Instructions for Grantor Trusts

Grantor trusts, as described in 26 U.S.C. §671, have an Alabama return filing requirement specified by §§40-18-25 (g) and 40-18-29. Those returns will be prepared as follows: 1. The upper part of page 1 of the Alabama Form 41 will be completed, providing the information requested concerning the grantor trust. Page 1 of the Alabama Form 41 must indicate the trust is a grantor trust.

2. Enter zeros on Page 1, lines 1-7; Page 2, Schedule A, lines 1-15; Schedule B, lines 1-5; and Page 3, lines 1-19. 3. Alabama Schedule G (Grantor’s Statement of Income, Deductions, and Other Items) must be completed.

Schedule G is divided into three columns. Column A shows Alabama Total Income. These amounts include Alabama source and Alabama non-sourced income. Column A will be completed by resident and nonresident grantors. Column B shows adjustments made to report the Non-Alabama sourced income. The adjustments in Column B will include adjustments to arrive at the proper amount of Alabama sourced income. Column B should be completed for nonresidents grantors only. Column C shows amounts that are reportable to Alabama for both residents and nonresidents. These amounts will be reported on the Alabama Form 40 or 40NR. Column C will be completed for resident and nonresident grantors.

Heading Information. Enter the tax year information if other than for a calendar year. Also, on the upper right area of the form indicate if the Schedule G is final or amended.

Information about the Grantor.

Enter the grantor’s name, mailing address (street address, city, state and zip code), and social security number. State whether the beneficiary or owner: I – Individual; C – Corporation; F – Estate or Trust; P – Partnership; DE – Disregarded Entity; E – Exempt Organization; IRA – Individual Retirement Arrangement; or FGOV – Foreign Government. Check the appropriate box to indicate if the grantor is a resident of Alabama or a nonresident.

Information about the Trust

Enter the trust’s name, mailing address (street address, city, state and zip code), and Federal Employer Identification Number.

Line Item Instructions

Line 3. Enter the total amount from Schedule D, line 9 in Column A, Alabama Total Income.

Line 5. Enter the total amount from Schedule E, Part II, line 25 in Column A, Alabama Total Income.

Line 6. Enter the total amount from Schedule E, Part III, line 26 in Column A, Alabama Total Income.

Grantor’s Share of Income, Deductions, and Additional information.

Column C, Alabama Income should be reported on the following schedules of the Alabama Form 40 or 40 NR:

Line 1. Enter grantor’s share of interest income on Schedule B of Alabama Form 40 or Alabama Form 40NR.

Line 2. Enter grantor’s share of dividend income on Schedule B of Alabama Form 40 or Alabama Form 40NR.