

2022 Resident or Part-Year Resident Beneficiary's Share of Fiduciary Adjustment

Arizona Schedule 141AZ K-1

For information or help, call one of the numbers listed:

Phoenix (602) 255-3381
From area codes 520 and 928, toll-free (800) 352-4090

Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at www.azdor.gov.

Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website select *Reports, Statistics and Legal Research* from the main menu then click on *Legal Research* and select a *Document Type* and *Category* from the drop down menus.

Publications

To view or print the department's publications, go to our website and click on *Reports and Legal Research* from the main menu then click on *Publications* in the left-hand side column.

General Instructions for Fiduciary

Complete Form 141AZ Schedule K-1, for each resident or part-year resident beneficiary.

File one copy of each Schedule K-1 with Form 141AZ.

Provide all beneficiaries with a copy of their Schedule K-1. Keep a copy for your records.

NOTE: For a Grantor Trust, enter the Social Security Number of the grantor, if not deceased

Foreign Addresses

If a beneficiary or the fiduciary has a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

Line-by-Line Instructions

Part 1 - Beneficiary's Share of Fiduciary Adjustment

Instructions for Fiduciary

Line 1

Enter the net fiduciary adjustment to be allocated to beneficiaries from Form 141AZ Schedule C, line C14. If this is a negative amount, enter the amount in brackets.

Line 2

Enter the percentage of the beneficiary's share of federal distributable net income from Form 141AZ Schedule C.

Line 3

Multiply line 1 by the percentage on line 2. Enter the result. If the result is a negative number, enter the number in brackets. This is the beneficiary's share of the fiduciary adjustment.

Instructions for Beneficiary

The fiduciary uses Form 141AZ Schedule K-1, to report to you your share of the fiduciary adjustment from the estate or trust.

Do not file this Schedule K-1 with your return. Keep this Schedule K-1 with your records. The fiduciary filed a copy of this form with the department.

Resident Beneficiary

Line 3 shows your share of the fiduciary adjustment from the estate or trust. If the amount on line 3 is a positive number, you must report this amount as an *addition to income* on your Arizona return. If you are an individual, include this amount on your Arizona Form 140, line 18, *Other Additions to Income* or Form 140-SBI, line 11. If the amount on line 3 is a negative number, you must report this amount as a *subtraction from income* on your Arizona return. If you are an individual, include this amount on your Arizona Form 140, line 36, *Other Subtractions from Income* or Form 140-SBI, line 33.

Part-Year Resident Beneficiary

If you are a part-year resident individual, report estate or trust income received while you were an Arizona resident. Also, report estate or trust income received from Arizona sources while you were a nonresident. Report this income on Arizona Form 140PY, page 1, line 21 (ARIZONA column). The amount that you should report on your Form 140PY, line 21 (FEDERAL column) is the amount from your federal income tax return.

If the amount on line 3 is a positive number include that portion of line 3 that is allocable to estate or trust income taxable by Arizona on Form 140PY, line 31, *Other Additions to Income* or Form 140PY-SBI, line 11.

If the amount on line 3 is a negative number, include that portion of line 3 that is allocable to estate or trust income taxable by Arizona on Form 140PY, line 44, *Other Subtractions from Income* or Form 140PY-SBI, line 33.

Part 2 - Net Long-Term Capital Gain Subtraction (Information Schedule)

Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired after December 31, 2011, and included in the individual taxpayer's federal adjusted gross income or the estate or trust's federal taxable income.

Instructions for Fiduciary

Lines 4 through 9

If the **individual** beneficiary's Form 1041 Schedule K-1 includes an amount for any net capital gain or (loss), complete lines 4 through 9 as instructed on page 2 of Form 141AZ Schedule K-1.

Instructions for Beneficiaries

Follow the instructions on pages 2 and 3 of Form 141AZ Schedule K-1.

Part 3 - Beneficiary's Portion of the Estate or Trusts Distributed PTE Tax Credit from the Pass-through Entity**Line 10**

Fiduciary: Enter the pro-rata amount of the Entity-Level Income tax credit *distributed* to the estate or trust's beneficiary.

Beneficiary: Enter the amount of your distributed share of the Entity-Level Income tax credit on Form 355, line 3.

Line 11

NOTE: *Beneficiaries who claim the Pass-through entity tax credit on Form 355, must add-back their pro-rata share of the 2022 taxes paid by the Pass-through Entity for tax year 2022.*

Fiduciary: Enter the amount of the beneficiary's pro-rata share of the Arizona PTE taxes paid in 2022 for taxable year 2022.

For example, if the partnership K-1 provided to the trust showed a total tax addback of \$20,000 and the trust keeps 10% and distributes 45% to each beneficiary, then the amount added back on the trust return would be \$2,000 ($\$20,000 \times 10\%$) and the amount reported to each beneficiary on the 141AZ Schedule K-1 would be \$9,000 ($\$20,000 \times 45\%$) to each beneficiary.

Full- Year resident beneficiary: Enter your pro-rata share of the tax amount reported on line 11 on Form 140, page 5, item "P" or Form 140-SBI, line 25.

Part-year resident beneficiary: Enter your pro-rata share of the tax amount reported on line 11 on Form 140PY, page 5, item "O" or Form 140PY-SBI, line 25.