

GENERAL INSTRUCTIONS

If any due date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.

Who Must File a Return



YOU ARE NOT REQUIRED TO FILE A KANSAS FIDUCIARY INCOME TAX RETURN IF YOU MEET THE FOLLOWING CONDITIONS:

- There is no balance due on line 19, Form K-41; and
- There is no withholding tax due for the nonresident beneficiaries on Part IV, Form K-41.

Resident Estate or Trust

The fiduciary of a resident estate or trust must file a Kansas Fiduciary Income Tax return (Form K-41) if the estate or trust had any taxable income and/or there is withholding tax due for the nonresident beneficiaries.

Nonresident Estate or Trust

The fiduciary of a nonresident estate or trust must file a Kansas Fiduciary Income Tax return (Form K-41) if the estate or trust had taxable income or gain derived from Kansas sources.

Definitions

A resident estate is the estate of a person who was a Kansas resident at the time of death. All other estates are nonresident estates.

A resident trust is any trust which is administered by the trustee in Kansas. A trust being administered outside of Kansas shall not be considered a resident trust merely because the governing instrument or a law requires that the laws of Kansas be followed with respect to interpretation or administration of the trust. All other trusts are nonresident trusts.

Income from Kansas sources includes income or gain from:

- a. Real or tangible personal property located within Kansas;
- b. A business, profession or occupation carried on within Kansas; or,
- c. Services performed within Kansas.

For a nonresident estate or trust, income from the following is not considered to be derived from Kansas sources: annuities, interest, dividends, or gains from the sale or exchange of intangible personal property, unless part of the income from a business, trade, profession, or occupation is carried on within Kansas.

When to File

A Kansas Fiduciary Income Tax return (Form K-41) should be completed after the federal fiduciary return is completed, but is due no later than the 15th day of the fourth month after the close of the taxable year. For fiduciaries operating on a calendar year basis, the return is due on or before April 15.

Accounting Period

The accounting period for which the Kansas Fiduciary Income Tax return (Form K-41) is filed and the method of accounting used must be the same as that used for federal tax purposes. If, for federal purposes, the taxable year for the estate or trust changes or the method of accounting is changed, the changes also apply to the Kansas Fiduciary Income Tax return.

Extension of Time to File

If you are unable to complete your Kansas Fiduciary Income Tax return by the filing deadline, you may request an extension of time to file. If you filed Form 2758 with the Internal Revenue Service for an extension of time, enclose a copy of that form with your completed K-41 return. Kansas does not have a separate extension request form but will accept an approved Federal Extension of Time To File form.

IMPORTANT: An extension of time to file is NOT an extension to pay. If you do not pay the tax amount due (may be estimated) by the original due date, you will owe interest and may also be charged a penalty on any balance due.

Where to File

Use the pre-addressed envelope in this tax booklet to mail your return. This envelope is designed for use in our automated mail-opening equipment and will expedite the processing of your return. If your envelope has been misplaced, mail your return to:

KANSAS FIDUCIARY TAX
KANSAS DEPARTMENT OF REVENUE
915 SW HARRISON ST.
TOPEKA, KS 66699-3000

Payment of Tax

The balance of tax shown to be due on page 1, line 19, of your Kansas Fiduciary Income Tax return (Form K-41) must be paid in full if it is \$5 or more. The fiduciary of an estate or trust is responsible to ensure the payment of all taxes due on the fiduciary return. Failure to pay your tax on time may subject you to assessment of penalty and interest. Make payment by check or money order to *Kansas Fiduciary Tax*.

Withholding Tax Payments

Kansas law requires the fiduciary of a resident estate or trust to submit the payment of withholding tax for its nonresident beneficiaries, if it is \$5 or more, with the filing of Form K-41. Complete Part IV, and enter the total from Column E on line 6 of Form K-41.

Estimated Tax

Estates and trusts are required to make federal estimated tax payments. However, Kansas statutes specifically exempt estates and trusts from making estimated tax payments. Estimated tax payments are **not required** for Kansas fiduciary purposes.

Fiduciary Reporting to Beneficiaries

Fiduciaries must provide each beneficiary with the amount of the fiduciary modification to be used in the preparation of the beneficiary's Kansas Individual Income Tax return. (See page 2, Part II, Column D.)

In addition, fiduciaries must provide each nonresident beneficiary with the amount of the nonresident beneficiary's share of income and credits from page 3, Part IV of Form K-41, and when Kansas tax is withheld, supply Form K-18 to the nonresident beneficiary. Fiduciary modifications, beneficiaries' shares of fiduciary modifications, and beneficiaries' shares of income and credits are computed on pages 2 and 3 of Form K-41 in Parts I, II, III and IV.

Rounding to Whole Dollars

The figures on your return and schedules may be rounded to whole dollars. You may eliminate any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

Copy of Federal Return

Enclose with Form K-41 a copy of your federal Form 1041, including all schedules as filed with the Internal Revenue Service. The processing of your Kansas Fiduciary Income Tax return may be delayed if your federal fiduciary return is not included.

Confidential Information

Income tax information disclosed to the Kansas Department of Revenue, either on returns or through department investigation, is held in strict confidence by law. The Department of Revenue and the Internal Revenue Service have an agreement under which income tax information is exchanged. This is to verify the accuracy and consistency of information reported on Federal and Kansas Fiduciary Income Tax returns.

Amended Returns

You must file an amended Kansas return when: 1) an error was made on your Kansas return, 2) there is a change on another state's return (error or adjustment), 3) there is a change on your federal return (error or adjustment). To file an amended return, use Form K-41 and mark the amended return checkbox.

AMENDED FEDERAL RETURN: If you are filing an amended federal income tax return for the same taxable year as this amended return, you must enclose a complete copy of the amended federal return and full explanations of all changes made on your amended Kansas return. If your amended federal return is adjusted or disallowed, it is necessary to provide the Kansas Department of Revenue with a copy of the adjustment or denial letter.

If you did not file a Kansas return when you filed your original federal return, and the federal return has since been amended or adjusted, use the information on the amended or adjusted federal return to complete your original Kansas return. A copy of both the original and amended federal returns should be enclosed with the Kansas return along with an explanation of the changes.

Specific Line Instructions

HEADING

If you received a booklet with a pre-addressed label, remove the label from the back cover and place it on the Form K-41 you file in the space provided. If it is incorrect, or if you did not receive a booklet with a pre-addressed label, type or print the requested information in the appropriate blanks on the return. If your name or address has changed since your last Kansas return was filed, mark an "X" in the box below the heading. If you are filing an amended return, mark an "X" in the box below your name and address.

TELEPHONE NUMBER

If a problem should arise in processing your return, it is helpful for the Department of Revenue to have a telephone number where you can be reached during office hours. It will be kept confidential.

FILING STATUS

The filing status shown on Form K-41 will reflect the nature of the entity for which the return is being filed.

RESIDENCY STATUS

Residents: If you are filing for a resident estate or trust, check the box for residents. If all income is taxable to the fiduciary and no distributions are made or required to be made, only Part I must be completed. If there are only resident beneficiaries, or if no amounts are distributable to nonresident beneficiaries, then it is necessary to complete only Parts I and II. If there are nonresident beneficiaries, then it is generally necessary to complete all parts. However, if amounts distributed to nonresidents are nontaxable, then Part IV may be omitted.

Nonresidents: If you are filing for a nonresident estate or trust, check the box for nonresidents. If there are resident and/or nonresident beneficiaries, then all parts must be completed. However, if all income is taxable to the fiduciary, then only Parts I and II must be completed.

DATE ESTABLISHED

Enter the date the estate or trust was established.

LINE 1—FEDERAL TAXABLE INCOME

Residents: Enter on line 1 the federal taxable income shown on page 1 of the federal fiduciary return, Form 1041.

Nonresidents: Enter on line 1 the amount reported on page 3, Part III, line 45, column D of Kansas Form K-41.

LINE 2—KANSAS FIDUCIARY MODIFICATION

Residents: If there **has not** been a distribution to beneficiaries, enter the fiduciary modification from page 2, Part I, line 23. If there **has** been a distribution to beneficiaries, enter the fiduciary's portion of the fiduciary modification from page 2, Part II, line (j).

Nonresidents: No modification is to be made on this line by a nonresident estate or trust.

LINE 3—KANSAS TAXABLE INCOME

If line 2 is a positive amount, add line 2 to line 1 and enter the total on line 3. If line 2 is a negative amount, subtract line 2 from line 1 and enter the total on line 3. If you made no entry on line 2, your Kansas taxable income is the same as your federal taxable income. Enter it again on line 3.

LINE 4—TAX

To determine the amount of the fiduciary income tax liability, refer to the tax computation schedule, page 4, Form K-41 and compute the tax. Enter the amount on line 4.

LINE 5—TAX ON LUMP SUM DISTRIBUTIONS

If a resident estate or trust received income from a lump sum distribution and there has been a federal tax imposed on this income in accordance with federal Internal Revenue Code Section 402(e), then the resident estate or trust is also subject to Kansas tax on the lump sum distribution.

Enter on line 5 an amount equal to 13% of the federal tax on the ordinary income portion of the lump sum distribution determined on federal Form 4972 or 5544.

LINE 6—NONRESIDENT BENEFICIARY TAX

Enter the amount of nonresident beneficiary tax reported on page 3, Part IV of Form K-41. This amount is the total of column E.

LINE 7—TOTAL KANSAS TAX

Add lines 4, 5 and 6. Enter the total on line 7.

LINE 8—CREDIT FOR TAXES PAID TO OTHER STATES — RESIDENTS ONLY

If you paid income tax to another state, you may be eligible for a credit against your Kansas tax liability. If you had income from a state that has no state income tax, make no entry on line 8 and go to line 9. A copy of the return filed with the other state(s), or a copy of federal Form 1116 (if applicable) for claiming a foreign tax credit, must be enclosed with Kansas Form K-41.

Foreign Tax Credit: As used in this section, "state" means any state of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision of a foreign country. The Kansas credit for foreign taxes is first limited to the difference between the actual tax paid to the foreign country and the foreign tax credit allowed on the federal return. If you claimed the foreign tax paid as an itemized deduction on your federal return, no credit is allowed in this section.

Foreign Tax Worksheet

- A. 2002 tax paid to the foreign country _____
- B. LESS: Federal foreign tax credit allowed _____
- C. EQUALS: Kansas foreign tax limitation amount. Enter this amount on line 1 of the worksheet below _____

Missouri Article X Refunds: If you received a refund from Missouri as a result of Article X, and you itemized your deductions in the prior year, you must reduce the amount reported on line 1 of the worksheet below by that portion of the Article X Refund that is derived from income taxes. This amount is recorded on the Form 1099G you received from Missouri as the percentage of excess state revenues derived from Missouri income taxes.

Residents

Enter on line 8 any credit for tax paid to another state(s) determined by the following formula:

- 1) Income tax paid to: \$ _____
- 2) Kansas tax liability \$ _____
- 3) Other state's taxable income \$ _____
- 4) Kansas taxable income \$ _____
- 5) Percentage limitation (Divide line 3 by line 4) %
- 6) Limitation amount (Multiply line 2 by line 5) ... \$ _____
- 7) Allowable credit (Amount on line 1 or line 6, whichever is less) \$ _____

Nonresidents

Nonresident estates and trusts may not claim this tax credit against the Kansas tax.

LINE 9—OTHER CREDITS

Enter the total of all other tax credits for which you are eligible. The list below includes some of the more common credits. You must complete and enclose with your K-41 the appropriate schedule to claim any credit.

Adoption Credit	K-47
Business and Job Development Credit	K-34
Business Machinery and Equipment Credit	K-64
Child Day Care Assistance Credit (employers only)	K-56
Community Service Contribution Credit	K-60
Disabled Access Credit	K-37
Habitat Management Credit	K-63
High Performance Incentive Program Credit	K-59
Research & Development Credit	K-53
Small Employer Health Insurance Contribution Credit	K-57
Venture and Local Seed Capital Credit	K-55

LINE 10—TOTAL CREDITS

Add lines 8 and 9. Enter the total on line 10.

LINE 11—BALANCE

Subtract line 10 from line 7. If the amount for line 11 is a negative amount enter zero.

LINE 12—KANSAS INCOME TAX WITHHELD

Enter any amount of Kansas withholding.

LINE 13—AMOUNT PAID WITH KANSAS EXTENSION

Enter any amount paid with a request for an extension of time.

LINE 14—REFUNDABLE PORTION OF CREDITS

If you have a refund on your Telecommunications Property/Income Credit (K-36); Disabled Access Credit (K-37); Child Day Care Assistance Credit (K-56); Small Employer Health Insurance Contribution Credit (K-57); Community Service Contribution Credit (K-60); Habitat Management Credit (K-63); Business Machinery & Equipment Credit (K-64); or, Single City Port Authority Credit (K-76); enter the total of the allowable refunds on line 14.

LINE 15—TOTAL REFUNDABLE CREDITS

Add lines 12, 13 and 14. Enter the total on line 15.

LINE 16—UNDERPAYMENT

If your tax balance on line 11 is greater than your total refundable credits on line 15, enter the difference on line 16.

LATE CHARGES: If the amount on line 16 is not paid by the due date, or if a balance due return is filed after the due date, penalty and interest are added according to the rules outlined in lines 17 and 18. **Extension of Time:** Interest is due on any delinquent tax balance, even if you have been granted an extension of time to file. If **90%** of your tax liability is paid on or before the *original* due date of your return, an automatic extension is applied and no penalty is assessed.

LINE 17—INTEREST

Compute interest at **0.583% for each month** (or portion thereof) from the due date of the return on the amount on line 16.

LINE 18—PENALTY

Compute penalty at **1% per month** (or portion thereof) from the due date of the return on the amount on line 16. The maximum penalty is 24%. For example, if you paid tax of \$150 on May 20, 2003, (due date of April 15, 2003) multiply line 11 (\$150) by 2% and enter the result (\$3.00) on line 18.

LINE 19—BALANCE DUE

Add lines 16, 17 and 18. Enter the total on line 19. Write your federal Employer Identification Number (EIN) on your check or money order, make payable to "Kansas Fiduciary Tax" and send it with your return. Do not send cash. A balance due of less than \$5.00 need not be paid.

LINE 20—REFUND

If line 15 is greater than line 11, subtract line 11 from line 15 and enter the amount of the refund on line 20. Amounts less than \$5.00 will not be refunded.

Normal processing time to issue a refund is six to eight weeks. Please wait a minimum of 8 weeks before contacting the department regarding your refund. ERRORS on your return and incomplete returns (e.g., no federal return enclosed) will cause delays in processing refunds. **Note:** If there is any other liability owed the State of Kansas, the fiduciary income tax refund will be applied to that liability.

SIGNATURES

The fiduciary **MUST** sign Form K-41. If prepared by someone other than the fiduciary, the preparer should also sign the return. No refund can be made unless the return is properly signed.

PREPARER AUTHORIZATION BOX: In some cases it may be necessary for the Department of Revenue to contact you about your tax return. If you wish to have the Director of Taxation or his/her designee contact your tax practitioner instead, please give permission to do so by checking the box above the signature line.

Part I – Modifications to Federal Taxable Income

LINE 21—ADDITIONS TO FEDERAL TAXABLE INCOME**LINE 21a—STATE AND MUNICIPAL INTEREST**

Enter interest income received, credited, or earned from any state or municipal obligations during the taxable year, less any related expenses (management fees, trustee fees, interest, etc.) directly incurred in the purchase of state or political subdivision obligations. Do NOT include those specifically exempt from income tax by Kansas law, such as: Kansas Turnpike Authority Bonds, Board of Regents Bonds for Kansas Colleges and Universities, Electrical Generation Revenue Bonds, Urban Renewal Bonds, Industrial Revenue Bonds, or Kansas Highway Bonds.

Interest income on obligations of Kansas or any political subdivision thereof, issued after December 31, 1987, shall be excluded from computation of Kansas taxable income.

LINE 21b—STATE INCOME TAX OR LOCAL TAXES

Enter any state, county, or city income or earnings taxes which are included in your federal deductions.

LINE 21c—ADMINISTRATIVE EXPENSES

Enter the amount of administrative expenses claimed on both the Kansas Inheritance Tax return and on the Federal Fiduciary Tax return.

LINE 21d—OTHER ADDITIONS TO FEDERAL TAXABLE INCOME

Enter the total of these additions to federal taxable income:

- **Federal Income Tax Refund:** As a general rule, there will be no entry here unless an amended federal return has been filed for a prior year due to an investment credit carry back or a net operating loss carry back which resulted in a federal income tax refund in 2002 for that prior year.
- **Disabled Access Credit Modification:** Enter the amount of any depreciation deduction or business expense deduction claimed

on the federal return which was used to determine the Disabled Access Credit on Schedule K-37.

- **Partnership, S Corporation, or Fiduciary Adjustments:** If income was received from a partnership, S corporation, joint venture, syndicate, estate or trust, enter the proportionate share of any additional adjustments. The partnership, S corporation, or trustee will provide you with the necessary information to determine these amounts.
- **Federal Net Operating Loss Carry Forward:** Enter the federal net operating loss carry forward claimed on the 2002 Federal Income Tax return.
- **Community Service Contribution Credit:** Enter the amount of any charitable contribution claimed on the federal return used to compute the Community Service Contribution Credit on Schedule K-60.
- **Swine Facility Improvement Credit:** Enter the amount of any costs claimed on the federal return used as the basis for this credit on Schedule K-38.
- **Habitat Management Credit:** Enter the amount of any real estate taxes and costs claimed on your federal return used to determine the credit on Schedule K-63.
- **Learning Quest Education Savings Program:** Enter the amount of any "nonqualified withdrawal" from the Learning Quest Education Savings Program.
- **Small Employer Health Insurance Contribution Credit:** Enter the amount of the additional modification from Schedule K-57.

LINE 21e—TOTAL ADDITIONS

Add lines 21a through 21d and enter the total on line 21e.

LINE 22—SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

LINE 22a—INTEREST ON U.S. GOVERNMENT OBLIGATIONS

Enter any interest or dividend income received on obligations or securities of any authority, commission, or instrumentality of the United States and its possessions, less any related expenses (management fees, trustee fees, interest, etc.) directly incurred in the purchase of such obligations or securities, to the extent they are included in federal taxable income if they are exempt from state income taxes under the laws of the United States. Such income paid to shareholders through a mutual fund is also exempt from Kansas tax. If the mutual fund invests in both exempt and non-exempt federal obligations, the modification allowed will be that portion of the distribution received from the mutual fund attributable to **direct** obligations of the U.S. government, as determined by the mutual fund. These obligations include: U.S. Savings Bonds, U.S. Treasury Bills, Federal Land Bank, etc. Attach a schedule indicating the name of each U.S. Government obligation claimed.

LINE 22b—STATE INCOME TAX REFUNDS

Enter any state or local income tax refunds which are included in line 1, page 1, Form K-41.

LINE 22c—RETIREMENT BENEFITS (Enclose a copy of Form 1099R to verify the amounts claimed.)

Enter any Federal Civil Service retirement annuity paid from the Federal Civil Service Retirement or Disability Fund and any other amounts received as retirement benefits which were earned for being employed by the federal government or for service in the armed forces of the United States which is included in the federal taxable income.

Enter any Kansas pension benefits received which are specifically exempt from Kansas income tax if it was included in the federal taxable income. Exempt Kansas pensions include: Kansas Public Employees' Retirement Annuities, Kansas Teachers' Retirement Annuities, Kansas Police and Firemen's Retirement System Pensions, Kansas Highway Patrol Pensions, Justices and Judges Retirement System, Board of Public Utilities, and certain pensions received from first class cities, not covered by the Kansas Public Employees' Retirement System.

Faculty and others employed by the State Board of Regents, or by educational institutions under its management, are entitled to Kansas tax exemption on income derived from retirement annuity contracts purchased for them by the State Board of Regents with either their direct contributions or through salary reduction plans.

Benefits received from all railroad retirement plans administered by the U.S. Railroad Retirement Board are exempt from state taxation by federal law. Enter any railroad retirement benefits received from the U.S. Railroad Retirement Board which are included in federal taxable income. This exemption from Kansas taxes includes tier I, tier II, dual vested benefits and supplemental annuities.

LINE 22d—OTHER SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

Enter on line 22d the total of these other subtractions from federal taxable income. **(NOTE: You may not subtract the amount of income reported to another state.)**

- **KPERS Lump Sum Distributions:** Employees who terminated KPERS employment after 7/1/1984, and elect to receive their contributions in a lump sum distribution will report their taxable contributions on their Federal return. Subtract the contributions which have been added back on the Kansas Income Tax returns as a modification from 1984 up to the current year.
- **Sale of Kansas Turnpike Bonds:** Enter the gain from the sale of Kansas Turnpike Bonds if the gain was included in the federal taxable income.
- **Partnership, S Corporation or Fiduciary Adjustments:** If income was received from a partnership, S corporation, joint venture, syndicate, trust or estate, enter the proportionate share of any required subtraction adjustments. The partnership, S corporation, or beneficiary will provide you with the necessary information to determine this amount.
- **Jobs Tax Credit:** Enter the amount of the federal targeted jobs tax credit disallowance claimed on the Federal Income Tax return.
- **Kansas Venture Capital, Inc. Dividends:** Enter the amount of dividend income received from Kansas Venture Capital, Inc.
- **Kansas Net Operating Loss Carry Forward:** Enter any Kansas net operating loss carry forward.
- **S Corporation Privilege Adjustment:** If you are a shareholder in a bank, savings and loan, or other financial institution that is organized as an S Corporation, enter the portion of any income received that was not distributed as a dividend. This income has already been taxed on the privilege tax return filed by the S Corporation financial institution.
- **Electrical Generation Revenue Bonds.** Enter the amount included in federal taxable income.
- **Learning Quest Education Savings Contributions:** Enter contributions deposited in this program during tax year 2002, up to a maximum of \$2,000 for each student (beneficiary).

LINE 22E—TOTAL SUBTRACTIONS

Add lines 22a through 22d and enter the total on line 22e.

LINE 23—NET MODIFICATION TO FEDERAL TAXABLE INCOME

Subtract line 22e from line 21e. Enter the total on line 23 and on line 2, page 1, Form K-41. If there are beneficiaries, refer to Part II.

Part II—Computation of Shares of the Modification to Federal Taxable Income

Part II is used to determine the allocation of the shares of the Kansas fiduciary modification. The Kansas fiduciary modification is divided among the beneficiaries and the fiduciary in proportion to their share of the federal distributable net income plus the amount contributed or required to be contributed from current income to charitable beneficiaries.

If there is no federal distributable net income, each beneficiary's share of the Kansas fiduciary modification shall be in proportion to each share of the estate or trust income distributed. Any balance of the Kansas fiduciary modification not allocated to the beneficiaries is allocable to the fiduciary.

When the allocation of the Kansas fiduciary modification, as provided by law, would result in an amount that is substantially inequitable, the fiduciary may, with the permission of the Director of Taxation, use such other methods of allocation that will produce a fair and equitable result to both the fiduciary and the beneficiary. Kansas law does not permit the fiduciary to elect to pay the tax on income properly applicable to a beneficiary by including such income in its share of the modification. The estate or trust must advise each beneficiary of their share of the Kansas fiduciary modification. The

amount reported in Column D is the amount which the fiduciary is required to submit to each beneficiary.

Column A - Enter on lines (a), (b), (c) and (d) the names and addresses of Kansas resident beneficiaries. Nonresident beneficiaries should be listed on lines (e), (f), (g) and (h).

Column B - Enter the Social Security numbers of the beneficiaries.

Column C - Enter the percentage of the estate or trust to be distributed to each beneficiary in accordance with the documents or laws controlling distribution of the estate or trust. The percentage allocated to charitable beneficiaries and to the fiduciary itself should be shown on the appropriate lines. Total allocation must equal 100%.

Column D - Enter on lines (a) through (i) each beneficiary's share of the Kansas fiduciary modification. Enter on line (j) the resident fiduciary's share of the modification. To determine each individual's and the fiduciary's share of the Kansas fiduciary modification, multiply the amount on line 23, Part I, by the percentage in Column C.

Note: For a resident estate or trust in which all beneficiaries are Kansas residents, the remaining portion (pages 3 and 4) of the return may be omitted. If there are nonresident beneficiaries, Part III and Part IV must be completed.

Part III — Computation of Federal Taxable Income of the Estate or Trust from Kansas Sources

Part III is used to compute the federal taxable income of the estate or trust from Kansas sources. It is to be completed by all resident estates and trusts which have nonresident beneficiaries and by all nonresident estates and trusts with income or gain from Kansas sources. Nonresident estates or trusts should report to Kansas only that part of their federal taxable income derived from Kansas sources. The income to be reported, and the modifications to that income, are determined in this part.

Column A

Column A lists the items of income and modifications which correspond to those listed on the federal fiduciary return.

Column B

Enter in Column B the total income or deductions reported or claimed on the federal fiduciary return for each item listed in Column A.

Column C

Enter in Column C that part of each item of income reported in Column B that is derived from Kansas sources. Use direct accounting whenever possible. Intangible income will not be considered to be from Kansas sources except where it is part of a business, trade, or occupation carried on in Kansas. Any item entered in Column C should reflect the amount that remains after all modifications have been performed.

FOR EXAMPLE: State or local income taxes deducted on the federal return would not be included in Column C. State income tax refunds reported as income on the federal return would not be included in Column C. Also, any income from other estates, trusts, or partnerships should be modified, if necessary, before the item is entered in Column C.

Do not carry over any administration expenses from Column B to Column C if these expenses were claimed on both the Kansas inheritance tax return and the federal 1041 form.

Capital gains from Kansas sources should be entered in Column C only if the gain is distributed to the beneficiaries.

Depreciation, depletion, and federal estate tax not included on federal Form 1041 and passed directly to the beneficiaries should be entered on the appropriate lines of Column C (e.g., line 38a).

Enter on line 38 other deductions not provided for on lines 33 through 37. These deductions should be directly allocated where possible. If it is not possible to directly relate those deductions to income from Kansas sources, they should be apportioned by multiplying the deductions by the ratio of total Kansas income (line 32, Column C) divided by total federal income (line 32, Column B).

Net income of the estate or trust from Kansas sources, after all modifications, is to be entered on line 45, Column C.

Enter on line 46, Column C, the total percentages of all nonresident beneficiaries only. These percentages are determined by the documents or laws controlling distribution of the estate or trust.

Enter on line 47, Column C, the total income from Kansas sources of all nonresident beneficiaries. This amount is computed by multiplying line 45, Column C, by the percentage entered on line 46, Column C.

Column D

Column D is to be **completed by nonresident fiduciaries only**. Enter in Column D that part of Column C applicable to the fiduciary. The amount to be entered in Column D is computed by multiplying each entry in Column C by the fiduciary's percentage of the Kansas fiduciary adjustment as shown in Part II.

A capital gain from Kansas sources that is not distributed to the beneficiaries should be entered on line 27, Column D.

Nonresident Fiduciary Exemption

Enter on Part III, Column D, line 43, the amount of the nonresident fiduciary exemption determined by the following formula:

- | | |
|---|----------|
| 1) Exemption on federal Form 1041 | \$ _____ |
| 2) Kansas income of nonresident estate or trust (Part III, line 40, Column D) | \$ _____ |
| 3) Federal income (Part III, line 40, Column B) | \$ _____ |
| 4) Ratio (Divide line 2 by line 3) | _____ % |
| 5) Nonresident fiduciary exemption (multiply line 1 by line 4) | \$ _____ |

Line 45, Column D, is the net income of the nonresident estate or trust from Kansas sources applicable to the fiduciary which should be entered on page 1, line 1, Form K-41.

Part IV — Nonresident Beneficiaries' Shares of Income and Tax to be Withheld from Nonresident Beneficiaries

Part IV is used to compute the nonresident beneficiaries' shares of income and to compute the amount of tax to be withheld by the fiduciary of a resident estate or trust from the amount distributed or distributable to the nonresident beneficiaries. Fiduciaries must provide to each nonresident beneficiary the amount of the nonresident beneficiary's share of income. In addition, Kansas law requires the fiduciary of a resident estate or trust to withhold tax from a nonresident beneficiary and to pay the amount of this tax with the Form K-41.

Column A - Enter on lines (a) through (d) the names and addresses of the nonresident beneficiaries.

Column B - Enter the Social Security numbers of the nonresident beneficiaries.

Column C - Enter on lines (a) through (d) the percentage of the estate or trust to be distributed to each beneficiary in accordance with the documents or laws controlling distribution of the estate or trust.

Note: Since neither the resident beneficiaries' nor the fiduciary's percentages are shown here, it is unlikely this column will total 100%.

Column D - Enter on lines (a) through (d) each beneficiary's portion of the total taxable income from Kansas sources by multiplying Column C by the amount on line 45, Column C, Part III.

Column E - Compute the amount of tax to be withheld from each nonresident beneficiary by multiplying each beneficiary's income in column D by 2.5%. Enter these amounts on lines (a) through (d). The tax reported in this column is to be withheld and paid by the fiduciary for the beneficiary. Enter the total amount from Column E on page 1, line 6, Form K-41. Column E need not be calculated to completion if the nonresident share has already been withheld.

If any tax is required to be withheld, complete a Form K-18 for each nonresident beneficiary. The Form K-18 and instructions are on page 4, Form K-41.