

2006 D-41

Fiduciary Income Tax Forms and Instructions

New

- **The tax rate has been reduced.**
- **A payment voucher has been added.**
- **The FR-127F is now a voucher.**

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

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

37 ~~37~~

Write 7s without a
middle bar.

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

● ~~○~~ ~~○~~

Contents

Need assistance?	4
Who must file the Form D-41?	5
Are there other DC tax forms that fiduciaries may need to file?	5
What income must grantors and beneficiaries report on their DC tax returns?	5
What period should the Form D-41 cover?	5
When and where should you file the Form D-41?	5
How can you avoid penalties and interest?	6
Explanation of terms	6
Instructions for the D-41	7
Assembling the D-41 return	8
D-41 form	9
D-41P Payment Voucher form	13
FR-127F form	17
D-41ES form	21

Note: At the time this tax package went to print, line references to federal tax forms were correct.

Need assistance?

File or pay online: www.taxpayerservicecenter.com

Get tax forms

Download forms at www.taxpayerservicecenter.com

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

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 14th 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 4th 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 2 - 17 - 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 1st floor

Regular hours

8:15 am–4:30 pm
Monday–Friday

Extended hours

April 2 - 17 - 8:15 am–8 pm
Monday–Friday

Visit our Penn Branch Satellite Center, 3220 Pennsylvania Av SE

Regular hours

8:15 am–4:30 pm Tuesdays & Thursdays

Do you 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 \$1,500 or more for the taxable year; or
- The gross income for the trust is \$100 or more for the taxable year.

Do not file a D-41 if you were appointed by a judge to receive a trust or estate and represent only a part of the property of an individual.

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), 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.

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

D-41P Payment Voucher

If you are sending a payment to us, please staple it to the D-41P. File the D-41P with (but not attached) the D-41. A copy of the D-41P is included in this booklet.

D-30 Unincorporated Business Franchise Tax Return

A D-30 return must be filed for a trust located outside DC which has gross income in excess of \$12,000 from DC rental and/or from other taxable DC trade or business property.

FR-127F Extension of Time to File

Use this form if you cannot file a complete return by the 15th day of the fourth month after the year end (this year April 17 is the due date for calendar year filers). 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
PO Box 211
Washington, DC 20044-0211

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 payments 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 re-vest 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 you should file the D-41?

Due date

You must file your return for 2006 by April 17, 2007 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 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 "2006 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 2006 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 fill in the "final return" oval, you do not need to file again for this entity.

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

a 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>	a <input type="text"/>
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 <input type="text"/>
c Deductions for an S corporation from federal Form 1120S <i>Includes amount entered on Lines 8-11 and 14 of Form 1120S. NOTE: IRC Sec. 179 expenses are, for DC purposes, deductible up to \$25,000. A QHTC may deduct up to \$40,000 of such expenses.</i>	c <input type="text"/>
d 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>	d <input type="text"/>
e Any 30% or 50% bonus depreciation claimed on the federal return.	e <input type="text"/>
f Total additions <i>Add Lines a-e, enter here and on D-41, Line 2.</i>	f <input type="text"/>

Calculation B Subtractions from your federal total income

a 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>	a <input type="text"/>
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 <input type="text"/>
c 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>	c <input type="text"/>
d Total subtractions <i>Add Lines a-c; enter here and on D-41, Line 4.</i>	d <input type="text"/>

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 \$1,500 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 \$125.

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 taxable by DC.

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.

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

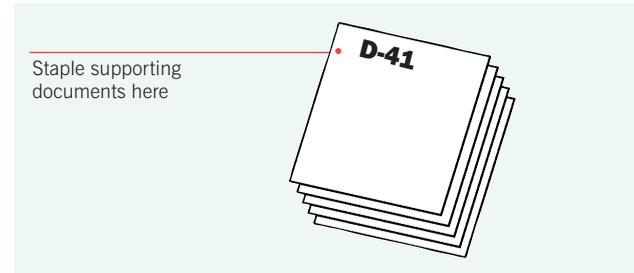
Attach a copy of the will or trust agreement to this return. Also attach a statement listing the amounts of income of the estate or trust taxable to:

- 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 in the "Additional documentation" section. 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.

Assembling the D-41 return

- If you are including a check or money order staple it to the D-41P.
- Staple supporting documents to the upper left corner behind the D-41.
- Mail the D-41P with, but not attached to, the D-41.



Staple supporting documents here

Name

SSN or FEIN



Tax and payments

Round cents to the nearest dollar. If amount is zero, leave the line blank.

Tax calculation If Line 12 is a loss, go directly to Line 16, leave Lines 13 - 15 blank.

If Line 12 is \$10,000 or less

If Line 12 is over \$10,000 - \$40,000

If Line 12 is over \$40,000

a Amount from Line 12

a Amount from Line 12

a Amount from Line 12

b Tax rate x 0.045

b Income subtractor - 10,000.00

b Income subtractor - 40,000.00

c Multiply Line a by Line b

c Subtract Line b from Line a

c Subtract Line b from Line a

d Enter amount here and on Line 13

d Tax rate x 0.07

d Tax rate x 0.087

e Multiply Line c by Line d

e Multiply Line c by Line d

f Add \$450 + 450.00

f Add \$2,550 + 2,550.00

g Enter total here and on Line 13

g Enter total here and on Line 13

13 Tax on fiduciary income

13 \$ 00

14 Credit for taxes paid to other states The credit may not exceed the amount on Line 13. See instructions, page 8. Attach a copy of the state return.

14 \$ 00

15 Net tax on fiduciary income Line 13 minus Line 14.

15 \$ 00

16 2006 estimated income tax payments

16 \$ 00

17 Payments made with an extension of time to file From FR-127F, Line 3

17 \$ 00

18 If this is an amended 2006 return, payments made with original 2006 D-41

18 \$ 00

19 Total payments Add Lines 16-18.

19 \$ 00

Complete if Line 19 is more than Line 15. Subtract Line 15 from Line 19.

Complete if Line 19 is less than Line 15. Subtract Line 19 from Line 15.

20 Amount of overpayment \$ 00

23 Amount you owe \$ 00

21 Amount, if any, to be applied to 2007 estimated tax

Payment Attach check or money order to the D-41P; make it payable to DC Treasurer. Write the fiduciary's SSN, and/or trust's FEIN and "2006 D-41" on the payment.

\$ 00

22 Refund Subtract Line 21 from Line 20 \$ 00

Signature Under penalties of law, I declare that I have examined this return and, to the best of my knowledge, it is correct. Declaration of paid preparer is based on the information available to the preparer.

Signature of fiduciary or officer representing the fiduciary

Date

Signature of paid preparer

Paid preparer's Federal ID, SSN, or PTIN

Paid preparer's address (number and street)

City

State

Zip Code

Additional documentation

You must file a copy of the will or trust agreement and a statement showing the tax liability of each of the following: the estate or trust; the beneficiaries; and the grantor.

Do not provide these documents again unless the will or trust agreement has been amended.

Fill in if you filed these documents in a previous year

Date filed (MM/YY)

Year of return (YYYY)

Send your signed and completed original return to: Office of Tax and Revenue PO Box 441 Washington DC 20044-0441 Revised 10/06

Signature

Signature of fiduciary or officer representing the fiduciary

Date

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Send your signed and completed original form to: Office of Tax and Revenue
PO Box 441
Washington DC 20044-0441

Save a copy of this form for your records.

Signature

Signature of fiduciary or officer representing the fiduciary

Date

Send your signed and completed original form to: Office of Tax and Revenue
PO Box 441
Washington DC 20044-0441

Save a copy of this form for your records.

Signature

Signature of fiduciary or officer representing the fiduciary

Date

Send your signed and completed original form to: Office of Tax and Revenue
PO Box 211
Washington DC 20044-0211

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