

**Negative numbers.** Enter all negative numbers with the negative sign. Do not use parenthesis when entering negative numbers. This does not pertain to those fields with the parenthesis '(' ) displayed on the form.

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 K-1 is a final K-1 or an amended K-1. Schedule K-1 is divided into 3 columns. Column (a) shows the total Alabama distributable income that is taken as a deduction on page 1, line 2. This amount includes Alabama sourced and Alabama non-sourced income. Column (b) shows the nonresident beneficiary or owner's share of non-Alabama source income. The adjustments in Column B will include adjustments to arrive at the proper amount of Alabama sourced income. Column (c) shows amounts reportable on the Alabama return of the beneficiary by subtracting Column (b) from Column (a). Amounts in Column C are reportable to Alabama for both resident and nonresidents.

**Information about the Beneficiary.**

Enter the beneficiary's name, mailing address (street address, city, state and zip code), and social security number. State whether the beneficiary or owner: I-Individual; S-S Corporation; 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 beneficiary is a resident of Alabama or a nonresident.

**Information about the Estate or Trust.**

Enter the estate's or trust's Federal Employer Identification Number, name, mailing address (street address, city, state and zip code). Enter the name of the fiduciary.

**Beneficiary's Share of Alabama Current Year Income, Deductions, and Other Items.**

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

**Line 1.** Enter beneficiary share of interest income on Schedule B of Alabama Form 40 or Form 40NR.

**Line 2.** Enter beneficiary share of dividend income on Schedule B of Alabama Form 40 or Form 40NR.

**Line 3.** Enter beneficiary share of capital gain or (loss) on Schedule D of Alabama Form 40 or Form 40NR.

**Line 4.** Enter beneficiary share of business income (loss) on Alabama Form 40 or Form 40NR.

**Line 5a.** Enter beneficiary share of rent, royalties, partnerships and S Corporation income on Schedule E of Alabama Form 40 or Form 40NR.

**Line 5b.** Enter beneficiary share of estates and/or trusts income on Schedule E of Alabama Form 40 or Form 40NR.

**Line 6.** Enter beneficiary share of farm income (loss) on Alabama Form 40 or Form 40NR.

**Line 7.** Enter beneficiary share of ordinary gain or (loss) from Form 4797 on Alabama Form 40 or Form 40NR.

**Line 8.** Enter beneficiary share of other income on Alabama Form 40 or Form 40NR.

**Line 9.** Reserved for future use.

**Line 10.** Reserved for future use.

**Line 11.** Enter beneficiary share of tax exempt income. Beneficiaries are encouraged to disclose the amount of Alabama exempt income on the Alabama Form 40 or Form 40NR.

**Line 12.** Enter beneficiary share of depreciation on Alabama Form 40 or Form 40NR. Please provide a detailed explanation and computation for the amount reported in this line.

**Line 13.** Enter beneficiary share of depletion on Alabama Form 40 or Form 40NR. Please provide a detailed explanation and computation for the amount reported in this line.

**Line 14.** Enter beneficiary share of amortization on Alabama Form 40 or Form 40NR. Please provide a detailed explanation and computation for the amount reported in this line.

**Line 15.** Enter the nonresident beneficiary's Composite Payment, and/or the resident/nonresident beneficiary's Electing Pass-Through Entity Credit on the Alabama Form 40 or 40NR.

**Line 16.** Enter the beneficiary's pro rata share of the credit reported on Schedule K, Line 16. Credits shall be identified by the following codes and claimed in the order below:

- B - Coal Credit
- C - Full Employment Act of 2011 Credit
- D - Veterans Employment Act-Employer Credit
- E - Veterans Employment Act-Business Start-up Expenses Credit
- F - Qualified Irrigation System/Reservoir System Tax Credit
- G - 2013 Alabama Historic Rehabilitation Tax Credit
- H - Credit for Taxes paid to a Foreign Country
- I - Career-Technical Dual Enrollment Credit
- J - Investment Credit (Alabama Jobs Act)
- K - Alabama Accountability Act Credit
- L - Port Credit
- M - Growing Alabama Credit
- N - Apprenticeship Tax Credit
- O - 2017 Alabama Historic Rehabilitation Tax Credit
- P - Railroad Modernization Act of 2019 Credit
- Q - Innovate Alabama Tax Credit
- R - Income Tax Capital Credit

**Please note: The provisions of 26 USC 642(h) concerning final year excess deductions, capital losses, and net operating losses, shall not apply in the computation of Alabama taxable income for the beneficiary or owner (§40-18-25(4)). These final year deductions cannot be claimed on the Alabama Form 40 or Form 40NR.**