

# Instructions for Form 1041 and Schedules A, B, G, J, and K-1

U.S. Income Tax Return for Estates and Trusts

# 2024

---

Volume 5 of 5



Department of the Treasury  
**Internal Revenue Service**

Instructions for Form 1041 (Rev 2024) Catalog Number 47745W  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](https://www.irs.gov)



Visit the Accessibility  
Page on [IRS.gov](https://www.irs.gov)

This page intentionally left blank

***QBI Flowchart.*** Trusts or estates may use the QBI Flowchart to help them determine if an allocated item of income, gain, deduction, or loss is includible in QBI reportable to beneficiaries.

## **Specific Instructions for Statement A—QBI Pass-Through Entity Reporting.**

***QBI or qualified PTP items.*** The trust or estate must first determine if it is engaged in one or more trades or businesses. It must then determine if any of its trades or businesses are SSTBs. The trust or estate must also determine whether it has qualified PTP items from an interest in a PTP. The trust or estate must indicate the status on the appropriate checkboxes for each trade or business (or aggregated trade or business) or PTP interest reported.

**Note.** SSTBs and PTPs cannot be aggregated with any other trade or business. So, if the aggregation box is checked, the “SSTB” and “PTP” boxes for that specific aggregated trade or business should not be checked.

Next, the trust or estate must report to each beneficiary their allocable share of all apportioned items that are QBI or qualified PTP items for each trade or business the trust or estate owns directly or indirectly. Use the QBI Flowchart to determine if an allocated item is reportable as a QBI item or qualified PTP item subject to beneficiary-specific determinations. Each item included under “Other” must be stated separately, identifying the nature and amount of each item.

***W-2 wages and UBIA of qualified property.*** The trust or estate must determine the W-2 wages and UBIA of qualified property properly allocable to QBI for each qualified trade or business and report the allocable share to each beneficiary on Statement A,

or a substantially similar statement, attached to Schedule K-1. This includes the allocable share of W-2 wages and UBIA of qualified property reported to the trust or estate from any qualified trades or businesses of an RPE the trust or estate owns directly or indirectly. However, trusts or estates that own a direct or indirect interest in a PTP may not include any amounts for W-2 wages or UBIA of qualified property from the PTP, as the W-2 wages and UBIA of qualified property from a PTP are not allowed in computing the W-2 wage and UBIA limitations.

The W-2 wages are amounts paid to employees described in sections 6051(a)(3) and (8). If the trust or estate conducts more than one trade or business, it must allocate the W-2 wages among its trades or businesses. See Rev. Proc. 2019-11, 2019-09 I.R.B. 742, for more information.

The unadjusted basis of qualified property is figured by adding the unadjusted basis of all qualified assets immediately after acquisition. Qualified property includes all tangible property subject to depreciation under section 167 for which the depreciable period hasn't ended that is held and used for the production of QBI by the trade or business during the tax year and held on the last day of the tax year. The depreciable period ends on the later of 10 years after the property is placed in service or the last day of the full year for the applicable recovery period under section 168.

***Section 199A dividends.*** The trust or estate must report the apportioned allocable share of any REIT dividends to each beneficiary on Statement A, or a substantially similar statement, attached to Schedule K-1. Section 199A dividends do not have to be reported by trade or business and can be reported as a single amount to beneficiaries.

Section 199A dividends include dividends the trust or estate receives from a REIT held for more than 45 days, for which the payment is not obligated to someone else, is not a capital gain dividend under section 857(b)(3), and is not a qualified dividend under section 1(h)(11), plus any apportioned qualified REIT dividends received from a RIC.

***Fiscal year trusts and estates.*** For purposes of determining the QBI or qualified PTP items, UBIA of qualified property, and the aggregate amount of qualified section 199A dividends, fiscal year trusts or estates include all items from the fiscal tax year.

For purposes of determining W-2 wages, fiscal year trusts or estates include apportioned amounts paid to employees under sections 6051(a)(3) and (8) for the calendar year ended with or within the trust's or estate's tax year.

If the trust or estate conducts more than one trade or business, it must allocate W-2 wages among its trades or businesses. See Rev. Proc. 2019-11 for more information.

**Note.** The trust or estate must report each beneficiary's share of qualified items of income, gain, deduction, and loss from a PTP, but the W-2 wages and UBIA of qualified property from the PTP should not be reported, as the beneficiary cannot use that information in computing their QBI deduction.



Statement A—QBI Pass-Through Entity Reporting

Pass-through entity's name:		Pass-through entity's EIN:		
Beneficiary's name:		Beneficiary's identifying number:		
Beneficiary's Share of:		<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB
QBI or Qualified PTP Items Subject to Beneficiary-Specific Determinations		TB1	TB2	TB3
	Ordinary business income			
	Rental income			
	Other			
W-2 Wages				
UBIA of Qualified Property				
Section 199A Dividends				

This page intentionally left blank

## **Specific Instructions for Statement B—QBI Pass-Through Entity Aggregation Election(s).**

If the trust or estate elects to aggregate more than one trade or business that meet all the requirements to aggregate, the trust or estate must report the aggregation to beneficiaries on Statement B, or a substantially similar statement, and attach it to each Schedule K-1. The trust or estate must indicate trades or businesses that were aggregated by checking the appropriate box for each aggregated trade or business. The trust or estate must also provide a description of the aggregated trade or business and an explanation of the factors met that allow the aggregation.

The aggregation statement must be completed each year to show the trust's or estate's trade or business aggregations. Failure to disclose the aggregations may cause them to be disaggregated.

The trust's or estate's aggregations must be reported consistently for all subsequent years, unless there is a change in facts and circumstances that changes or disqualifies the aggregation. The trust or estate must provide a written explanation for any changes to prior year aggregations that describes the change in facts and circumstances.

If the trust or estate holds a direct or indirect interest in an RPE that aggregates multiple trades or businesses, the trust or estate must also include a copy of the RPE's aggregations with each beneficiary's Schedule K-1. The trust or estate cannot break apart the aggregation of another RPE, but it may add trades or businesses to the aggregation, assuming the aggregation requirements are satisfied.

Statement B—QBI Pass-Through Entity Aggregation Election(s)

Pass-through entity's name:	Pass-through entity's EIN:
<b>Aggregation of Pass-Through Business Operations</b>	
<b>Aggregation 1</b>	
Provide a description of the aggregated trades or businesses and an explanation of the factors met that allow the aggregation in accordance with Regulations section 1.199A-4. In addition, if the pass-through entity holds a direct or indirect interest in a relevant pass-through entity (RPE) that aggregates multiple trades or businesses, attach a copy of the RPE's aggregations.	
<hr/>	
<hr/>	
<hr/>	
<hr/>	
Has this trade or business aggregation changed from the prior year? This includes changes in the aggregation due to a trade or business being formed, acquired, disposed, or ceasing operations. If yes, explain.	
<hr/>	
<hr/>	
<b>Note.</b> If you have more than one aggregated group, attach additional Statements B. Name the additional aggregations 2, 3, 4, and so forth.	

This page intentionally left blank

## **Specific Instructions for Statement C— QBI Pass-Through Entity Reporting— Patrons of Specified Agricultural and Horticultural Cooperatives.**

### ***QBI items and wages allocable to qualified payments.***

If the trust or estate is a patron of a specified agricultural or horticultural cooperative, the trust or estate must provide the allocable share of QBI items and W-2 wages allocable to qualified payments from each trade or business to each of its beneficiaries on Statement C, or a substantially similar statement, and attach it to Schedule K-1 so each beneficiary can compute their patron reduction under section 199A(b)(7).

QBI items and W-2 wages allocable to qualified payments include apportioned QBI items included on Statement A that are allocable to the qualified payments reported to the trust or estate on Form 1099-PATR from the cooperative.

***Section 199A(g) deduction.*** The trust or estate must report to its beneficiaries their allocable shares of any apportioned section 199A(g) deduction passed through the cooperative, as reported on Form 1099-PATR. Section 199A(g) deductions do not have to be reported by trade or business and can be reported as a single amount to beneficiaries.

**Code J. Qualifying advanced coal project property and qualifying gasification project property.** Provide the beneficiary with a statement with the distributive share of amounts that the beneficiary will need to complete Form 3468, Part II, Sections A and B. If there is information for more than one property, the attached statement will separately identify the information for each property. See the instructions for Form 3468, Part II, Sections A and B, for details.



# Statement C—QBI Pass-Through Entity Reporting—Patrons of Specified Agricultural and Horticultural Cooperatives

Pass-through entity's name:		Pass-through entity's EIN:		
Beneficiary's name:		Beneficiary's identifying number:		
Beneficiary's Share of:		<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB
QBI Items Allocable to Qualified Payments Subject to Beneficiary-Specific Determinations		TB1	TB2	TB3
	Ordinary business income			
	Rental income			
	Other			
W-2 Wages Allocable to Qualified Payments				
Section 199A(g) Deduction				

This page intentionally left blank

**Code K. Qualifying advanced energy project property.** Provide the beneficiary with a statement with the distributive share of amounts that the beneficiary will need to complete Form 3468, Part III. If there is information for more than one property, the attached statement will separately identify the information for each property. See the instructions for Form 3468, Part III, for details.

**Code L. Advanced manufacturing investment property.** Provide the beneficiary with a statement with the distributive share of amounts that the beneficiary will need to complete Form 3468, Part IV. If there is information for more than one property, the attached statement will separately identify the information for each property. See the instructions for Form 3468, Part IV, for details.

## **Code M. Clean electricity investment**

**credit.** Provide the beneficiary with a statement with the distributive share of amounts that you will need to complete Form 3468, Part V. If there is information for more than one property, the attached statement will separately identify the information for each property. See the instructions for Form 3468, Part V, for details.

**Other information (code ZZ).** List on a separate sheet the tax information the beneficiary will need to complete their return that isn't entered elsewhere on Schedule K-1.

For example, if the estate or trust participates in a transaction that must be disclosed on Form 8886 (see earlier), both the estate or trust and its beneficiaries may be required to file Form 8886. The estate or trust must determine if any of its beneficiaries are required to disclose the transaction and provide those beneficiaries with information they will need to file Form 8886.

This determination is based on the category(ies) under which a transaction qualified for disclosure. See the Instructions for Form 8886 for details.

In addition, if the beneficiary is a “covered person” in connection with a foreign tax credit splitter arrangement under section 909, attach a statement that identifies the arrangement including the foreign taxes paid or accrued.

**Inclusion of global intangible low-taxed income (GILTI).** Section 951A requires U.S. shareholders of controlled foreign corporations to report their ratable share of GILTI in taxable income. If applicable, provide the information necessary to figure the GILTI inclusion to each beneficiary. See the Instructions for Form 8992 for details.

### ***Foreign-derived intangible income***

**(FDII).** Public Law 115-97 enacted section 250, which allows a domestic corporation a deduction for the eligible percentage of FDII and GILTI. Section 250 is effective for tax years beginning after 2017. If applicable, provide the necessary information to each domestic corporate beneficiary for its calculation of FDII benefit. See section 250 for more information. See the Instructions for Form 8993 for details.

### **Limitation on business interest expense.**

If an estate or trust is required to file Form 8990, the adjusted taxable income of an estate or trust beneficiary is reduced by any income (including any DNI) received from the estate or trust by the beneficiary to the extent such income supported a deduction for business interest expense under section 163(j) (1)(B) in computing the estate's or trust's taxable income.

If applicable, provide the beneficiary the necessary information to calculate this amount in an attachment to Schedule K-1. See Form 8990 and the Instructions for Form 8990 for additional information.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. Our legal right to ask for this information is in Internal Revenue Code sections 6011, 6012, and their associated regulations. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number.

Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

### **Estimate of Taxpayer Burden.**

The following table shows burden estimates based on current statutory requirements as of November 2024 for taxpayers filing a 2024 Form 1041 series tax return. Time spent and out-of-pocket costs are presented separately. The estimates are broken down by the type of entity. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples include tax return preparation and submission fees, postage and photocopying costs, and tax return preparation software costs.



While these estimates don't include burden associated with post-filing activities, IRS operational data indicate that electronically prepared and filed returns have fewer arithmetic errors, implying lower post-filing burden.

Reported time and cost burdens are national averages and don't necessarily reflect a "typical" case. Most taxpayers experience lower than average burden, with taxpayer burden varying considerably by taxpayer type.

The average burden for simple trusts filing Form 1041 and related attachments is about 9 hours and \$1,900; the average burden for complex trusts filing Form 1041 and related attachments is about 11 hours and \$2,700; and the average burden for decedent estates filing Form 1041 and all related attachments is 18 hours and \$4,400. The average burdens for the other types of entities are listed in the table, below.

Within each of these estimates there is significant variation in taxpayer activity. Tax preparation fees and other out-of-pocket costs vary extensively depending on the tax situation of the taxpayer, the type of software or professional preparer used, and the geographic location. Third-party burden hours are not included in these estimates.

# Taxpayer Burden for Other Entities

FY2025 Average Burden Projections by Entity Type				
Entity Type	Percent of Filed Form 1041**	Average Time (hrs.)	Average Out-of-Pocket Costs	Average Monetized Burden
Simple Trust	17%	9	\$1,300	\$1,900
Complex Trust*	54%	11	\$1,900	\$2,700
Decedent Estate	12%	18	\$3,300	\$4,400
Grantor Trust	16%	8	\$1,100	\$1,400
Qualified Disability Trust	1%	8	\$800	\$1,200
Pooled Income Fund	<1%	10	\$2,700	\$3,200
Source: IRS:RAAS:KDA (11-18-2024) *The category of Complex Trust includes Chapter 7 and Chapter 11 Bankruptcy Estates. **Percentages based on Tax Year 2022 filings. Detail may not add to total due to rounding.				

This page intentionally left blank

**Comments and suggestions.** We welcome your comments concerning the accuracy of these time estimates or suggestions for making this form and related schedules simpler. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don't** send Form 1041 to this address. Instead, see *Where To File*, earlier.

## **Index**

### **A**

**Accounting income** 3

**Adjusted gross income  
(AGI)** 4, 10, 15, 16, 27, 35, 44

**Alaska Native Settlement Trusts 7**

**Amended return 20**

**Amounts paid or permanently  
set aside 28**

**Assembly 13**

**Attachments 13**

## **B**

**Bankruptcy estate 7, 15, 19**

**Bankruptcy information 15**

**Beneficiary 4**

Allocation of estimated tax payment 10

Complex trust 41

Estate 41

Simple trust 41

Tax year for inclusion 42

Withholding on foreign person 29

**Blind trust 20**

## **C**

**Cemetery perpetual care fund 26**

**Charitable deduction 28**

**Charitable remainder trusts 19**

**Common trust fund 7**

## **D**

**Decedent's Estate 4**

### **Definitions:**

Accumulation distribution 38

Adjusted gross income (AGI) 3

Beneficiary 4

Complex trust 18 Decedent's estate 18

Decedent's Estate 4

DNI 4

Fiduciary 4

Grantor trusts 18

IRD 4

Outside income 39

Pooled income fund 19

Revocable Living Trust 4

Simple trust 18

Trust 4

Trusts 4

**Distributable net income** (See DNI)

**DNI** 4, 29

## **E**

**Electing small business trusts** 15

ESBT (S portion only) 18

S portion 15

**Elections:**

Section 643(e)(3) 30



Section 643(g) 10

Section 645 5

Special rule for qualified revocable trusts 5

Treating contributions as paid in prior tax year 28

**Electronic deposits** 10

**ESBTs** (See Electing small business trusts)

**Estate** 4, 41

Exemption for 27

Foreign 4

Who must file 4

**Estate tax deduction** 26

**Estimated tax** 9, 28

Allocation of payments to beneficiaries 9

Penalty 27

**Exemption** 27

**Extraterritorial income exclusion** 20

## **F**

**Fiduciary** 4, 8

**Fiduciary accounting income (FAI)**

(See Accounting income)

**Final return** 20

**First-tier distributions** 30

**Foreign tax credit** 31

**Form 1041-T** 10

**Form 8855** 5

**Form 8886** 12, 51

## **G**

**General business credit** 31

**Grantor trusts** 3, 5, 13, 18

Backup withholding 15

Nonqualified deferred compensation plans 19

Optional filing methods 14

Pre-need funeral trusts 18

Special filing instructions 13

**GST tax deduction 27**

## **I**

**Income distribution deduction 3, 26, 29**

**Inter vivos 3, 4**

**Interest income 20**

**IRD:**

Deduction 26

## **M**

**Minimum taxable income 27**

## **N**

**Net investment income tax 35**

**Net operating loss 27**

**Nonexempt charitable deduction 19**

**Nonexempt charitable trust 19, 28**

**Nonqualified deferred compensation plans 19**

## **P**

**Paid preparer 8**

**Paid preparer authorization 8**

### **Penalties:**

Estimated tax 27

Failure to provide a required TIN 41

Failure to provide information timely 10

Late filing of return 10

Late payment of tax 10

Other 11

Trust fund recovery 11

Underpaid estimated tax 11

**Pooled income funds 15, 19, 28, 29**

**Pre-need funeral trusts 18**

## **Q**

**Qualified business income deduction 27**

**Qualified disability trust 27**

**Qualified revocable trust 5**

**Qualified settlement funds 7**

**Qualified small business stock 30**

**Qualified subchapter S trust  
(QSST) 5, 14, 19**

## **R**

### **Returns:**

Amended 20

Common trust fund 7

Electronic and magnetic media 8

Final 20

Nonexempt charitable trust 19

Qualified settlement funds 7

Split-interest trust 19

When to file 8

Who must file 4

## **Revocable Living Trusts:**

Section 645 Election 20

## **S**

**Second-tier distributions** 30

**Separate share rule** 29

## **Special filing instructions:**

Bankruptcy estates 17

Electing small business trusts 15

Grantor trusts 13

Pooled income funds 15

**Split-interest trust** 19

**Substitute forms** 41

# **T**

**Tax rate schedule 31**

**Taxable income 27**

**Throwback years 39**

**Trusts 4**

Alaska Native Settlement 7

Blind 20

Common trust fund 7

Complex 41

Domestic 5

Exemption for 27

Foreign 36

Grantor 3

Inter vivos 3, 4

Nonexempt charitable 19, 28

Pre-need funeral 18

Qualified disability 27

Qualified revocable 5

Simple 41

Split-interest 19

Testamentary 3, 4

Who must file 4, 41

## **W**

**Where to file** 9

**Who must file:**

Decedent's estate 4

Trust 4

**Withholding on foreign person** 29