

SCHEDULE K-1 (Form 1041)

Beneficiary's Share of Income, Deductions, Credits, etc.

OMB No. 1545-0092

Department of the Treasury Internal Revenue Service

for the calendar year 2004, or fiscal year beginning ... 2004, ending ... 2004. Complete a separate Schedule K-1 for each beneficiary.

2004

Name of trust or decedent's estate

Amended K-1 Final K-1

Beneficiary's identifying number

Estate's or trust's EIN

Beneficiary's name, address, and ZIP code

Fiduciary's name, address, and ZIP code

Table with 3 main columns: (a) Allocable share item, (b) Amount, and (c) Calendar year 2004 Form 1040 filers enter the amounts in column (b) on:.

Instructions for Beneficiary Filing Form 1040

Note: *The fiduciary's instructions for completing Schedule K-1 are in the Instructions for Form 1041.*

General Instructions

Purpose of Form

The fiduciary of a trust or decedent's estate uses Schedule K-1 to report your share of the trust's or estate's income, credits, deductions, etc. Keep it for your records. Do not file it with your tax return. A copy has been filed with the IRS.

Inconsistent Treatment of Items

Generally, you must report items shown on your Schedule K-1 (and any attached schedules) the same way that the estate or trust treated the items on its return.

If the treatment on your original or amended return is inconsistent with the estate's or trust's treatment, or if the estate or trust was required to but has not filed a return, you must file Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR), with your original or amended return to identify and explain any inconsistency (or to note that an estate or trust return has not been filed).

If you are required to file Form 8082 but fail to do so, you may be subject to the accuracy-related penalty. This penalty is in addition to any tax that results from making your amount or treatment of the item consistent with that shown on the estate's or trust's return. Any deficiency that results from making the amounts consistent may be assessed immediately.

Errors

If you believe the fiduciary has made an error on your Schedule K-1, notify the fiduciary and ask for an amended or a corrected Schedule K-1. Do not change any items on your copy. Be sure that the fiduciary sends a copy of the amended Schedule K-1 to the IRS. If you are unable to reach an agreement with the fiduciary regarding the inconsistency, you must file Form 8082.

Tax Shelters

If you receive a copy of Form 8271, Investor Reporting of Tax Shelter Registration Number, see the Instructions for Form 8271 to determine your reporting requirements.

Beneficiaries of Generation-Skipping Trusts

If you received Form 706-GS(D-1), Notification of Distribution From a Generation-Skipping Trust, and paid a generation-skipping transfer (GST) tax on Form 706-GS(D), Generation-Skipping Transfer Tax Return for Distributions, you can deduct the GST tax paid on income distributions on Schedule A (Form 1040), line 8. To figure the deduction, see the Instructions for Form 706-GS(D).

Specific Instructions

Lines 3 and 4a

If there is an attachment to this Schedule K-1 reporting a disposition of a passive activity, see the Instructions for Form 8582, Passive Activity Loss Limitations, for information on the treatment of dispositions of interests in a passive activity.

Lines 6b through 6d

The deductions on lines 6b through 6d may be subject to the passive loss limitations of Internal Revenue Code section 469, which generally limits deductions from passive activities to the income from those activities. The rules for applying these limitations to beneficiaries have not yet been issued. For more details, see Pub. 925, Passive Activity and At-Risk Rules.

Line 12d

If you pay alternative minimum tax in 2004, the amount on line 12d will help you figure any minimum tax credit for 2005. See the 2005 Form 8801, Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts, for more information.

Line 14a

To figure any underpayment and penalty on Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, treat the amount entered on line 14a as an estimated tax payment made on January 15, 2005.

Lines 14c through 14h

The amount of gross farming and fishing income is included on line 6a. This income is also separately stated on line 14 to help you determine if you are subject to a penalty for underpayment of estimated tax. Report the amount of gross farming and fishing income on Schedule E (Form 1040), line 42.