased.

### **D-41ES Estimated Tax payments**

You may wish to make estimated tax payments. Copies of the D-41ES are included in this booklet.

### **D-30 Unincorporated Business Franchise Tax Return**

A D-30 return must be filed for a trust which has rental income in excess of \$12,000 from DC property.

### **FR-127F Extension of Time to File**

Use this form if you cannot file a complete return by the due date. The extension of time to file is for six months. You must submit this form by the original due date.

An extension of time to file does not extend the due date for paying any tax you may owe. Before you file for an extension, estimate the tax you will owe and pay it in full with the FR-127F by the due date of the D-41 return. Copies of FR-127F are included in this booklet.

Send the FR-127F to:  
Office of Tax and Revenue  
941 N Capitol St NE FL6  
Washington, DC 20002-4265

### **D-76 (D-76EZ) Estate Tax Return**

A fiduciary must file a DC estate tax return if the gross estate is \$1,000,000 or more even if the Federal Estate Tax Return, Form 706, is not required to be filed.

### **Federal Forms 1099 and 1096 for payees with DC addresses**

Fiduciaries representing estates or trusts must file copies of forms 1099 and 1096 for payees with DC addresses, if such pay-

ments are not covered by DC withholding tax statements. This includes estates or trusts that:

- are engaged in business and making payments to another person for rent, salaries, wages, premiums, annuities, compensation, or other profits; **and**
- have earned income of \$600 or more in the taxable year.

## What income must grantors and beneficiaries report on their DC tax returns?

### **Grantors of a trust must report:**

- Income distributed to the grantor;
- Income held or accumulated for future distribution;
- Income applied to the payment of premiums on insurance policies on the grantor; and
- Income received from a revocable trust when
  - the title to any part of the trust is vested in the grantor or
  - the power to revest in the grantor is vested.

### **Beneficiaries who are DC residents must report:**

- Income paid or payable from a resident or nonresident trust.

## What period should the D-41 cover?

If you file a federal Form 1041, the income you report on the D-41 must be based on the same calendar or fiscal year as your Form 1041. A fiduciary may not change from reporting on a calendar-year basis to a fiscal-year basis or vice versa without written permission from the Office of Tax and Revenue. To request a reporting period change, write to:

Office of Tax and Revenue Audit Division  
PO Box 556  
Washington DC 20044-0556

## When and where should you file the D-41?

### **Due date**

You must file your return for 2005 by April 18, 2006 if you are a calendar year filer. Fiscal year filers must file by the 15th day of the fourth month after the end of the fiscal year.

If you need more time to file your return, submit a request for an extension, Form FR-127F, by the due date of the return. Any tax due must be paid in full with the request; there is no extension of time to pay.

### **Mailing address**

Send the completed **original** D-41 return to:  
Office of Tax and Revenue  
PO Box 441  
Washington, DC 20044-0441

## How can you avoid penalties and interest?

### File your return on time

There is a 5% per-month penalty for failure to file a return or pay any tax due on time. The penalty is calculated on the unpaid tax for each month or part of the month that the return is not filed or the tax is not paid. The maximum penalty is an amount equal to 25% of the tax due.

You will be charged interest of 10% per year, compounded daily, on any amount (including penalty and accrued interest) not paid on time. Interest is calculated from the due date of the return to the date when the outstanding balance is paid.

### Do not understate your taxes

There is a 20% penalty on any understated amount of taxes due if:

- The unpaid amount is more than 10% of the actual amount due; or
- The unpaid amount is \$2,000 or more.

Tax preparers must pay a penalty for understating taxes due to any of the following reasons:

- The refund or amount due is based on unrealistic information;
- The preparer should have been aware of a relevant law or regulation; or
- Relevant facts about the return are not adequately disclosed.

Penalties range from \$250 to \$10,000.

### Payment

Include a check or money order payable to the DC Treasurer with the completed return. Write the estate or trust SSN/FEIN, and "2005 D-41" on the payment. You may not pay by credit card.

### Make sure your check will clear

You will be charged a \$65 fee if your check is returned to us.

## Explanation of terms

### Beneficiary

Any person who is to receive profits or distributions from an estate or trust.

### Estate

All the property and assets of one who has died. An estate comes into existence at the time of an individual's death and continues until the final distribution of its assets to the beneficiaries.

### Fiduciary

A person or business with the power to act for another and the responsibility for managing the assets and income of an estate or trust. A fiduciary may be a trustee, an administrator of an estate, a business adviser, attorney, guardian, real estate agent, banker, stockbroker, or title company.

### Grantor

The person who creates a trust and transfers the title of the property and assets to another. That person may also be called "trustor," "settlor," or "donor."

### Resident estate

If the deceased was a DC resident at the time of death, then his or her estate is a DC resident estate.

### Trust

An entity created to hold assets for the benefit of certain people or entities.

### Simple trust

One which requires that all income be distributed each year rather than being accumulated.

### Complex trust

One that does not qualify as a simple trust.

### Testamentary (created by will)

One created by a will and comes into existence at the time of the creator's death.

### Inter vivos (living)

One which comes into existence during the lifetime of the person who created it. Often the trust is for a minor or someone else who is unable to administer his or her own assets.

### Resident trust

A trust is a resident trust if:

- The person who created the testamentary trust was a DC resident at the time of death; or
- The creator of an *inter vivos* trust was a DC resident at the time the trust was created; or
- If the trust consists of property of a DC resident; or
- The trust results from the dissolution of a corporation organized under DC laws.

The residence of the fiduciary does not determine whether the trust is resident or nonresident.

# Instructions for the D-41

## Getting started

- **You'll need** a copy of your completed 2005 federal Form 1041 and a calculator to complete this form.
- **You may copy many** amounts directly from the Form 1041. Please be careful since the line numbers differ from Form D-41 line numbers.
- **Not all items will apply to you.** Fill in only those that apply. If an amount is zero, leave the line blank.
- **Round cents** to the nearest dollar.  
**Example:** \$10,500.50 rounds up to \$10,501  
 \$10,500.49 rounds down to \$10,500
- **If the trust/estate does not have an identification number, please provide the social security number of the owner/decedent.**
- If you do not need to file again for this entity fill in the "final return" oval.

## Fiduciary information

### Amended return

If you are filing an amended return, fill in the amended return oval and complete the D-41 with the correct information. Attach an explanation of any adjustments. If the Internal Revenue

Service adjusted your federal 1041 after you filed a D-41, you must file an amended D-41 within 90 days of receiving notice of the federal adjustment. Include a copy of the federal adjustment.

### Entity type

Fill in the oval that describes the entity for which you are filing.

### Trust type

Fill in the oval that describes the trust type.

## Income

### Line 1 Federal total income

Enter the amount from your federal Form 1041, Line 9.

### Line 2 Additions to federal total income

This is income, if any, that is not taxed by the federal government and deductions taken and not allowed by DC. You must add these items back to your federal total income to figure your DC tax. **Complete Calculation A** below.

**NOTE: Unlike the Federal Government, DC does not allow the additional 30% or 50% bonus depreciation nor the additional IRC section 179 expenses. Therefore, any such amounts claimed on a federal tax return cannot be claimed on the DC return. Also, the Net Operating Loss Carryback allowed for federal tax purposes is not allowed for DC tax purposes.**

### Line 4 Subtractions from federal total income

This is income, if any, that DC does not tax. Subtract it from your federal total income. **Complete Calculation B** below.

### Calculation A Additions to your federal total income

<b>a</b> Franchise tax deduction used to calculate business income or loss <i>That amount included on federal Form 1040 Schedule C, Line 23 or Form 1040 Schedule C-EZ Line 2.</i>	
<b>b</b> Franchise tax deduction used to calculate income from rental real estate, royalties, partnerships, trusts etc. <i>That amount included on federal Form 1065, Line 14 or on federal Form 1041, Line 11.</i>	
<b>c</b> Deductions for an S corporation from Schedule K-1 of federal Form 1120S <i>Includes amount entered on Lines 8-11 and 14a of Schedule K-1. NOTE: IRC Sec. 179 expenses are deductible up to \$25,000. A QHTC may deduct up to \$40,000.</i>	
<b>d</b> Income distributions eligible for income averaging on your federal tax return from federal Form 4972, Lines 6 and 8 <i>Add Lines 6 and 8, enter here.</i>	
<b>e</b> Any 30% or 50% bonus depreciation claimed on the federal return.	
<b>f</b> Total additions <i>Add Lines a-e, enter here and on D-41, Line 2.</i>	

### Calculation B Subtractions from your federal total income

<b>a</b> Taxable interest from U.S. Treasury bonds and other U.S. obligations <i>That amount included in your federal Form 1040 or 1040A, Line 8a or 1040EZ, Line 2. Also see your federal Form 1099INT, Line 3.</i>	
<b>b</b> Taxable amount of social security and tier 1 railroad retirement income <i>From federal Form 1040, Line 20b or 1040A, Line 14b.</i>	
<b>c</b> Income reported and taxed on a DC franchise return <i>If the income reported on your federal Form 1040 included any income reported and taxed on a Form D-20 or D-30 (DC Franchise Tax Return), enter it here.</i>	
<b>d</b> Total subtractions <i>Add Lines a-c and enter here and on D-41, Line 4.</i>	

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## Deductions and exemptions

### Line 9 Other deductions

Add amounts on Lines 12, 13, 14, 15a, 15b and 19 of your federal Form 1041. These include deductions for fiduciary fees; charitable contributions; attorney, accountant, and tax preparer fees; estate tax deductions and other miscellaneous deductions.

### Line 10 Exemptions

Enter \$1,370 for estates and \$100 for trusts.

If you are filing an estate return and it covers less than a year, *you must prorate the exemption amount*. Multiply the number of months the estate was active by \$114.17. Round to the nearest dollar.

#### To calculate the number of months the estate was active:

Divide the number of days the estate was active by 30. Any remainder over 15 days counts as a full month.

Example: 196 days divided by 30 = 7 months  
(6 months plus a remainder of 16 days).

### Line 14 Credit for taxes paid to other states

**Add all tax amounts paid to other states that are deductible. To be deductible, taxes paid to other states must be fiduciary income tax paid to another state while a DC resident. In addition, the tax paid must be on income that is of a kind that is taxable by DC.**

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## Additional trust or estate information

From page 2 of the form

Complete only one section. Provide additional information about the trust **or** estate you represent.

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## Signature

The fiduciary or the person authorized to represent the organization controlling the income of the estate or trust must sign the return. If the return was prepared by a paid preparer, he or she also must sign the return and provide their identification number.

### Attachment of the will or trust agreement and explanatory statement

Attach a copy of the will or trust agreement to this return. Also attach a statement listing the amounts of income of the estate or trust taxable to:

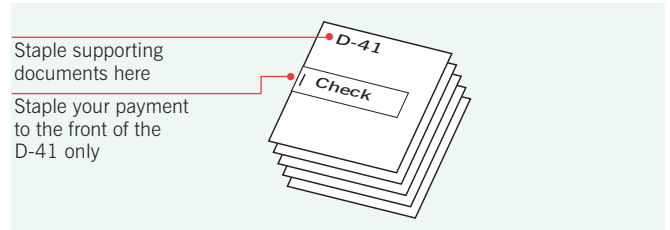
- The estate or trust;
- Its beneficiaries; and
- The grantor of the trust.

If you filed these documents before, do not file them again unless they have been amended. Enter the date you originally filed the documents. If the documents are amended after being filed, a copy of the amendment must be filed with the return for the taxable year in which the amendment is made. A statement must also be filed explaining the effect of the change.

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## Assembling the D-41 return

- If you are attaching a check or money order staple it to the front of your D-41.
- Staple supporting documents to the upper left corner behind the D-41.







0 5 0 4 1 0 1 1 0 0 0 0

OFFICIAL USE ONLY

Print in CAPITAL letters using black ink.  
Leave lines blank that do not apply to you.

**Fiduciary information** Fill in:  if Amended return See page 7. Fill in:  if this is your final return.

Tax year beginning (MM/YY) Tax year ending (MM/YY) Type of entity Fill in type:  Estate  Simple trust  Complex trust

Type of trust Fill in type:  Testamentary (created by a will)  Inter vivos (living)

Estate or trust's federal employer ID number Estate or trust's social security number Daytime phone number

Estate or trust name

Fiduciary's name and title

Fiduciary's address (number and street) Fill in  if this is your first return or if your address changed from your last return. #

City State Zip Code

**Additional trust information** Complete if entity is a trust (MM/DD/YYYY)

Date created (MM/DD)

If trust ended in 2005, enter date (MM/DD)

Name of grantor

Address of grantor (number and street)

City State Zip Code

**Additional estate information** Complete if entity is an estate (MM/DD/YYYY)

Date of deceased's death (MM/DD)

If estate ended in 2005, enter date (MM/DD)

Has a DC D-76 or D-76EZ estate tax return been filed? Yes  No

If no, will one be filed? Yes  No

Complete the federal Form 1041 before continuing

Income Round cents to the nearest dollar. If the amount is zero, leave the line blank.		
1	Total income From federal Form 1041, Line 9. Fill in if loss <input type="radio"/>	\$ 00
2	Additions to federal total income From Calculation A, page 7 of instructions.	\$ 00
3	Add Lines 1 and 2. Fill in if loss <input type="radio"/>	\$ 00
4	Subtractions from federal total income From Calculation B, page 7 of instructions.	\$ 00
5	Total DC fiduciary income Subtract Line 4 from Line 3. If zero or less, stop here; do not fill in rest of form. Fill in if loss <input type="radio"/>	\$ 00
<b>Deductions and exemptions</b>		
6	Interest From Form 1041, Line 10.	\$ 00
7	Taxes Subtract the state, local and DC franchise tax entered on Form 1041, Line 11.	\$ 00
8	Deduction for distributions to beneficiaries From Form 1041, Line 18.	\$ 00
9	Other deductions Add Lines 12, 13, 14, 15a, 15b and 19 of your Form 1041.	\$ 00
10	Exemption Enter \$1,370 for estates and \$100 for trusts. If the estate ended during 2005, prorate the exemption. See instructions, page 8.	\$ 00
11	Total deductions and exemptions Add Lines 6-10.	\$ 00
12	Taxable fiduciary income Subtract Line 11 from Line 5. Fill in if loss <input type="radio"/>	\$ 00









# Instructions for Form FR-127F

## **Why file the FR-127F?**

You should file this form if you cannot file the fiduciary income tax return by the due date. By filing this form, you can receive a 6-month extension of time to file. A filing extension is not an extension of the due date for paying any tax you may owe. Before filing for an extension, you should estimate the taxes you will owe and pay that amount with the FR-127F by the due date of the D-41 return.

## **Additional extension for DC residents living or traveling outside the United States.**

In addition to the 6-month extension, you may receive an additional 6-month extension if you are living or traveling outside the United States. You must file for the first 6-month extension by the due date before applying for the additional extension of time to file. You must use Form FR-127F to request an extension of time to file a DC fiduciary return.

## **When is the Form FR-127F due?**

- Calendar year filers: you must submit your request along with payment in full of any tax due by April 18, 2006.
- Fiscal year filers: you must submit your request along with payment in full of any tax due by the 15th day of the fourth month after the end of your fiscal year.

## **When you have received an extension, when is your fiduciary income tax return due?**

You may file your tax return any time before the extension expires.













