

1995 PA-41

Department of Revenue
Bureau of Individual Taxes
Harrisburg, PA 17129-0003

Pennsylvania Fiduciary Income Tax Form PA-41, Payment Voucher and Instructions

1995 PA-41

Pennsylvania and Federal Schedules and Forms.

In some instances, you may file a copy of the Federal Schedule B, C, E or F that you submitted with your Federal Fiduciary Return, instead of the required Pennsylvania schedule. You may submit Federal schedules, but must also provide a detailed statement of the nature and amount of any adjustments made for Pennsylvania Personal Income Tax purposes.

Important: Amounts from the Federal Income Tax Return may not be correct for the Pennsylvania return. See the instructions for each class of income regarding the use of Federal schedules.

Read all instructions carefully before completing your return.

Returns must be postmarked by midnight Monday, April 15, 1996.

Reminders for 1995 Returns

School District Code. Enter the code of the school district. See the instructions on page 6. Based on these codes, information is provided to the PA Department of Education for use in calculating school district subsidies. Using a wrong or incorrect code may affect your school district's funding.

Rounding Amounts. You **MUST** round money items to whole dollars on the returns and schedules. Any amount less than 50 cents is eliminated and any amount that is 50 cents or more is increased to the

next dollar. Rounding to the nearest dollar expedites the processing of the return.

Math Errors. Double check all calculations before completing your return. **Remember:** Estates and trusts must classify income and [losses] according to Pennsylvania Personal Income Tax law. A [loss] in one class of income may not be used to reduce income or gain in another class. Complete the **Tax Due** and **Overpayment** lines. If there is an **Overpayment**, be sure the refund and/or credit line amounts are accurate.

Mailing Instructions. See page 11. Also read the U.S. Postal Service recommendations concerning additional postage.

Forms Ordering. You may order any Pennsylvania tax form or schedule by calling the special 24-hour answering service numbers for **forms** ordering:

- In Pennsylvania 1 - 800 - 362 - 2050;
- Outside Pennsylvania and within local Harrisburg area (717) 787 - 8094;
- For Hearing Impaired Only TDD# (717) 772 - 2252

Send written requests to: PA Department of Revenue, Tax Forms Service Unit, 2850 Turnpike Industrial Drive, Middletown, PA 17057-5492. All material will be mailed directly to you.

REVENUE DISTRICT OFFICES

Altoona

Cricket Field Plaza
615 Howard Avenue
Altoona, PA 16601-4867
(814) 946-7310

Bethlehem

44 East Broad Street
Bethlehem, PA 18018-5998
(610) 861-2000

Bradford

Second Floor
86 Boylston Street
Bradford, PA 16701-2011
(814) 368-7113

Doylestown

Suite 104
444 Jacksonville Road
Warminster, PA 18974-4861
(215) 443-2990

Erie

Sumner Nichols Building
Room 216
155 West Eighth Street
Erie, PA 16501-1012
(814) 871-4491

Greensburg

Second Floor
15 West Third Street
Greensburg, PA 15601-3003
(412) 832-5385

Harrisburg

Lobby
Strawberry Square
Harrisburg, PA 17128-0101
(717) 783-1405

Indiana

835 Water Street (Rear)
Indiana, PA 15701-1705
(412) 357-7600

Johnstown

Central Park Commons Bldg.
Second Floor
428 - 430 Main Street
Johnstown, PA 15901-1823
(814) 533-2495

Lancaster

160 East King Street
Lancaster, PA 17602-2869
(717) 299-7581

New Castle

Room 201
101 South Mercer Street
New Castle, PA 16101-3837
(412) 656-3203

Newtown Square

Suite 1
90 South Newtown Street Road
(Route 252)
Newtown Square, PA 19073-4090
(610) 353-4051

Norristown

Stoney Creek Office Center
4th Floor
151 West Marshall Street
Norristown, PA 19401-4739
(610) 270-1780

Philadelphia

State Office Building
Room 201
1400 W. Spring Garden St.
Philadelphia, PA 19130-4088
(215) 560-2056

Pittsburgh

State Office Building
Suite 104
300 Liberty Avenue
Pittsburgh, PA 15222-1210
(412) 565-7540

Pottsville

110 East Laurel Blvd.
Pottsville, PA 17901-2527
(717) 621-3175

Reading

Room 239
625 Cherry Street
Reading, PA 19602-1186
(610) 378-4401

Scranton

Suite 305, Samters Building
101 Penn Avenue
Scranton, PA 18503-1970
(717) 963-4593

Sunbury

335 Market Street
Sunbury, PA 17801-3466
(717) 988-5520

Washington

George Stewart Building
75 East Maiden Street
Washington, PA 15301-4963
(412) 223-4550

Wilkes-Barre

Suite 261
290 South Pennsylvania Blvd.
Wilkes-Barre, PA 18701-3398
(717) 826-2466

Williamsport

322 Locust Street
Williamsport, PA 17701-6085
(717) 327-3475

York

Second Floor
130 North Duke Street
York, PA 17401-1113
(717) 845-6611

Tax Rate. For calendar year 1995 and fiscal years beginning in 1995, the Pennsylvania Personal Income Tax rate is 2.8% (.028).

Who Must File a Fiduciary Income Tax Return PA-41?

- The fiduciary of a resident estate or irrevocable trust that received taxable income during its taxable year beginning in 1995.
- The fiduciary of a resident estate or irrevocable trust that received taxable income during its taxable year beginning in 1995.
- The fiduciary of a nonresident estate or irrevocable trust that received taxable income allocable to Pennsylvania during its taxable year beginning in 1995.
- If two or more fiduciaries are acting jointly, any one of the fiduciaries may file the return.

What Is an Estate? The term estate means the estate of a deceased individual and does not include the estates of incompetents, bankrupts or insolvents.

What Is a Trust? The term trust includes a trust created by a will and all irrevocable or revocable express trusts taking effect during the lifetime or after the death of the settlor. The term trust does not include:

- A resulting or constructive trust created by operation of law.
- A trust created exclusively for the benefit of creditors.
- A principal and agent relationship.
- A business trust or real estate investment trust.
- A trust created exclusively for the benefit of employees, their families or appointees under an employee benefit plan.
- A pension trust or profit-sharing trust.
- A trust that is a common trust fund for Federal Income Tax purposes.
- A trust:
 - a) for which no part of the income or corpus may possibly benefit any taxpayer;
 - b) for which no part of the property consists of property transferred to it (or another trust) by any taxpayer; and
 - c) that was created by an entity or enterprise other than a taxpayer. For purpose of (a), (b) and (c), a taxpayer means any individual, estate, trust, partnership or Pennsylvania S corporation.
- A charitable trust.

What is a Charitable Trust? A charitable trust is a trust operated exclusively for religious, charitable, scientific, literary or educational purposes. A trust is a charitable trust only if all net earnings for the taxable year and remaining life of the trust are for distribution for such purposes. No part of the earnings of a charitable trust may benefit any private individual.

Federally qualified charitable remainder annuity trusts and charitable remainder unitrusts are not charitable trusts during the taxable year, if any part of the trust's retained earnings may benefit any private individual in subsequent years. Trusts for the general care, maintenance or improvement of public or church cemeteries are charitable trusts. Trusts for the care, maintenance or improvement of the burial lots of the settlor or the testator or his family are not charitable trusts.

What is a Revocable Trust? A revocable trust is:

1. A tentative or Totten trust, or
2. An express trust, the governing instrument of which reserves in the settlor not only the power to revoke the trust as an entirety without the declaring of new uses or the consent of any other party; but, also the concurrent power to revest in himself legal title to the corpus of the trust without the consent of any other party.

How Estates, Irrevocable Trusts and Beneficiaries are Taxed. The taxable income or gain of an estate or irrevocable trust is the current income or gain received by it, in each Pennsylvania income tax class, which it retains for future distribution or disbursement or currently applies to discharge, satisfy or reduce any person's (including its own) obligations.

The taxable income or gain of a beneficiary from an estate or irrevocable trust is the taxable income or gain received by the estate or trust for its taxable year which, under the governing instrument and applicable state law, is required to be distributed currently, is distributed or is credited and payable to the beneficiary.

Each estate or irrevocable trust must report all income, gain and [losses] realized in the appropriate Pennsylvania Personal Income Tax class. Each beneficiary must report his, her or its taxable income as Estate or Trust Income on a PA-40R, PA-40NR, PA-65 or PA-20S.

Neither an irrevocable trust, nor an estate, nor its beneficiaries are subject to tax on income or gain set aside exclusively for charitable purposes. (See below.)

Revocable Trusts Vs. Grantor Trusts. Pennsylvania law varies from Federal law regarding grantor trusts. For Federal Income Tax purposes, under certain conditions, the net gains or income of a trust are taxed in whole or in part to the grantor or another person who has substantial dominion or control over the trust income or corpus rather than to the trust or its beneficiaries. These Federal rules are inapplicable for Pennsylvania Personal Income Tax purposes.

How Revocable Trusts and Settlers are Taxed. The income or gains received by a revocable trust are:

1. Computed in the same manner as an irrevocable trust's income or gain is computed; and
2. Deemed to be required to be distributed currently to the settlor; and
3. Taxable to, and reportable by, the settlor as estate or trust income.

How Common Trust Funds and Their Participants are Taxed. Income of common trust funds maintained by a bank in its capacity as trust or administrator, is taxable to and reportable by each participant in the common trust fund as Estate and Trust Income, whether distributed or not.

What is a Resident/Nonresident Estate or Trust? A resident estate is the estate of a decedent who at the time of death was a resident individual. A resident trust is an irrevocable trust created by the will of a decedent who at the time of death was a resident individual, or any trust consisting of property transferred to a trust by a person who at the time of such creation or transfer was a resident. A nonresident estate and nonresident trust is any estate or irrevocable trust that is not a resident estate or resident trust.

How Resident Estates or Trusts are Taxed. The income of a resident estate or trust, from sources both inside and outside Pennsylvania, is subject to the Pennsylvania Personal Income Tax. A resident estate or trust may claim a credit (Line 12) if it is subject to and pays any tax to another state or country on income subject to the income tax of that other state or country and the Pennsylvania Personal Income Tax. This credit cannot exceed the amount of Pennsylvania Personal Income Tax the estate or trust owes. To claim a credit for taxes paid to another state or country, the estate or trust must obtain and complete a PA Schedule G. See Forms Ordering on page 1.

How Nonresident Estates or Trusts or Nonresident Beneficiaries are Taxed. A nonresident estate or trust is subject to tax only on income allocable to Pennsylvania. A nonresident estate or trust may ignore items of income, [loss], cost, expense and liability not allocable to Pennsylvania in computing the Pennsylvania taxable income of such taxpayers.

The taxable income or gain of a nonresident beneficiary from a resident or nonresident estate or irrevocable trust is the taxable income or gain received by the estate or trust for its taxable year which:

1. Under the governing instrument and applicable state law is required to be distributed currently, is distributed or is credited and payable to the beneficiary; and
2. Is allocable to Pennsylvania.

Special allocation rules apply to each of the following:

1. Net gains or income or [loss] derived through Pennsylvania S corporations, partnerships and other estates or trusts;
2. Net profit or [loss] from a business, profession or farm;
3. Net gains or [losses] from the disposition of tangible property;
4. Net gains or [losses] from the disposition of intangible personal property; and
5. Net gains or income/[loss] from the ownership of property.

To obtain information regarding these allocation rules, order the Pennsylvania Information for Partnerships booklet (PA-651). See Forms Ordering on page 1.

What Income Is Taxable? Estates or trusts must report taxable income earned or received in Pennsylvania from the following six classes:

- Interest (see page 6);
- Dividends (see page 7);
- Income or [Loss] from the Operation of a Business, Profession or Farm (see page 7);
- Gain or [Loss] from Sale, Exchange or Disposition of Property (see page 8);
- Income or [Loss] from Rents, Royalties, Patents and Copyrights (see page 9); and
- Estate and Trust Income (see page 9).

Damage Awards and Settlements. Compensatory damage awards and settlements (other than in personal injury cases) constitute taxable income to the extent they represent entitlement to taxable income.

Costs and Expenses. Estates and trusts, like individuals, may incur ordinary, reasonable and necessary costs and expenses in the operation of a business or farm and expenses related to the sale, exchange or other disposition of property or receipt of rental or royalty income. Such expenses also are deductible by estates and trusts in determining the amount of net profits, net gains and net rental, royalty, patent and copyright income. As with individuals, costs and expenses attributable to earning or receiving dividend income, interest income and income from other estates or trusts are not deductible. The following expenses cannot be deducted from estate or trust income or gain:

- Inheritance, succession, estate or gift taxes or taxes based on income;
- Funeral expenses;
- Expenses for preservation or maintenance of non-income producing property;
- Expenses related to exempt income; or
- Satisfaction of personal debts of the decedent.

Gains or [Losses]. Estates and trusts cannot offset a gain in one class of taxable income with a [loss] in any other class of taxable income, nor can gains or [losses] be carried back or forward to another tax year. If a net [loss] is realized in an income class, enter the amount in brackets [] on the appropriate line on the PA-41. You must attach the appropriate complete schedule for each line in which income, gain or [loss] is realized, even if the estate or trust incurred a [loss] in a class of income.

What Is Your Taxable Year? Calendar year estates and trusts must report all taxable income received or accrued from January 1, 1995 through December 31, 1995.

An estate's or trust's taxable year for Pennsylvania tax purposes is the same as its Federal taxable year. If filing on a fiscal year basis, be sure to indicate the beginning and ending date of your fiscal year at the top of your PA-41.

Members of Partnerships and Pennsylvania S Corporations. If the estate or trust is a member of a partnership or a shareholder in a Pennsylvania S corporation, it must report its share of the income or [loss] whether it was or was not distributed to the estate or trust. Report the share of the income of the partnership or Pennsylvania S corporation in the same class in which the partnership or Pennsylvania S corporation received the income.

Each resident estate or trust which is a partner in a partnership must attach to its PA-41 the PA Schedule RK-1 it receives from the partnership. Each nonresident estate or trust which is a partner in a partnership must attach to its PA-41 the PA Schedule NRK-1 it receives from the partnership.

Each resident estate or trust which is a shareholder in a Pennsylvania S corporation must attach to its PA-41 the PA Schedule RK-1 it receives from the Pennsylvania S corporation. Each nonresident estate or trust which is a shareholder in a Pennsylvania S corporation must attach to its PA-41 the PA Schedule NRK-1 it receives from the Pennsylvania S corporation.

Special Rules. All of the following must be determined under the terms of the governing instrument and the laws applicable to the administration of estates and trusts:

- Whether an item of receipt or expense is allocable to corpus income; and
- What part, if any, of the undistributed net income of a trust (for administration purposes) is required to be added to corpus; and

- Whether property distributed in kind is distributed as a gift or bequest of specific property; and
- Whether an amount is properly paid out of corpus as a gift or bequest of a specific amount of money; and
- Whether payment of a distribution is directed without reference to the existence or absence of income; and
- Whether an amount is required to be distributed and whether such amount must be paid out of income, or corpus, or may be paid out of either income or corpus.

In determining whether an amount set aside or used for a purpose includes particular items of income received by an estate or trust, the specific provisions control if the governing instrument specifically provides, as to the source out of which amounts are to be permanently set aside or used. In the absence of specific provisions in the governing instrument the amount shall be deemed to consist of the same proportion of each class of the items of income of the estate or trust as the total of each class bears to the total of all classes.

In determining whether income derived through a partnership or Pennsylvania S corporation or another estate or trust is required to be distributed currently, or is distributed or credited to a beneficiary, the excess of the Pennsylvania taxable income derived through such partnership, Pennsylvania S corporation, estate or trust over the amount of distributions or withdrawals therefrom shall be considered to be income, which is required to be retained, accumulated or set aside.

When to File? Fiduciary returns for calendar year 1995 must be filed by midnight, Monday, April 15, 1996. Fiduciary returns for fiscal years beginning in 1995 must be filed on or before the 15th day of the fourth month following the close of the fiscal year. If the due date falls on a Saturday, Sunday or holiday, the return is due the next business day.

Extension of Time to File. If a fiduciary is granted an extension of time for filing a Federal Fiduciary Income Tax return, the same extension will be granted automatically for filing the Pennsylvania Fiduciary Income return. Attach a copy of the letter or form granting the Federal extension to the front of the PA-41 when it is filed. You also may request an extension of time for filing the Pennsylvania Fiduciary Tax Return by submitting an "Application for Extension of Time to File", Form REV-276, to the Pennsylvania Department of Revenue. Mail the extension application and payment due to the PA Department of Revenue, Bureau of Individual Taxes, Dept. 280504, Harrisburg, PA 17128-0504. Neither extension can exceed six (6) months unless the fiduciary is outside the United States.

For either type of extension, you must pay the amount reasonably estimated as your Pennsylvania tax due on or before the original due date. These payments should be included on Line 11 of the PA-41. An extension of time to file an income tax return does not extend the time for payment of the tax. If the amount paid on or before the original due date is at least 90% of the total tax actually due and the balance is paid with the tax return when it is filed, no underpayment penalty will be charged. However, interest will be charged on the amount not paid by the original due date. You will not receive an approval letter from the Department if your request for extension has been accepted. Only if the Department has a question concerning your request will you receive correspondence.

Estimated Tax. Estates or trusts which expect to owe \$70 or more of Pennsylvania Personal Income Tax must make a declaration and estimated installment payments. The estimated tax forms packet is being sent to estates and trusts which made a 1995 declaration. If you do not receive 1996 estimated tax forms, visit a Revenue District Office in your area or call the Forms Ordering number listed on page 1. If making estimated tax payments for the first time, request Form PA-40ESR, instructions REV-413F and worksheet REV-414F.

Filing An Amended PA-41. It is not necessary to attach a complete copy of your original PA-41. Use a Pennsylvania tax return from the same tax year you are amending. **For example:** To amend for 1993 and 1994, use a 1993 and a 1994 PA-41.

Clearly print **AMENDED RETURN** at the top. Follow these steps:

1. Enter the amounts from your original return which you **are not** amending.

Enter your amended amounts. Explain the reason you are filing an amended return and attach the amended forms or schedules supporting your amended amounts.

2. Calculate your amended Total Pennsylvania Taxable Income, Line 9.
3. Calculate your Pennsylvania Tax Liability, Line 10. If you received a refund on your original return, add that amount to your Pennsylvania Tax Liability.
4. Calculate your Total Payments and Credits, Line 14. If you paid tax with your original return, add that payment to your Total Payments and Credits.
5. Calculate your amended Tax Due, Line 15, or Overpayment, Line 16. If an overpayment, be sure to complete Lines 17a and/or 17b.

The Department will take your original refund or payment into account when reviewing your amended return. Be sure to sign your amended return.

Mail your amended return, with all explanations and attachments to:

PA Department of Revenue
Bureau of Individual Taxes
Dept. 280502
Harrisburg, PA 17128-0502

Overpaid Pennsylvania Personal Income Tax. If you overreported income or failed to claim all allowable credits on the original PA-41 of an estate or trust, you must file an amended PA-41 within three years from the time the original Pennsylvania fiduciary return was required to be filed.

Important. *An amended PA-41 may not be filed after an assessment has been issued, if the amendment relates to the same taxable year and item of income, gain, deduction or [loss] involved in the assessment. In this instance, you must either file a timely petition for reassessment or pay the assessment and file a timely refund petition to claim your refund. You may order the Petition REV-65, by calling the Forms Ordering telephone numbers listed on page 1.*

Underreported Income. If at any time after you file the PA-41, you discover that you have underreported the income tax or erroneously claimed credits or deductions to which the estate or trust was not entitled and which would increase its taxable income, you must correct the error within 30 days by filing an Amended Pennsylvania Fiduciary Income Tax Return. You must pay the additional tax, plus applicable penalty and interest.

Records Must Be Maintained. All amounts reported on your return and accompanying schedules are subject to verification and audit by the PA Department of Revenue. Books and records must be maintained for at least 4 years after filing to verify any information you reported on Pennsylvania Fiduciary Income Tax Returns.

Penalties For Not Filing Or For Filing A Late Return. If you do not file your return on or before the due date, or if you do not file your return on or before the date to which an extension has been granted, then for each month or fraction of a month your return is late a 5% penalty will be imposed, unless reasonable cause for late filing is shown. The maximum penalty is 25%. The minimum penalty is 5%. Any person who attempts to evade or defeat their Pennsylvania Personal Income Tax responsibility may be prosecuted.

Interest for Nonpayment or for Late Payment of Your Tax. If you do not pay the tax due on or before the due date, interest will be computed from the date the tax was due and payable to the date of payment. The annual interest rate is that rate established by the U.S. Secretary of the Treasury and which is in effect on January 1 of each calendar year.

Penalties For Nonpayment Or For Late Payment Of The Tax.

- If you do not pay the full amount of your tax due with your return, a 5% underpayment penalty will be imposed.
- If you fail to report an amount of taxable income that is more than 25% of the taxable income shown on your return, an additional penalty of 25% of the tax due on the unreported income will be imposed.

These penalties will be imposed if the underpayment of tax is due to negligence or intentional disregard of rules and regulations but without intent to defraud.

- If any part of any underpayment of the tax is due to fraud, 50% of the underpayment will be added to the tax.

Important. You may be assessed both late filing and underpayment penalty if you file your return after the due date (or extended due date) and do not pay your tax liability with your return.

Any taxpayer who files a return which does not contain sufficient information on which to determine the correct liability or which contains information which indicates the liability is significantly incorrect and the return is filed frivolously or in a manner to delay or impede the administration of the tax law shall pay a \$500 penalty. Any person required to furnish an information return who furnishes a false or fraudulent return shall be subject to a penalty of \$50 for each failure.

Rounding Amounts to Whole Dollars and Entering [Losses]. On your tax return and schedules, you **must**:

- Round money amounts to whole dollars. Any amount that is less than 50 cents is eliminated. Any amount that is 50 cents or more is increased to the next dollar amount. Using whole dollars expedites the processing of tax returns.
- Enter the dollar amount of a net [loss] in brackets on your PA-41. Enter the actual dollar amount in brackets = [], do not use the word LOSS.

Governing Instrument. A copy of the governing instrument need not be filed with the fiduciary tax return, but must be made available upon request by the PA Department of Revenue.

Specific Instructions for Form PA-41

Federal Employer Identification Number. The Federal EIN of the estate or trust must be entered on all schedules attached to the return and must be identical to that shown on the PA-41. If the PA-41 does not show a preprinted EIN, print or type the correct EIN. If you have not yet received an EIN, please provide the Social Security Number of the decedent.

Name and Address. Correct any errors in the space provided on the PA-41. If the PA-41 shows no preprinted name and address, print or type the information. Print or type the name of the estate or trust, as described below, the name and the title of the fiduciary and the fiduciary's complete address and zip code. Write the name of the estate or trust on each schedule attached to the PA-41.

Please enter the name of the estate or trust in this form:

For an estate: Taxpayer's last name, first name and initial.

For example: Smith, John T. Estate of

For a trust: Taxpayer's last name, first name and initial.

For example: Smith, Mary S. Trust

Do not submit a separate PA-41 for each beneficiary. Use Pennsylvania Schedule L to list beneficiaries.

Fiscal Year Filer. If this return is for a period other than a calendar year, indicate the beginning and closing dates of the period reported.

Type Filer. Indicate the residency status of the estate or trust. If the estate or trust is a nonresident estate or trust, enter the name of the other state or country.

Option - Do you want a 1996 Pennsylvania tax booklet? If you do not use the forms provided by the Department, or paid a preparer who did not use these forms to complete your 1995 Pennsylvania tax return, check this box. You will not receive a booklet next year.

Final Return. If this is the last return which the fiduciary of the estate or trust is required to file, check the Final Return box on the PA-41. Report any income and distributions from the beginning of the estate's or trust's year to the date of closing. Attach a statement explaining the reason for the Final Return (such as termination or transfer of jurisdiction).

School District Code. Each fiduciary must complete the school district code. A list of all school districts and accompanying codes is provided on pages 12 and 13. For estates and testamentary trusts, use the school district code where the decedent lived immediately prior to death. For inter vivos trusts, use the school district code where the settlor of the trust resided on the date the trust was created. If the decedent or settlor was or is a nonresident, enter the code 99999.

Important. Do not use the school district code of the fiduciary administering the estate or trust.

For example: A trust is created by a resident of Erie and the fiduciary is a bank in Pittsburgh. The school district code to use on the PA-41 is Erie City, not Pittsburgh.

Schedules. Be sure to attach all completed schedules. The estate or trust name and EIN or decedent's SSN must be entered on all schedules as shown on the PA-41.

Line 1. Interest. Include all interest income received during the taxable year (bank deposits, bonds, certificates of deposit, interest-bearing checking accounts, tax refunds or other obligations) on Line 1 of your return. "Dividends" paid by savings and loan associations, mutual savings banks, cooperative banks and credit unions on deposits or withdrawals from accounts must be reported as interest.

Generally, Federal Form 1099-INT issued by financial institutions will indicate the amount of interest received or credited from or by such institutions. Interest received on GNMA and FNMA certificates is taxable for Pennsylvania purposes. Also include on Line 1, the interest income received from a partnership or Pennsylvania S corporation which provided the estate or trust with a PA Schedule RK-1 or PA Schedule NRK-1. If the estate or trust received only a Federal Schedule K-1, classify interest income according to Pennsylvania Personal Income Tax rules.

Tax Exempt Interest. Interest which you receive from direct obligations of the Commonwealth of Pennsylvania or its political subdivisions and direct obligations of the United States Government is not taxable income and should not be reported. Interest from Series E, F, G, H and EE bonds, Federal treasury bills and notes is not taxable. Interest received from obligations of Federal instrumentalities also is not taxable. For a complete list of exempt obligations, request Publication REV-1643 by calling the Forms Ordering number on page 1.

Interest received from obligations of other states or countries is taxable income. Distributions from Money Market and Mutual Funds and Other Investment Companies Distributions from the earnings and profits of money market or mutual funds and investment trusts and companies must be reported as dividend income (see Line 2) and not interest income.

Forfeited Interest Penalty. You may offset forfeited interest penalty incurred for premature redemption or withdrawal of a time savings account or certificate of deposit against only the interest income from that account or certificate. You cannot offset such interest penalty against other interest income. If the total penalty exceeds the interest on an account or certificate, the excess may be taken as a [loss] on PA Schedule D.

Instructions for PA Schedule A. When interest income exceeds \$1,000, complete and file a PA Schedule A. You are not required to attach your Federal Form(s) 1099-INT. You may file a copy of the Federal Schedule B, which accompanied the Federal 1041 return. You must make adjustments for the differences explained above and attach a statement to the Federal schedule detailing the nature and amount of the adjustments.

Line 2. Dividends. All dividend income is reported on Line 2 in the taxable year in which it is received or credited. A resident estate or trust which is a shareholder must report as taxable dividend income any distribution by a business corporation or business association out of its earnings and profits, without regard to the manner in which the business derived the income. For Pennsylvania tax purposes, a business association is an unincorporated business enterprise which is organized in a manner similar to a business corporation. Business corporations or business associations include, but are not limited to, business trusts, federally qualified real estate investment companies, mutual funds and other federally regulated investment companies.

Note. *If the estate or trust is a shareholder in a Subchapter S corporation in another state which is NOT also a Pennsylvania S corporation, you report only the cash or property you actually received (your distributions) as Dividend Income on the PA-41. You do not report the amount of your distributable income and you may not claim a credit for any tax paid to the other state on this income.*

Mutual Funds, Money Market Funds and Investment Trusts. Distributions, including dividends in the form of capital gains, received from mutual funds and money market funds, real estate investment trusts and other investment trusts, except for ordinary dividends from exempt Pennsylvania obligations and exempt Federal obligations, are fully taxable as dividends unless they are a return of capital.

Dividend Income Does Not Include:

1. Dividends distributed by a corporation to its stockholders in the form of stock, if the distribution is not treated as personal income for Federal Income Tax purposes. If the stock distribution is not taxable, the adjusted basis of the old stock must be divided between the old and new stock.
2. Distributions designated as "return of capital" by utility companies or other corporations. Such distributions serve to reduce the basis of your stock in the corporation. Once your basis is reduced to zero, any further distributions are taxed as gain from the sale or disposition of property. (See instructions on Return of Capital Distributions on page 9.)
3. Dividends paid by a mutual fund or a registered investment company and designated as being "Exempt Interest Dividends" for Pennsylvania Personal Income Tax purposes in the written notice issued to the shareholder. You may exclude the portion of total dividends which are designated by the fund or company as being from exempt Pennsylvania obligations and exempt

Federal obligations. The amount designated as capital gains is fully taxable as dividend income for Pennsylvania Personal Income Tax purposes. Report only the amount remaining after subtracting the exempt Pennsylvania and Federal amounts from the total dividends. Refer to the PA-40R instructions booklet for additional information.

Instructions for PA Schedule B. When dividend income exceeds \$1,000, complete and file a PA Schedule B. You are not required to attach your Federal Form(s) 1099-DIV. You may file a copy of the Federal Schedule B, which accompanied the Federal 1041 return. You must make adjustments for the differences explained above and attach a statement to the Federal schedule detailing the nature and amount of the adjustments.

Line 3. Income or [Loss] from a Business, Profession or Farm.

What is a Business or Profession? Not every activity constitutes a business or profession. A business or profession has certain features. It must meet each of the following:

1. Markets its products, goods and/or services to its customers in a marketplace; and
2. Regularly and continuously conducts its commercial activities; and
3. Does not limit or restrict its commercial activities to certain related or unrelated customers.

Sale of Business Assets and Other Income Not Derived in the Ordinary Course of Business. Gain or [loss] from the sale of an asset used in business, other than inventory or stock-in-trade, must be reported on PA Schedule D. Interest, dividends, rents and royalty income not derived in the ordinary course of business also are not reportable as profits from a business, profession or farm, and expenses which are attributable to such income are not deductible business expenses.

ACRS. Deductions allowable under the Federal Accelerated Cost Recovery System (ACRS), including the IRC Section 179 additional first year depreciation allowance for small businesses, are acceptable depreciation deductions for Pennsylvania purposes.

Unallowable Deductions. Do not deduct Federal Income Taxes, estate, inheritance, legacy, succession and gift taxes, or assessments for any improvements or betterment. Do not deduct taxes on dwellings or household property and other taxes not related to the business. Social Security and unemployment compensation taxes paid for employees can be deducted.

All net profit or [loss] must be reported on PA-41. If a net [loss] occurs, enter the amount in brackets on Line 3. A separate PA Schedule C or F must be completed and tiled for each estate's or trust's business or farm if it:

- Has net profit or [loss] from a partnership or Pennsylvania S corporation and it did not provide you with a PA Schedule RK-1 or NRK-1; and/or
- Uses different methods of depreciation for Pennsylvania and Federal Income Tax purposes.

Otherwise, complete and file either the PA Schedule C or F or file a copy of the Federal Schedule C or F which accompanied the Federal 1041 tax return.

For specific information concerning allowable adjustments to Federal Schedule C or F (such as: expensing sales tax on acquired property; charitable contributions; 100% of travel and entertainment expenses; wages for which the Pennsylvania Employment Incentive Payment Credit is claimed, etc.) obtain the PA-40R Instructions booklet and the PA Schedule C-F Reconciliation. See Forms Ordering on page 1.

Line 4. Gain or [Loss] from the Sale, Exchange or Disposition of Property.

PA Schedule D. List on PA Schedule D each sale, exchange or disposition of any kind of property, including real estate, tangible personal property and intangible property such as stock or other ownership interests in business enterprises, bonds, annuities and contract of insurance with refundable accumulated reserves payable upon lapse or surrender.

A gain on the disposition of property is recognized in the taxable year in which the amount realized from the conversion of the property into cash or other property exceeds the adjusted basis of such property.

A [loss] is recognized only:

1. With respect to transactions entered into for profit; and/or
2. In the taxable year in which the transaction is closed and completed.

Installment Sales. Include on the PA Schedule D the amount realized from installment sales and attach PA Schedule D-1, Form REV-1689. The installment method of reporting gains from the disposition of tangible personal property or real estate, whether the sale is an isolated transaction or is from the inventory of a dealer or broker, is permitted beginning with sales made on or after January 1, 1984. The installment method must be elected if at least one payment is to be received in any taxable year after the taxable year of the sales transaction. Important. The installment method is not allowed for:

1. Reporting gains from the sale of intangible personal property, such as stocks, bonds, partnership interests, etc.; or
2. Transactions where the object is the lending of money or the rendering of services, or
3. Sales where a taxpayer elects to exclude gain from the sale of a principal residence.

Once the election to report on the Installment basis is made, the estate or trust may not change its method of reporting in subsequent years.

Calculation. If electing to report on PA Schedule D-1, the gain on the sale is allocated in equal proportion to the payments received and is reported in the year of the payment. Use PA Schedule D-1 to make the calculation of the taxable gain and attach it to the PA Schedule D.

Important. Interest received which is incidental to the sale (directly from the installment sale contract or agreement) is reported on PA Schedule D-1 or as business income on PA Schedule C or F.

Repossession of Property. Where property is sold under an installment contract and the estate or trust must repossess the property upon default of the buyer in a subsequent tax year, the basis in the property must be adjusted by the amount of gain previously reported. The estate or trust may not amend its tax return for the taxable year in which the installment sale was originally reported.

Capital Gain Distributions received from mutual funds or other regulated investment companies are taxable as Dividends on Line 2 of the PA-41.

Federal and Pennsylvania Obligations. As a result of legislation enacted in 1993, net gains from the sale, exchange or disposition of the following obligations are not subject to Pennsylvania Personal Income Tax **nor** may any [loss] realized be used to offset other gains **if these obligations were originally Issued before February 1, 1994:**

1. Direct obligations of the United States Government, such as Federal treasury bills and treasury notes;

2. Direct obligations of certain agencies, instrumentalities or territories of the U.S. Government;
3. Direct obligations of the Commonwealth of Pennsylvania and its political subdivisions.

If any of the above obligations were issued on or after February 1, 1994, gains must be recognized as income taxable for Pennsylvania Personal Income Tax purposes and [losses] may be used to offset other gains.

Important. Net gain from the disposition of obligations of other states or countries is subject to the Pennsylvania Personal Income Tax.

[Losses] or expenses Incurred from selling Pennsylvania tax exempt obligations may not be used to offset other taxable gains or income. A sale of a mutual fund or a fixed investment portfolio trust is not considered exempt for Pennsylvania purposes.

Return of Capital Distributions. As a shareholder you must report as taxable gain (in the taxable year in which it was received or credited) the excess of the fair market value of any return of capital distribution over the adjusted basis of your stock. A return of capital distribution is any distribution which is not made by a business corporation out of its earnings and profits. The basis of your stock or shares shall be decreased (but not below zero) by any distribution which is not taxable as a Dividend on Line 2 of your PA-41.

Property Acquired Before June 1, 1971. Gain or [loss] on the sale, exchange or disposition of property which was acquired before June 1, 1971 is determined by subtracting the adjusted basis or the alternative basis, whichever is larger, of the property from the cash and/or property received. PA Schedule D-71 is used to report the disposition of property acquired before June 1, 1971. Obtain this Form REV-1742 by calling the Forms Ordering telephone numbers on page 1.

Report on Line 7 of your PA Schedule D, the total net gain or [loss] from your PA Schedule D-71, Sale of Property Acquired Before June 1, 1971.

Partnership or Pennsylvania S Corporation Income. If the estate or trust is a partner or shareholder, it will receive a PA Schedule RK-1 or NRK-1 (or a Federal Schedule K-1) showing its share of any net gain or [loss] realized by the sale, exchange or disposition of property by the partnership or Pennsylvania S corporation. All such schedules must be attached to support the amount reported on Line 6 of PA Schedule D.

Disposition of Principal Residence. An elective exclusion of up to \$100,000 of the gain realized on the sale, exchange, taking by eminent domain, destruction or other disposition of a principal residence is allowed only on the decedent's final Pennsylvania Personal Income Tax Return (PA-40R or PA-40NR).

Instructions for PA Schedule D. You must use the PA Schedule D included in this booklet.

LINE 1. Columns a through f.

- **Column a.** List and describe the property sold or otherwise disposed of for cash or other property. For example: 60 acres of land in Dauphin County or 100 shares of ABC Inc. common stock.
- **Column b.** Enter the month, day and year the property was sold.
- **Column c.** Enter the month, day and year the property was purchased or acquired.
- **Column d.** Enter the gross sales price or fair market value of cash and/or property you received, less applicable expenses of sale.
- **Column e.** Enter the Adjusted Basis of the property sold.

• **Column f.**

- a) If the property is income-producing property acquired as an investment (For example: capital stock, interest in a partnership or other business, a rental property or a patent or copyright) or if held in connection with a business, profession or occupation when disposed of (and it is not inventory or an operational asset), subtract Column a from Column d and then enter either the gain or the [loss] or zero in Column f.
- b) If the property was other than income-producing property:
 1. If the adjusted basis is less than Column d, subtract Column a from Column d and enter the gain in Column f; or
 2. If the adjusted basis is greater than Column d, you do not have either a gain or a [loss]. Enter zero in Column f.

Line 2. Add Column f and enter the total. Gains and [losses] may be offset to calculate this line.

Line 3. Enter the amount from PA Schedule D-1.

Line 4. Enter the total Return of Capital Distributions and subtract the amount of previously unrecovered basis. Enter the difference on Line 4.

Line 5. Enter the total amount from PA Schedule D-71.

Line 6. Enter the total net gain or [loss] from all PA Schedules RK-1 or NRK-1 received as a partner from other partnerships.

Line 7. Total Column f and enter the net gain or [loss]. Gains and [losses] may be offset to calculate this line. If a net gain, enter the amount here and on Line 4 of the PA-41. If a net [loss], enter the amount in brackets here and on Line 4 of the PA-41.

Line 5. Income or [Loss] from Rents, Royalties, Patents or Copyrights. Rental income is income received for the use of real or tangible property. Royalties are income received upon the extraction of coal, oil, gas or other minerals or for the use of a patent or copyright.

Net Rents. Whether your rental income or [loss] is reportable on Line 5 or on Line 3 as net profit from business, profession or farm depends upon whether you provide your lessee significant services. Rents do not include payments for the use or occupancy of rooms or other space if significant services also are provided to the occupant.

Generally, significant services are considered provided to the occupant if they are provided primarily for the occupant's convenience and they are not customarily provided in connection with the rental of rooms or other space for occupancy only. For example: providing maid service is considered to be providing significant services to the occupants. However, furnishing heat and light, cleaning public entrances, exits, elevators, stairways and lobbies and collecting trash are not considered significant services. Significant services generally are provided with rooms in hotels, boarding houses, apartment houses furnishing hotel services, tourist homes, motor courts or motels. Payments for parking cars usually are not rents. Payments for warehousing of goods or the use of personal property are not rents if significant services are provided in connection with the payments.

Payments for the use or occupancy of an entire private residence or living quarters in duplex or multiple housing units or offices in an office building generally are rents.

To obtain PA Schedule E and for additional instructions for reporting this class of income, obtain the PA-40R Instructions booklet. See Forms Ordering on page 1.

Lease with Option to Buy. A lease with an option to buy may be a purchase contract. If it is, payments you receive under the contract are payments of the purchase price and are not includable in your income as rental income. Such income should be reported on PA Schedule D.

Selling Mineral Interests, Patents or Copyrights. If you give up all your rights to your mineral interests, patents or copyrights, the amounts you receive are considered payments for the sale or exchange of your property and should be reported on PA Schedule D.

PA Schedule E. All rental and royalty income must be reported on form PA-41. If there is a net [loss], enter the amount in brackets.

PA Schedule E must be completed and filed if an estate or trust:

1. Has rental or royalty income or [loss] from a partnership or PA S corporation which did not provide PA Schedule RK-1 or NRK-1; or
2. Uses different methods of depreciation for Pennsylvania and Federal Income Tax purposes.

Otherwise, complete and file either the PA Schedule E, which is not included in this booklet, or file a copy of Part I of the Federal Schedule E which accompanied the Federal 1041 Income Tax return. If any of the adjustments noted above are applicable, attach a statement to the Federal schedule detailing its nature and amount. For additional information concerning allowable adjustments to Federal amounts, obtain the PA-40R booklet. To obtain a PA-40R booklet and a PA Schedule E, see Forms Ordering on page 1.

Line 6. Estate and Trust Income. Cash and property acquired from another estate or trust by gift, bequest, devise or inheritance are not taxable. Income received by the other estate or trust on its assets which is currently distributable or, in fact, is paid or credited to an estate or trust as a beneficiary of the other estate or trust is taxable to the estate or trust as its beneficiary.

Complete a PA Schedule J, reporting each estate and/or trust from which Pennsylvania taxable income was received. To obtain PA Schedule J, see Forms Ordering on page 1.

If a resident estate or trust, enter on Line 6 the amount reported as your Resident Taxable Income on the PA Schedule L provided by the other estate or trust. If a nonresident estate or trust, enter on Line 6 the amount reported as your Nonresident Taxable Income on the PA Schedule L provided by the other estate or trust.

Line 7. Total Taxable Income. Add Line 1 through Line 6 and enter the total on Line 7. Income and [losses] may not be offset to calculate Line 7.

Line 8. Deductions for Distribution to Beneficiaries. Complete the Distribution Deductions Schedule, PA Schedule DD, to determine the deductions for distribution to beneficiaries.

Line 9. Net Pennsylvania Taxable Income. Subtract Line 8 from Line 7.

Line 10. PA Tax Liability. Multiply the amount on Line 9 by 2.8% (.028) and enter the result on Line 10. The amount on Line 10 represents the Pennsylvania tax due before adjustment for tax payments and credits.

Line 11. 1995 Estimated Payments and Credits. Enter on Line 11 the total of:

- a) any credit carried over from the 1994 PA-41;
- b) all 1995 installment payments of estimated tax; and
- c) any payment made with a 1995 request for extension of time to file.

Line 12. Credit for Taxes Paid to Other States or Countries. Pennsylvania resident estates or trusts having income subject to both the Pennsylvania Personal Income Tax and an income tax of another state or country may claim all or a portion of the tax paid to the other state or country as a credit against the Pennsylvania tax by completing PA Schedule G. To obtain a copy of PA Schedule G, see Forms Ordering on page 1.

Line 13. Employment Incentive Payments Credit. Estates or trusts which employ welfare recipients may qualify for an Employment Incentive Payment Credit. For information on this subject, contact the Revenue Department or the district office nearest you for a copy of PA Schedule W and the accompanying instructions.

Line 14. Total Payments and Credits. Add Lines 11, 12 and 13, and enter the amount on Line 14.

Line 15. Tax Due. If the amount on Line 10 is greater than that shown on Line 14, enter the tax due and pay in full with this return.

Line 16. Overpayment. If the amount on Line 14 is greater than that shown on Line 10, enter the overpayment on Line 16.

Line 17a and 17b. Application of Overpayment. You may request that all or any part of your overpayment as shown on Line 16 be:

- a) Refunded (Line 17a); and/or
- b) Credited to the estate's or trust's 1996 Estimated Tax (Line 17b).

The total of Lines 17a and 17b must equal Line 16.

Instructions for PA Schedule DD, Distribution Deduction.

Line 1a. Resident Estate or Trust. Enter under Column A the amount reportable from Line 7 of the PA-41.

Line 1a. Nonresident Estate or Trust. Enter under Column A the amount which would have been reportable on Line 7 if a resident estate or trust. For the purpose of Line 1a, a nonresident estate or trust must compute its total income from sources both within and outside Pennsylvania.

Line 1b. Nonresident Estate or Trust. Enter under Column B the amount reportable from Line 7 of the PA-41,

Line 1b. Resident Estate or Trust. Enter under Column B the amount which would be reportable on Line 7 if a nonresident estate or trust. For the purpose of Line 1b, a resident estate or trust must compute its total income in the same manner as a nonresident estate or trust.

Line 2a. Enter under Column A the dollar amount of gross income or gain which, pursuant to the terms of the governing instrument or under applicable law, is unconditionally required to be either retained, accumulated or set aside for future distribution or disbursement or currently applied to discharge, satisfy or reduce any person's legal obligations.

Line 2b. Enter under Column B the dollar amount of gross income allocable to Pennsylvania which, pursuant to the terms of the governing instrument or under applicable law, is unconditionally required to be either retained, accumulated or set aside for future distribution or disbursement or currently applied to discharge, satisfy or reduce any person's legal obligations.

Lines 3a and 3b. Self-explanatory.

Line 4a. Enter the amount, if any, of the estate's or trust's nontaxable gross receipts for the taxable year that **are both:**

- 1. **Not** required under laws applicable to the administration of estates or trusts or the governing instrument to be retained

for future distribution or disbursement or to be currently applied to discharge, satisfy or reduce any person's legal obligations; **and**

- 2. Derived from the ownership or disposition of an obligation issued by the Federal government, Pennsylvania or their instrumentalities (but only to the extent of the gain therefrom) or life insurance, annuity and endowment contracts.

Line 5a. Add Lines 3a and 4a to determine the amount of income available for distribution.

Line 6a. Divide Line 3a by Line 5a. This is the percentage of the estate's or trust's total taxable/nontaxable income available for distribution that represents distributable taxable income from all sources.

Line 7b. Divide Line 3b by Line 5a. This is the percentage of the estate's or trust's total taxable/nontaxable income available for distribution that represents distributable taxable income allocable to Pennsylvania.

Note: If you are filing for an estate, enter zero on Lines 8a, 9a and 10a and proceed to Line 11a.

Line 8a. If you are filing for a trust, enter the total of all amounts, if any, specifically required under the governing instrument to be distributed during the taxable year, whether or not it is actually distributed.

Line 9a. If you are filing for a trust, enter the total of all amounts, if any, specifically required under the governing instrument to be distributed during the taxable year that:

- 1. Have been actually distributed, or
- 2. Have not been actually distributed, but, under the governing instrument, are required to be paid exclusively out of corpus.

Line 10a. Subtract Line 9a from Line 8a to determine the total amount of undistributed income required to be distributed currently.

Line 11a. Enter the total dollar amount of cash distributions made to beneficiaries during the taxable year of the estate or trust (exclusive of amounts that are properly paid out of corpus as a gift or bequest of a specific sum of money or amounts required to have been distributed in any prior taxable year).

Line 12a. Enter the total market value of property distributions made to beneficiaries during the taxable year (exclusive of property distributed in kind as a gift or bequest of specific property).

Line 13a. Add Lines 10a, 11a and 12a to determine the total amount distributed/distributable by the estate or trust.

Lines 14a and 14b. Self-explanatory.

Line 15. Resident Estate or Trust. Enter the **lesser** of Line 3a and Line 14a on Line 15.

Line 15. Nonresident Estate or Trust. Enter the **lesser** of Line 3b and Line 14b on Line 15.

Special Instructions for Line 16 Charitable Distribution Deduction

Charitable Distribution Deduction. An estate or trust qualifies for a charitable distribution deduction if it is unconditionally required under applicable law or the governing instrument to retain and) permanently set aside all or a determinable part of its retained total income for the taxable year exclusively for the benefit of a purely religious, charitable, scientific, literary or educational organization. No amount

included on Lines 2a or 2b of PA Schedule DD will be considered to be permanently set aside or to be used exclusively for the benefit of such organizations unless, under applicable law or the terms of the governing instrument and the circumstances of the particular case, the possibility that the amount set aside, or to be used, will not be disbursed, distributed or used for the benefit of such an organization is so remote as to be negligible. For example, where there is a possibility of the invasion of corpus of a charitable remainder trust in order to make payment of the annuity amount or unitrust amount, no deduction is allowed.

Computation of Charitable Distribution Deduction. If applicable law or the governing instrument specifically provides, as to the source out of which the proceeds or receipts shall be set aside exclusively for charity, the amount of the charitable deduction is the amount which would be properly reported on Line 1a of PA Schedule DD (or Line 1b in the case of a nonresident trust or estate) where such receipts or proceeds are the estate's or trust's only items of income or gain for the year. Otherwise, the charitable deduction is that portion of the amount reported on Line 2a of PA Schedule DD (or Line 2b in the case of a nonresident estate or trust) which the amount actually retained, accumulated and set aside for the taxable year exclusively for the benefit of charity bears to the total amount actually retained, accumulated and set aside for the taxable year.

Line 16. Resident Estate or Trust. Enter the amount of taxable income included in Line 2a of PA Schedule DD for which a charitable distribution deduction is allowed.

Line 16. Nonresident Estate or Trust. Enter the amount of taxable income included in Line 2b of PA Schedule DD for which a charitable distribution deduction is allowed.

Line 17. Total Deduction from PA Schedule DD. Add Lines 15 and 16 and enter the total on both Line 17 of PA Schedule DD and Line 8 of the PA-41.

Instructions for PA Schedule L. A PA Schedule L must be provided to each beneficiary. Federal Schedule K-1 is not acceptable as it does not properly reflect Pennsylvania's taxable classified income amount.

Enter on PA Schedule L, the name, complete address and identification number (EIN or SSN) of each beneficiary to whom distributions were made or required to be made during the taxable year or to whom amounts were credited and payable during the taxable year. Also compute and enter the amount of each such beneficiary's Resident Taxable Income and Nonresident Taxable Income. To compute the amounts to be reported as each beneficiary's Resident Taxable Income and Nonresident Taxable Income, follow Steps 1 through 3.

Step 1. Compute the total dollar amount of:

- a) Cash and property distributions actually made to the beneficiary during the taxable year.
- b) Undistributed amounts which are either credited and payable or required to be currently distributed to the beneficiary during the taxable year.

Important. Do not take into account:

1. Amounts that are properly paid out of corpus as a gift or bequest of a specific amount of money.
2. Amounts that were required to have been distributed in any prior taxable year.
3. The market value of property distributed in kind as a gift or bequest of specific property.

Step 2. To compute that beneficiary's resident taxable income, multiply the amount computed in Step 1 by a fraction, the numerator of which is the lesser of Line 3a or Line 14a on

PA Schedule DD and the denominator of which is Line 13a of PA Schedule DD.

Step 3. To compute the beneficiary's nonresident taxable income, multiply the amount computed in Step 1 by a fraction, the numerator of which is the lesser of Line 3b or Line 14b of PA Schedule DD and the denominator of which is Line 13a of PA Schedule DD.

Math Check.

Resident Estate or Trust. The totals of resident taxable income should equal the estate's or trust's distribution deductions (Line 15, PA Schedule DD).

Nonresident Estate or Trust. The totals of nonresident taxable income should equal the estate's or trust's distribution deductions.

Review Your Return. Check the PA-41 carefully to make sure all income and/or [losses have been reported, and all credits to which the estate or trust is entitled have been claimed. Also, check all entries to make sure they are correct. Any error could delay the processing of the PA-41.

Signature and Verification. Be sure that the PA-41 is signed and that you provide your daytime telephone number. The PA-41 is not valid unless it is signed. The signature on the PA-41 verifies by written declaration, under penalties of perjury, that the fiduciary personally has examined the PA-41 and to the best of his knowledge, the PA-41 is true, correct and complete. If the PA-41 was prepared by someone other than the fiduciary or officer representing the fiduciary, the preparer must sign the return and enter his telephone number.

How To Pay. The balance of tax due shown on your PA-41 must be paid in full with your return. A return must still be filed even though no payment is due. Make check or money order payable to PA Department of Revenue.

Bad Check. If your check is returned to the Department unpaid, you will be subject to a 10% bad check penalty (minimum of \$10) and possible criminal prosecution in addition to other penalties and interest.

Mailing Instructions.

If there is **Tax Due** shown on Line 15 of the PA-41, mail the return to:

**PA Department of Revenue
Bureau of Receipts and Control
Dept. 280413
Harrisburg, PA 17128-0413**

If there is an **Overpayment** shown on Line 16 of the PA-41, mail the return to:

**PA Department of Revenue
Bureau of Individual Taxes
Dept. 280505
Harrisburg, PA 17128-0505**

If **No Tax Due or Overpayment** is shown on the PA-41, mail the return to:

**PA Department of Revenue
Bureau of Individual Taxes
Dept. 280506
Harrisburg, PA 17128-0506**

Mailing Your Return. The U.S. Postal Service requires sufficient postage on your envelope. The Post Office may return envelopes without sufficient postage. If your envelope contains more than five (5) pages, it may require additional postage. Oversized envelopes may also require additional postage. Also, it is important that your envelope include your complete return address in the upper left corner.

SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE
ADAMS		BERKS		Palmerton Area	13650	Middletown	22600
Bermudian Springs	01110	Antietam	06050	Panther Valley	13660	Millersburg Are	22610
Conewago Valley	01160	Boyerstown Area	06075	Weatherly Aria	13900	Steelton Highspire	22800
Fairfield Area	01305	Brandywine Heights Area	06085			Susquehanna Township	22830
Gettysburg Area	01375	Conrad Weiser Area	06110	CENTRE		Susquenita	50600
Littlestown Area	01520	Daniel Boone Area	06150	Bald Eagle Area	14100	Upper Dauphin Area	22900
Upper Adams	01852	Exeter Township	06200	Bellefonte Area	14110	Williams Valley	54880
		Fleetwood Area	06250	Keystone Central	18360		
ALLEGHENY		Governor Mifflin	06300	Penns Valley Area	14700	DELAWARE	
Allegheny Valley	02060	Hamburg Area	06350	Philipsburg-Osceola Area	17700	Chester Upland	23123
Avonworth	02075	Kutztown Area	06400	State College Area	14800	Chichester	23130
Baldwin Whitehall	02110	Muhlenberg Township	06550	Tyrone Area	07800	Garnet Valley	23410
Bethel Park	02125	Oley Valley	06650			Haverford Township	23450
Brentwood Borough	02145	Reading	06700	CHESTER		Interboro	23510
Carlynton	02160	Schuylkill Valley	06750	Avon Grove	15050	Marple Newtown	23550
Chartiers Valley	02175	Tulpehocken Area	06800	Coatesville Area	15190	Penn Delco	23690
Clairton	02190	Twin Valley	06810	Downingtown Area	15200	Radnor Township	23760
Cornell	02210	Upper Perkiomen	06860	Great Valley	15350	Ridley	23770
Deer Lakes	02225	Wilson	06910	Kennett Consolidated	15400	Rose Tree Media	23790
Duquesne City	02250	Wyomissing	06935	Octorara Area	15650	Southeast Delco	23840
East Allegheny	02280			Owen J. Roberts	15660	Springfield	23850
Elizabeth Forward	02315	BLAIR		Oxford Area	15670	Unionville-Chadds Ford	15850
Fort Cherry	03240	Altoona Area	07050	Phoenixville Area	15720	Upper Darby	23945
Fox Chapel Area	02391	Bellwood Antis	07100	Spring Ford Area	46730	Wallingford Swarthmore	23960
Gateway	02410	Claysburg-Kimmel	07150	Tredyffrin Easttown	15780	West Chester Area	15900
Hampton Township	02460	Holidaysburg Area	07350	Twin Valley	06810	William Penn	23965
Highland	02475	Spring Cove	07750	Unionville-Chadds Ford	15850		
Keystone Oaks	02500	Tyrone Area	07800	West Chester Area	15900	ELK	
McKeesport Area	02600	Williamsburg Community	07900			Brockway Area	33070
Montour	02630			CLARION		Forest Area	27200
Moon Area	02634	BRADFORD		Allegheny Clarion Valley	16030	Johnsonburg Area	24350
Mount Lebanon	02640	Athens Area	08050	Armstrong	03085	Kane Area	42230
North Allegheny	02685	Canton Area	08100	Clarion Area	16120	Ridgway Area	24600
Northgate	02687	Northeast Bradford County	08300	Clarion-Limestone Area	16170	Saint Marys Area	24800
North Hills	02690	Sayre Area	08600	Keystone	16650		
Penn Hills	02735	Towanda Area	08650	North Clarion County	16750	ERIE	
Penn-Trafford	65710	Troy Area	08665	Redbank Valley	16800	Corry Area	25145
Pine-Richland	02100	Wyalusing Area	08900	Union	16900	Erie City	25260
Pittsburg	02745			CLEARFIELD		Fairview	25330
Plum Borough	02750	BUCKS		Clearfield Area	17100	Fort Leboeuf	25355
Quaker Valley	02775	Bensalem Township	09100	Curwensville Area	17180	General McLane	25390
Riverview	02820	Bristol Borough	09130	Dubois Area	17200	Girard	25405
Shaler Area	02830	Bristol Township	09135	Glendale	17300	Harbor Creek	25435
South Allegheny	02865	Centennial	09200	Harmony Area	17350	Iroquois	25655
South Fayette Township	02870	Central Bucks	09210	Moshannon Valley	17500	Millcreek Township	25760
South Park	02875	Council Rock	09235	Philipsburg-Osceola Area	17700	North East	25830
Steel Valley	02883	Easton Area	48330	Purchase Line	32730	Northwestern	25850
Sto Rox	02885	Morrisville Borough	09720	West Branch Area	17900	Union City Area	25910
Upper Saint Clair Township	02920	Neshaminy	09750	CLINTON		Wattsburg Area	25970
West Alleghen	02940	New Hope Solebury	09760	Jersey Shore Area	41400	FAYETTE	
West Jefferson Hills	02955	North Penn	46570	Keystone Central	18360	Albert Gallatin Area	26030
West Mifflin Area	02960	Palisades	09800	West Branch Area	17900	Belle Vernon Area	65060
Wilkesburg Borough	02980	Pennridge	09810			Brownsville Area	26080
Woodland Hills	02990	Pennsbury	09820	COLUMBIA		Connellsville Area	26130
		Quakertown Community	09840	Benton Area	19100	Frazier	26290
		Soudertown Area	46710	Berwick Area	19110	Laurel Highlands	26400
ARMSTRONG				Bloomsburg Area	19120	Southmoreland	65750
Allegheny Clarion Valley	16030	BUTLER		Central Columbia	19150	Uniontown Area	26800
Apollo-Ridge	03060	Allegheny Clarion Valley	16030	Millville Area	19500		
Armstrong	03085	Butler Area	10125	Mount Carmel Area	49510	FOREST	
Freeport Area	03305	Freeport Area	03305	North Schuylkil	54500	Forest Area	27200
Karns City Area	10360	Karns City Area	10360	Southern Columbia Area	19750		
Kiski Area	65440	Mars Area	10500	CRAWFORD		FRANKLIN	
Leechburg Area	03450	Moniteau	10535	Conneaut	20103	Chambersburg Area	28130
Redbank Valley	16800	Seneca Valley	10790	Corry Area	25145	Fannett-Metal	28200
		Slippery Rock Area	10750	Crawford Central	20135	Greencastle-Antrim	28300
BEAVER		South Butler County	10780	Jamestown Area	43360	Shippensburg Area	21800
Aliquippa Borough	04050	CAMBRIA		Penncrest	20470	Tuscarora	28600
Ambridge Area	04070	Blacklick Valley	11060	Titusville Area	61720	Waynesboro Area	28900
Beaver Area	04120	Cambria Heights	11120	Union City Area	25910		
Big Beaver Falls Area	04150	Central Cambria	11130	CUMBERLAND		FULTON	
Blackhawk	04160	Conemaugh Valley	11140	Big Spring	21050	Central Fulton	29130
Center Area	04190	Ferndale Area	11200	Camp Hill	21100	Forbes Road	29230
Ellwood City Area	37200	Forest Hills	11220	Carlisle Area	21110	Southern Fulton	29750
Freedom Area	04285	Glendale	17300	Cumberland Valley	21160		
Hopewell Are	04410	Greater Johnstown	11250	East Pennsboro Area	21250	GREENE	
Midland Borough	04530	Northern Cambria	11450	Mechanicsburg Area	21650	Carmichaels Area	30130
Monaca	04545	Penn Cambria	11600	Shippensburg Area	21800	Central Greene	30140
New Brighton Area	04565	Portage Area	11630	South Middleton	21830	Jefferson-Morgan	30350
Riverside Beaver County	04585	Richland	11650	West Shore	21900	Southeastern Greene	30650
Rochester Area	04690	Westmont Hilltop	11850			West Greene	30850
Southside Area	04740	Windber Area	56910	DAUPHIN		HUNTINGDON	
Western Beaver County	04930			Central Dauphin	22140	Huntingdon Area	31250
		CAMERON		Derry Township	22175	Juniata Valley	31280
BEDFORD		Cameron County	12770	Halifax Area	22250	Mount Union Area	31600
Bedford Area	05100			Harrisburg City	22275	South Huntingdon County	31750
Chestnut Ridge	05150	CARBON		Lower Dauphin	24400	Tussey Mountain	05800
Claysburg-Kimmel	07150	Hazleton Are	40330			Tyrone Area	07800
Everett Area	05300	Jim Thorpe Area	13500				
Northern Bedford Count	05600	Lehighton Area	13550				
Tussey Mountai	05800						

Nonresident decedent or settlor use code 99999.

SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE
INDIANA		Dallas	40160	Easton Area	48330	UNION	
Apollo-Ridge	03060	Greater Nanticoke Area	40260	Nazareth Area	48480	Lewisburg Area	60400
Armstrong	03085	Hanover Area	40300	Northampton Area	48490	Mifflinburg Area	60500
Blairsville-Saltsbur	32110	Hazleton Area	40330	Northern Lehigh	39450	Milton Area	49500
Harmony	17350	Lake-Lehman	40390	Pen Argyl Area	48560	Warrior Run	49800
Homer Center	32330	Northwest Area	40600	Saucon Valley	48600		
Indiana Area	32370			Wilson Area	48860		
Marion Center Area	32520	LYCOMING				VENANGO	
Penns Manor Area	32630	Canton Area	08100	NORTHUMBERLAND		Allegheny Clarion Valley	16030
Punxsutawney Area	33800	East Lycoming	41200	Danville Area	47180	Cranberry Area	61130
Purchase Line	32730	Jersey Shore Area	41400	Line Mountain	49350	Forest Area	27200
United	32800	Loyalsock Township	41420	Milton Are	49500	Franklin Area	61220
		Montgomery Area	41500	Mount Carmel Area	49510	Oil City Area	61620
JEFFERSON		Montoursville Area	41510	Shamokin Are	49650	Penncrest	20470
Brockway Area	33070	Muncy	41530	Shikellamy	49660	Titusville Area	61720
Brookville Are	33080	South Williamsport Area	41610	Southern Columbia Area	19750	Valley Grove	61860
Clarion-Limestone Area	16170	Southern Tioga	59700	Warrior Run	49800		
Dubois Are	17200	Wellsboro Area	59850			WARREN	
Punxsutawney Area	33800	Williamsport Area	41720	PERRY		Corry Area	25145
				Fannett-Metal	28200	Titusville Area	61720
				Greenwood	50300	Warren County	62830
				Newport	50400		
				Susquenita	50600	WASHINGTON	
				West Perry	50800	Avella Area	63050
JUNIATA		MCKEAN				Bentworth	63090
Greenwood	50300	Bradford Area	42080	PHILADELPHIA		Bethlehem Center	63100
Juniata County	34360	Kane Area	42230	Philadelphia City	51500	Brownsville Area	26080
		Oswayo Valley	53750			Burgettstown Area	63120
LACKAWANNA		Otto Eldre	42600	PIKE		California Area	63150
Abington Heights	35030	Port Allegany	42630	Delaware Valley	52200	Canon McMillan	63170
Carbondale Area	35130	Smethport Area	42750	East Stroudsburg Area	45200	Charleroi	63180
Dunmore	35220			Wallenpaupack Area	64830	Chartiers Houston	63190
Forest City Regional	58300	MERCER				Fort Cherry	63240
Lackawanna Trail	66500	Commodore Perry	43130	POTTER		McGuffey	63390
Lakeland	35460	Crawford Central	20135	Austin Area	53030	Peters Township	63650
Mid Valley	35550	Farrell Area	43250	Coudersport Area	53130	Ringgold	63700
North Pocono	35650	Greenville Area	43280	Galeton Area	53280	Trinity Area	63800
Old Forge	35660	Grove City Area	43290	Keystone Central	18360	Washington	63880
Riverside	35700	Hermitage	43330	Northern Potter	53550		
Scranton City	35740	Jamestown Area	43360	Oswayo Valley	53750	WAYNE	
Valley View	35840	Lakeview	43390	Port Allegany	42630	Forest City Regional	58300
		Mercer Area	43500			North Pocono	35650
LANCASTER		Reynolds	43530	SCHUYLKILL		Susquehanna Community	58650
Cocalico	36130	Sharon City	43560	Blue Mountain	54080	Wallenpaupack Area	64830
Columbia Borough	36150	Sharpsville Area	43570	Hazleton Area	40330	Wayne Highlands	64870
Conestoga Valley	36170	West Middlesex Area	43750	Mahanoy Area	54450	Western Wayne	64890
Donegal	36220	Wilmington Area	37800	Minersville Area	54470		
Eastern Lancaster County	36230			North Schuylkill	54500	WESTMORELAND	
Elizabethtown Area	36240	MIFFLIN		Panther Valley	13660	Belle Vernon Area	65060
Ephrata Area	36260	Mifflin County	44460	Pine Grove Area	54600	Blairsville-Saltsburg	32110
Hempfield	36310	Mount Union Area	31600	Pottsville Area	54610	Burrell	65070
Lampeter-Strasburg	36360			Saint Clair Area	54680	Derry Area	65160
Lancaster	36400	MONROE		Shenandoah Valley	54720	Franklin Regional	65260
Manheim Central	36440	East Stroudsburg Area	45200	Schuylkill Haven Area	54730	Greater Latrobe	65310
Manheim Township	36450	Pleasant Valley	45520	Tamaqua Area	54760	Greensburg Salem	65320
Octorara Area	15650	Pocono Mountain	45540	Tri Valley	54780	Hempfield Area	65380
Penn Manor	36520	Stroudsburg Area	45600	Williams Valley	54880	Jeannette City	65410
Pequea Valley	36530					Kiski Area	65440
Solanco	36700	MONTGOMERY		SNYDER		Leechburg Area	03450
Warwick	36900	Abington	46030	Midd-West	55500	Ligonier Valley	65490
		Boyertown Area	06075	Selinsgrove	55710	Monessen City	65580
LAWRENCE		Bryn Athyn Borough	46050			Mount Pleasant Area	65590
Blackhawk	04160	Cheltenham Township	46130	SOMERSET		New Kensington Arnold	65630
Ellwood City Area	37200	Colonial	46160	Berlin Brothersvalley	56100	Norwin	65650
Laurel	37400	Hatboro-Horsham	46360	Conemaugh Township Area	56180	Penn-Trafford	65710
Mohawk Area	37500	Jenkintown	46380	Meyersdale Area	56520	Southmoreland	65750
Neshannock Townshi	37520	Lower Merion	46450	North Star	56550	Yough	65890
New Castle Area	37530	Lower Moreland Township	46460	Rockwood Area	56630		
Shenango Area	37620	Methacton	46530	Salisbury Elk Lick	56700	WYOMING	
Union Area	37700	Norristown Area	46560	Shade-Central City	56720	Elk Lake	58250
Wilmington Area	37800	North Penn	46570	Shanksville-Stonycreek	56740	Lackawanna Trail	66500
		Perkiomen Valley	46610	Somersets Area	56770	Lake-Lehman	40390
LEBANON		Pottsgrove	46630	Turkeyfoot Valley Area	56840	Tunkhannock Area	66750
Annville Cleona	38030	Pottstown	46640	Windber Area	56910	Wyalusing Area	08900
Cornwall Lebanon	38130	Souderton Area	46710			Wyoming Area	40920
Catasauqua Area	38230	Springfield Township	46720	SULLIVAN			
Eastern Lebanon County	38230	Spring Ford Area	46730	Sullivan County	57630	YORK	
Lebanon	38460	Upper Dublin	46830			Central York	67130
Northern Lebanon	38500	Upper Merion Area	46840	SUSQUEHANNA		Dallastown Area	67160
Palmyra Area	38530	Upper Moreland Township	46850	Blue Ridge	58100	Dover Area	67180
		Upper Perkiomen	46860	Elk Lake	58250	Eastern York	67220
LEHIGH		Wissahickon	46930	Forest City Regional	58300	Hanover Public	67280
Allentown City	39030	MONTOUR		Montrose Area	58450	Northeastern York	67440
Bethlehem Area	48100	Danville Area	47180	Mountain View	58460	Northern York County	67460
Catasauqua Area	39130	Warrior Run	49800	Susquehanna Community	58650	Red Lion Area	67550
East Penn	39230					South Eastern	67620
Northern Lehigh	39450	NORTHAMPTON		TIOGA		South Western	67640
Northwestern Lehigh	39460	Bangor Area	48080	Canton Are	08100	Southern York County	67650
Parkland	39510	Bethlehem Area	48100	Galeton Area	53280	Spring Grove Area	67670
Parkland	39510	Catasauqua Area	39130	Northern Tioga	59600	West Shore	21900
Salisbury Township	39560			Southern Tioga	59700	West York Area	67850
Southern Lehigh	39570			Wellsboro Area	59850	York City	67900
Whitehall Coplay	39780					York Suburban	67940
LUZERNE							
Berwick Area	19110						
Crestwood	40140						

Nonresident decedent or settlor use code 99999.

PA PAYMENT VOUCHER

For use with your 1995 Annual Pennsylvania Personal Income Tax Return

PA-V (9-95)
1995 PA-V
 Commonwealth of PA
 Department of Revenue

If your PA Payment Voucher was downloaded from the internet, or was photocopied, or is torn, folded or mutilated or for any other reason you are unable to use it, **Do Not** use any other Form (another PA-V or a PA-40ES). **Staple your check or money order to the FRONT of your PA Tax Return**, if you cannot use your preprinted Form PA-V.

USE THIS VOUCHER WHEN SUBMITTING PAYMENT WITH YOUR INCOME TAX RETURN

YOUR NEW 1995 PAYMENT VOUCHER

Enter the amount of your payment. **DO NOT USE COMMAS**

\$ 900 .00

Make check or money order payable to the PA Dept. of Revenue

DO NOT WRITE IN THIS SPACE

▲ Detach here ▲

INSTRUCTIONS FOR PAYMENT VOUCHER

This year, for the first time, the PA Department of Revenue is providing a PA Payment Voucher (Form PA-V) for paying any tax due with your Pennsylvania Personal Income Tax Return.

This PA Payment Voucher will be processed on the Department's automated equipment, which ensures more accurate processing and decreases the Commonwealth's costs for handling over 2 million checks.

Your assistance and support will make this new process work.

USE your Form PA-V if your PA Tax Return shows that you owe income tax to the Commonwealth for 1995. **DO NOT** use this Voucher if your PA Tax Return shows you do not owe any Pennsylvania income tax.

Follow these instructions for using the PA Payment Voucher.

- Verify your name(s) and Identification Number – your Social Security Number(s) or Federal Identification Number.
- If your name or ID# is wrong, **DO NOT USE THIS FORM**. See the box at right. Make the correction in the space provided **on your PA Tax Return**.
- Write the amount of your payment in the space provided on your Form PA-V.
- Carefully detach your Form PA-V from this page.
- Make your check or money order payable to: PA DEPARTMENT OF REVENUE.

- Write your ID# and daytime phone number and "1995 Form PA-V" on your check or money order.
- **Do not staple** your check or money order to your Form PA-V or to your PA Tax Return. See box at right if you can't use your Form PA-V.
- Place your Payment and completed Form PA-V in the same envelope with your PA Tax Return. Insert your payment and Form PA-V **after** you put your tax return in the envelope. Insert it in the envelope last and in the side with the flap.



Do not insert in this side of the envelope.



Insert in this side of the envelope.

IMPORTANT

- Do Not** use another person's Form PA-V.
- Do Not** give your Form PA-V to anyone else to use.
- Do Not** photocopy your Form PA-V. A copy will not process through the Department's equipment and the credit for your payment may be delayed.
- Do Not** use your Form PA-V to pay any other Commonwealth tax liability. Your payment will be misapplied and you may be subject to penalty and interest.

If your PA Payment Voucher is torn, folded or mutilated or for any other reason you are unable to use it, **Do Not** use any other Form (another PA-V or a PA-40ES). **Staple your check or money order to the FRONT of your PA Tax Return**, if you cannot use your preprinted Form PA-V.

Thank you for your cooperation.