Form 41 Test 3

Form 41 Schedules Tested:

1. Complex Trust
2. NOL check box
3. NOL Applied
4. Schedule A
5. Schedule B

Form 41 K-1 Issues Tested:

1. No K-1s, NOL Applied

NOL-F85A

1. Multiple Years
2. NOL Carry Forward
3. Part I, II, III

NOL-F85

1. Part I & II

FORM

41 2014

ALABAMA DEPARTMENT OF REVENUE

Fiduciary Income Tax Return

● CY ☒
● FY ☐
● SY ☐

For the calendar year 2014 or fiscal year beginning

● 1/1, 2014, and ending ● 12/31, 2014

Type of entity *(see instructions)*:	Employer Identification Number	ADOR
● ☐ Decedent's estate	●	
● ☐ Simple trust	Name of Estate or Trust	
● ☒ Complex trust	● Trust Test Three	
● ☐ Qualified disability trust	Name and Title of Fiduciary	
● ☐ ESBT (S portion only)	● Fiduciary Test Three	
● ☐ Grantor type trust	Address of Fiduciary (number and street)	● ☐ Initial Return
● ☐ Bankruptcy estate – Ch. 7	●	● ☐ Amended Return
● ☐ Bankruptcy estate – Ch. 11	City / State / Zip Code	● ☐ Final Return
● ☐ Pooled income fund	● Auburn / AL	

● ☒ Address change ● ☐ Entity has income from more than one state ● ☐ Fiduciary or name change

Date entity created ● 7/25/1986 Number of K-1s attached ● 0

● ☒ Return is Filed on Cash Basis ● ☐ Nonresident estate or trust If a trust, state whether ● ☐ revocable or ● ☒ irrevocable

A complete copy of the Federal Form 1041 must be attached for this return to be considered complete.

COMPUTATION OF ALABAMA TAXABLE INCOME AND NET TAX DUE

1	Alabama Adjusted Total Income or (Loss) (Schedule B, Line 18c)			1	● 1,082,408	00
	Special Deductions Available to Trusts:					
2	Alabama Income Distribution Deduction (Schedule A, Line 15)	2	● 00			
3	Exemption (Allowed the Estate or Trust by 40-18-19, ***Code of Alabama 1975***)	3	● 1,500 00			
4	Total of Special Trust Deductions *(Total of Lines 2 and 3)*			4	● 1,500	00
5	**Alabama Taxable Income** *(Line 1 less Line 4)*			5	● 1,080,908	00
6	Total Income Tax Due *(See instructions)*. Alternate Tax Method... ☐ Crat/Crut... ☒ NOL... ☐ ESBT			6	● 49,385	00
7	Credits: **a.** Income tax paid to other states *(see instructions)*	7a	● 00			
	b. Capital Credit *(see instructions)*	7b	● 00			
	c. Alabama income tax withheld (from Form W-2 and/or Form 1099)	7c	● 00			
	d. Automatic extension payments/payments made with original return	7d	● 49,000 00			
	e. Composite payments. Paid by ●_____ TIN ●_____	7e	● 00			
	f. Composite payments allocated to beneficiary	7f	●( ) 00			
8	Total Credits *(Total of Lines 7a through 7f)*			8	● 49,000	00
9	**NET TAX DUE/(REFUND)** *(Subtract Line 8 from Line 6)*			9	● 385	00
10	Reduction/Applications of Overpayment					
	a. Credit to 2015 estimate tax	10a	● 00			
	b. Interest (computed on tax due only)	10b	● 00			
	c. Penalties *(See instructions)*	10c	● 00			
	d. Total reductions *(Total of Lines 10a through 10c)*			10d	●	00
11	**TOTAL AMOUNT DUE/(REFUND)** *(Total of Line 10d and Line 9)*			11	● 385	00

If paying by check or money order, **FORM FDT-V MUST ACCOMPANY PAYMENT**. If you paid electronically check here ☐

(For official use only)

▶ **CN**

(For official use only)

Returns with payments must be filed with the Alabama Department of Revenue, Individual and Corporate Tax Division, P.O. Box 327444, Montgomery, AL 36132-7444. Returns without payments must be filed with the Alabama Department of Revenue, Individual and Corporate Tax Division, P.O. Box 327440, Montgomery, AL 36132-7440, on or before April 15, 2015. (Fiscal Year Returns must be filed on or before the 15th day of the fourth month following the close of the fiscal year.)

Please Sign Here ▶

● ☐ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ | Date | ( ) | Social Security Number

Signature of fiduciary or officer representing fiduciary — Date — Daytime Telephone No. — Social Security Number

Paid Preparer's Use Only ▶

Preparer's signature	Date	Check if self-employed ▶ ☐	Preparer's PTIN ●
Firm's name (or yours, if self-employed) and address	Tel. ( )	E.I. No. ▶	
		ZIP Code ▶	

FORM **41** **2014**

PAGE 2

Alabama Fiduciary Income Tax Return

Name of estate or trust: Trust Test Three

Employer identification number:

Name and title of fiduciary: Fiduciary Test Three

SCHEDULE A – COMPUTATION OF ALABAMA INCOME DISTRIBUTION DEDUCTION

1	Alabama Adjusted Total Income (Page 1, Line 1)	1	1,082,408	00
2	The amount of gain from the sale of capital assets, but only if the gain was allocated to corpus and not paid, credited, or required to be distributed to any beneficiary during the taxable year *(see instructions)*	2	1,387,415	00
3	Subtract the amount entered on Line 2 from the amount entered on Line 1, and enter in Line 3	3	-305,007	00
4	The amount of loss from the sale of capital assets – entered as a positive number, only if the loss was not considered in the determination of the amount to be paid, credited, or required to be distributed to any beneficiary during taxable year	4		00
5	Amount of tax exempt interest income excluded in computing Alabama taxable income	5		00
6	Other adjustments – see instructions	6		00
7	**Alabama Distributable Net Income** *(Sum of Lines 3 through 6)*	7	-305,007	00
8	If a complex trust, enter accounting income for the tax year as determined under the governing instrument and applicable local law — 8: 354,600 00			
9	Income required to be distributed currently	9		00
10	Other amounts paid, credited, or otherwise required to be distributed	10		00
11	Total distributions. Add Lines 9 and 10	11		00
12	Enter the amount of tax-exempt income included on Line 11	12		00
13	Tentative income distribution deduction. Subtract Line 12 from Line 11	13		00
14	Tentative income distribution deduction. Subtract Line 5 from Line 7. If zero or less, enter -0-	14		00
15	**Alabama Income Distribution Deduction.** Enter the smallest of Line 13 or Line 14 on this line and on Page 1, Line 2. (Do not enter less than zero.)	15		00

FORM **41** **2014**

PAGE 3

Alabama Fiduciary Income Tax Return

Name of estate or trust: Trust Test Three

Employer identification number:

Name and title of fiduciary: Fiduciary Test Three

SCHEDULE B – COMPUTATION OF ALABAMA ADJUSTED TOTAL INCOME

		Column A AS REPORTED ON FEDERAL FORM 1041		Column B ALABAMA ADJUSTMENTS		Column C ALABAMA AMOUNT	
1 Interest income	1	54,200	00		00	54,200	00
2 Ordinary dividends	2		00		00		00
3 Business income or (loss)	3		00		00		00
4 Capital gain or loss *(see instructions)*	4	1,245,874	00	(80,741)	00	1,165,133	00
5 Rents, royalties, partnerships, and other estates and trusts	5	(675,000)	00	670,000	00	(5,000)	00
6 Farm income or (loss)	6		00		00		00
7 Ordinary gain or (loss) from Form 4797	7		00		00		00
8 Other income	8		00		00		00
9 **Total Income** *(Sum of Lines 1 through 8)*	9	625,074	00	589,259	00	1,214,333	00
Ordinary Deductions:							
10 Interest	10	425	00		00	425	00
11 Taxes (include federal estate and income taxes)	11		00	125,000	00	125,000	00
12 Fiduciary fees	12	5,000	00		00	5,000	00
13 Charitable deduction	13		00		00		00
14 Attorney, accountant, and return preparer fees	14	1,500	00		00	1,500	00
15 Other deductions not subject to the 2% floor	15		00		00		00
16 Allowable miscellaneous itemized deductions subject to the 2% floor	16		00		00		00
17 **Total Ordinary Deductions** *(Sum of Lines 10 through 16)*	17	6,925	00	125,000	00	131,925	00
18a **Federal Adjusted Total Income** *(Line 9 less Line 17 – the amount entered on this line in Column A must equal the amount entered on Page 1, Line 17, Form 1041)*	18a	618,149	00				
18b Net Alabama Adjustments (Column B, Line 9 less Line 17)	18b			464,259	00		
18c Alabama Adjusted Total Income (Column C, Line 9 less Line 17). Enter here and on Page 1, Line 1	18c					1,082,408	00
19 **Alabama Tax Exempt Income**	19		00	9,000	00	9,000	00

Attach a complete explanation, showing all computations, for each item of income or deduction included in Column B (Alabama Adjustments), include also a complete explanation and computation for the items of exempt income. *See instructions.*

DO NOT INCLUDE NET OPERATING LOSSES IN SCHEDULE B.

FORM **41** **2014**

PAGE 4

Alabama Fiduciary Income Tax Return

Name of estate or trust: Trust Test Three

Employer identification number:

Name and title of fiduciary: Fiduciary Test Three

SCHEDULE K – SUMMARY OF K-1 INFORMATION

		TOTAL ALABAMA AMOUNT		
1	Interest income	1	●	00
2	Total dividends	2	●	00
3	Business income or (loss)	3	●	00
4	Net Alabama capital gain or loss *(see instructions)*	4	●	00
5	Rents, royalties, partnerships, and other estates and trusts	5	●	00
6	Farm income or (loss)	6	●	00
7	Ordinary gain or (loss) from Form 4797	7	●	00
8	Other income	8	●	00
9	Alabama Tax Exempt Income	9	●	00
10	Nonresident Beneficiary – Alabama Source Income	10	●	00
11	Nonresident Beneficiary – Non-Alabama Source Income	11	●	00
	Directly apportioned deductions:			
12a	Depreciation	12a	●	00
12b	Depletion	12b	●	00
12c	Amortization	12c	●	00
13	Allocated Composite Payment	13	●	00

Schedule K is a summary of the information reported on the K-1s prepared with the return.

Character of Income – In accordance with §40-18-25(b), ***Code of Alabama 1975***, the character of the income that is reported by the beneficiary or owner of an estate or trust must reflect the same character the income possessed when the income was originally received by the estate or trust.

Allocation of the Alabama Income Distribution Deduction – The amount entered in Page 1, Line 2 (Alabama Income Distribution Deduction) must be allocated to resident beneficiaries and owners, so that the income reported by the beneficiaries or owners will retain its character. Generally the allocation is completed in accordance with Internal Revenue Code §652 and 662. No amount may be included in the Alabama Income Distribution Deduction which is not included in the gross income of the estate or trust. See the instructions for more guidance concerning the allocation of income to the beneficiaries and owners.

FORM
NOL-F85
Rev. 6/14

ALABAMA
DEPARTMENT OF REVENUE

Computation of Net Operating Loss
Fiduciary Return (Form 41)

Loss year ending 12/31, 2012

Name of Estate or Trust as shown on Form 41: Trust Test Three

Federal Employer Identification Number:

PURPOSE OF FORM NOL-F85: Form NOL-F85 is used to compute the amount of a net operating loss originating in a tax year. It is used to determine the amount of net operating loss that can be carried back or forward to another tax year. Part III of the form is used to make an election to forfeit the carryback of the net operating loss to prior tax year, and only carry the net operating loss forward to future tax years.

PART I – Excess of Nonbusiness Deductions Over Nonbusiness Income

NONBUSINESS DEDUCTIONS CLAIMED ON FORM 41

1	Interest paid	1	
2	Taxes paid (including Federal Income Tax and Estate Tax)	2	
3a	Loss on sale of nonbusiness assets (Enter as positive amount)	3a	56,000
3b	Other nonbusiness deductions (list) Other Deductions Test	3b	8,900
4	**TOTAL NONBUSINESS DEDUCTIONS.** Add Lines 1, 2, 3a, and 3b ▶	4	64,900

NONBUSINESS INCOME REPORTED ON FORM 41

5	Dividends	5	
6	Interest	6	40,000
7	Federal income tax refunds	7	5,000
8	Trust and/or Estate income	8	
9	Gain on sale of nonbusiness assets	9	
10	Other nonbusiness income reported on Form 41 (list) Other Income Test	10	500
11	**TOTAL NONBUSINESS INCOME.** Add lines 5 through 10 ▶	11	45,500
12	**EXCESS NONBUSINESS DEDUCTIONS OVER NONBUSINESS INCOME.** If line 4 exceeds line 11, subtract line 11 from line 4 and enter here and on line 15 below. If line 11 exceeds line 4, enter –0– here and on line 15 below ▶	12	19,400

PART II – Computation of Net Operating Loss

13	Enter the estate or trust's Alabama Taxable Income before the NOL Deduction from Form 41, page 1, line 5 ▶	13	(197,800)
14	Fiduciary Exemption from Form 41, page 1, line 3	14	1,500
15	Enter the Excess Nonbusiness Deductions Over Nonbusiness Income from line 12, Part I above	15	19,400
16	**TOTAL MODIFICATIONS.** Add lines 14 and 15	16	20,900
17	**NET OPERATING LOSS ALLOWABLE.** Combine the amounts on lines 13 and 16. If the result is a negative figure, enter here. If zero or a positive figure **–STOP– DO NOT FILE THIS FORM**. You do not have an allowable net operating loss ▶	17	-176,900

PART III – Election To Forfeit Carryback Provision (Caution – Do Not Complete Part III If You Are Carrying Loss Back)

If the amount on line 17, Part II above is a negative figure, you may elect to carry this loss forward or it must be carried back 2 years and any unused portion may then be carried forward to succeeding years (see instructions). See Part III instructions for election to forfeit carryback provision.

I hereby elect to forfeit the carryback provision and instead elect to carryforward any allowable net operating loss for this taxable year.

Signature _____ Date _____ Email Address _____

FORM
NOL-F85A
REV. 6/14

ALABAMA
DEPARTMENT OF REVENUE

Application of Net Operating Loss Carryback or Carryforward
Fiduciary Return (Form 41)

For year ending 12/31, 2013

Name of Estate or Trust as shown on Form 41	Federal Employer Identification Number
Trust Test Three	

PURPOSE OF FORM NOL-F85A: Form NOL-F85A is designed to apply a net operating loss sustained by an estate or trust (Form 41) to the next taxable year to which the loss is being carried. Before Form NOL-F85A can be completed, you must first complete **Form NOL-F85** to determine if you have an allowable net operating loss and the amount that may be carried back or carried forward. **See instructions for further information.**

1 (a) Enter the taxable year during which the net operating loss was incurred. ▶ Beginning 1/1, 2012, Ending 12/31, 2012.

(b) Did you elect on Form NOL-F85 to forfeit the election to carry this loss back? ☒ Yes ☐ No

PART I – Computation of Unused Net Operating Loss

2	Enter the net operating loss as shown on line 17, Part II of Form NOL-F85 or as shown on line 4, Form NOL-F85A. (See instructions)	2	176,900
3	**ALABAMA TAXABLE INCOME.** Enter the amount shown on Alabama Form 41, page 1, line 5, for the tax year to which this loss is being carried, if tax year 2006 and after. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	3	84,500
4	**UNUSED NET OPERATING LOSS.** If line 2 exceeds line 3, subtract line 3 from line 2 and enter the difference here. If line 3 exceeds line 2, enter zero. If the amount on this line is more than zero, you may carry this amount forward to the next applicable year (Form NOL-F85A) ▶	4	92,400

PART II – Application To Carryback / Carryforward Year

5	Enter the Alabama Taxable Income from Alabama Form 41 (page 1, line 5 for tax year 2006 and after), as last determined. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	5	84,500
6	**NET OPERATING LOSS TO BE APPLIED.** Subtract the amount on line 4 from the amount on line 2 and enter the difference here. If line 4 is zero, enter the amount shown on line 2 ▶	6	84,500
7	**ALABAMA TAXABLE INCOME AFTER APPLICATION OF NET OPERATING LOSS.** Subtract line 6 from line 5 and enter the result here. ▶	7	

PART III – Computation of Tax

Complete lines 8 through 11 below to determine the correct tax due after application of the net operating loss.

8	$ _____ at 2 percent *(on first $500 or fraction thereof, of amount taxable as shown on line 7)*	8	
9	$ _____ at 4 percent *(on next $2,500 or fraction thereof, of amount taxable as shown on line 7)*	9	
10	$ _____ at 5 percent *(on all over $3,000 of amount taxable as shown on line 7)*	10	
11	**TOTAL TAX DUE AFTER APPLICATION OF NET OPERATING LOSS.** (Add lines 8, 9 and 10.) Enter here and also on line 6, Form 41 ▶	11	

ADOR

FORM
NOL-F85A
REV. 6/14

ALABAMA
DEPARTMENT OF REVENUE

Application of Net Operating Loss Carryback or Carryforward
Fiduciary Return (Form 41)

For year ending 12/31, 2014

Name of Estate or Trust as shown on Form 41	Federal Employer Identification Number
Trust Test Three	

PURPOSE OF FORM NOL-F85A: Form NOL-F85A is designed to apply a net operating loss sustained by an estate or trust (Form 41) to the next taxable year to which the loss is being carried. Before Form NOL-F85A can be completed, you must first complete **Form NOL-F85** to determine if you have an allowable net operating loss and the amount that may be carried back or carried forward. **See instructions for further information.**

1 (a) Enter the taxable year during which the net operating loss was incurred. ▶ Beginning 1/1, 2013, Ending 12/31, 2014.

(b) Did you elect on Form NOL-F85 to forfeit the election to carry this loss back? ☒ Yes ☐ No

PART I – Computation of Unused Net Operating Loss

2	Enter the net operating loss as shown on line 17, Part II of Form NOL-F85 or as shown on line 4, Form NOL-F85A. (See instructions)	2	92,400
3	**ALABAMA TAXABLE INCOME.** Enter the amount shown on Alabama Form 41, page 1, line 5, for the tax year to which this loss is being carried, if tax year 2006 and after. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	3	1,080,908
4	**UNUSED NET OPERATING LOSS.** If line 2 exceeds line 3, subtract line 3 from line 2 and enter the difference here. If line 3 exceeds line 2, enter zero. If the amount on this line is more than zero, you may carry this amount forward to the next applicable year (Form NOL-F85A) ▶	4	

PART II – Application To Carryback / Carryforward Year

5	Enter the Alabama Taxable Income from Alabama Form 41 (page 1, line 5 for tax year 2006 and after), as last determined. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	5	1,080,908
6	**NET OPERATING LOSS TO BE APPLIED.** Subtract the amount on line 4 from the amount on line 2 and enter the difference here. If line 4 is zero, enter the amount shown on line 2 ▶	6	92,400
7	**ALABAMA TAXABLE INCOME AFTER APPLICATION OF NET OPERATING LOSS.** Subtract line 6 from line 5 and enter the result here. ▶	7	988,508

PART III – Computation of Tax

Complete lines 8 through 11 below to determine the correct tax due after application of the net operating loss.

8	$ 500 at 2 percent *(on first $500 or fraction thereof, of amount taxable as shown on line 7)*	8	10
9	$ 2,500 at 4 percent *(on next $2,500 or fraction thereof, of amount taxable as shown on line 7)*	9	100
10	$ 985,508 at 5 percent *(on all over $3,000 of amount taxable as shown on line 7)*	10	49,275
11	**TOTAL TAX DUE AFTER APPLICATION OF NET OPERATING LOSS.** (Add lines 8, 9 and 10.) Enter here and also on line 6, Form 41 ▶	11	49,385

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