

For the calendar year 2018 or fiscal year beginning [M,M|D,D|2,0,1,8] and ending [M,M|D,D|Y,Y,Y,Y].

Name of Estate or Trust	Estate or Trust Employer Identification Number (EIN)
Beneficiary's Name	Fiduciary's Name
Beneficiary's I.D. Number	Fiduciary's Address - number and street, or rural route
Beneficiary's Address - number and street, or rural route	Fiduciary's City, Town or Post Office      State      ZIP Code
Beneficiary's City, Town or Post Office      State      ZIP Code	Fiduciary's Phone Number – include area code
Beneficiary's Daytime Phone Number – include area code	

**Part 1 Beneficiary's Share of Fiduciary Adjustment**

1 Net fiduciary adjustment to be allocated: Enter the amount from Form 141AZ, Schedule C, line C14.....	1		00
2 Percent of beneficiary's share of federal distributable income from Form 141AZ, Schedule C .....	2		%
3 Multiply the amount on line 1 by the percent on line 2, and enter the result .....	3		00

**Full-year Resident Individual Beneficiaries:**

- If the amount on line 3 is a positive number, enter this amount as an *Other Addition* to income on Arizona Form 140, page 1, line 17.
- If the amount on line 3 is a negative number, enter this amount as an *Other Subtraction* from income on Arizona Form 140, page 1, line 36.

**Part-year Resident Individual Beneficiaries:**

- If the amount on line 3 is a positive number, enter that portion of line 3 allocable to estate or trust income taxable by Arizona as an *Other Addition* to income on Arizona Form 140PY, page 1, line 30.
- If the amount on line 3 is a negative number, enter that portion of line 3 allocable to estate or trust income taxable by Arizona as an *Other Subtraction* from income on Arizona Form 140PY, page 2, line 46.

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**Part 2 Net Long-Term Capital Gain Subtraction – Information Schedule**

**INSTRUCTIONS FOR THE FIDUCIARY:**

Arizona requires individual taxpayers to make certain adjustments to their federal adjusted gross income in order to compute their Arizona taxable income.

- **Lines 4 and 5:** If the beneficiary’s federal 1041 K-1 includes a **distributed share** of the entity’s net short-term capital gain or net long-term capital gain, complete line 4, column (b); and line 5, columns (b) through (d).
- **Lines 6 and 7:** If this is the final return for the estate or trust and a capital loss carryover amount was distributed to the beneficiary, complete line 6, column (b); and line 7, columns (b) through (d).
- **Lines 8 and 9:** If any of the amounts reported on line 5, columns (c) and (d) include a net long-term gain or (loss) from (1) **an investment in an Arizona Qualified Small Business**; or (2) the **exchange of one kind of legal tender for another kind of legal tender**, complete lines 8 and 9, columns (b) through (e). *In column (b), enter only the net capital gain or (loss) from all short-term and long-term investments in the Arizona qualified small business and the exchange of legal tender.*

(a)  Item	(b)  Amount reported on federal Schedule K-1	(c) Net <i>long-term</i> capital gain or (loss) included in column (b) from assets acquired <i>before</i> January 1, 2012	(d) Net <i>long-term</i> capital gain or (loss) included in column (b) from assets acquired <i>after</i> December 31, 2011	
<b>4</b> Total net short-term capital gain or (loss) from Form 141AZ, page 1, line 15b distributed to the beneficiary.....	<b>4</b>			
<b>5</b> Total net long-term capital gain or (loss) from Form 141AZ, page 1, line 15c distributed to the beneficiary.....	<b>5</b>			
<b>6</b> Short-term capital loss carryover(s) distributed to the beneficiary upon termination of the estate or trust.....	<b>6</b>			
<b>7</b> Long-term capital loss carryover(s) distributed to the beneficiary upon termination of the estate or trust.....	<b>7</b>			

(a)  Item	(b)  Net Capital Gain or (loss)	(c) Net <i>long-term</i> capital gain or (loss) included in column (b) from assets acquired <i>before</i> January 1, 2012	(d) Net <i>long-term</i> capital gain or (loss) included in column (b) from assets acquired <i>after</i> December 31, 2011	
<b>8</b> Net capital gain or (loss) from investment in an Arizona qualified small business.....	<b>8</b>			
<b>9</b> Net capital gain or (loss) from the exchange of one kind of legal tender for another kind of legal tender.....	<b>9</b>			

**INSTRUCTIONS FOR THE INDIVIDUAL BENEFICIARY:**

The beneficiary **must** complete the worksheet, *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*, to determine the allowable subtraction. The worksheet is included in the instructions for the resident and part-year resident income tax return (Arizona Forms 140 and 140PY).

**Full-year residents:** The amounts entered in column (d) on lines 5, 8, and 9, are used to compute the allowable subtraction on the net long-term capital gain worksheet. For more information, see the worksheet instructions for Form 140.

- For an amount entered on line 8, column (b); see the instructions for line 24 on Form 140.
- For an amount entered on line 9, column (b); see the instructions for lines 16 and 25 on Form 140.

**Part-year residents:** The amounts entered in column (d) on lines 5, 8, and 9, that are included in your Arizona gross income are used to compute the allowable subtraction on the net long-term capital gain worksheet. For more information, see the worksheet instructions for Form 140PY.

- For an amount entered on line 8, column (b); see the instructions for line 37 on Form 140PY.
- For an amount entered on line 9, column (b); see the instructions for lines 29 and 38 on Form 140PY.

**INSTRUCTIONS FOR THE FIDUCIARY BENEFICIARY:**

If the net long-term capital gain or (loss) on line 5, is taxed at the estate or trust level, use the information above to complete the *Worksheet for Net Long-Term Capital Gain Subtraction for Assets Acquired After December 31, 2011*, included in the instructions of Form 141AZ for the estate or trust.

The amounts entered in column (d) on lines 5, 8, and 9, are used to compute the allowable subtraction on the net long-term capital gain worksheet. For more information, see the worksheet instructions for Form 141AZ.

- For an amount entered on line 8, column (b); see the instructions for line 14a on Form 141AZ.
- For an amount entered on line 9, column (b); see the instructions for lines 12b and 14b on Form 141AZ.

# 2018 Resident or Part-Year Resident Beneficiary's Share of Fiduciary Adjustment

## Arizona Schedule 141AZ K-1

### For information or help, call one of the numbers listed:

Phoenix (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

### Tax forms, instructions, and other tax information

If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

### Income Tax Procedures and Rulings

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Reports and Legal Research* then click on *Legal Research* and select a *document* and *category* type from the drop down menus.

### Publications

To view or print the department's publications, go to our website and click on *Reports and Legal Research* then click on *Publications*.

## General Instructions for Fiduciary

Complete Form 141AZ Schedule K-1, for each resident or part-year resident beneficiary.

### File one copy of each Schedule K-1 with Form 141AZ.

Provide all beneficiaries with a copy of their Schedule K-1. Keep a copy for your records.

### Foreign Addresses

If a beneficiary or the fiduciary has a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country's name.

## Line-by-Line Instructions

### Part 1 - Beneficiary's Share of Fiduciary Adjustment

#### Instructions for Fiduciary

##### Line 1 -

Enter the net fiduciary adjustment to be allocated to beneficiaries from Form 141AZ Schedule C, line C14. If this is a negative amount, enter the amount in brackets.

##### Line 2 -

Enter the percentage of the beneficiary's share of federal distributable net income from Form 141AZ, Schedule C.

##### Line 3 -

Multiply line 1 by the percentage on line 2. Enter the result. If the result is a negative number, enter the number in brackets. This is the beneficiary's share of the fiduciary adjustment.

#### Instructions for Beneficiary

The fiduciary uses Form 141AZ, Schedule K-1, to report to you your share of the fiduciary adjustment from the estate or trust.

Do not file this Schedule K-1 with your return. Keep this Schedule K-1 with your records. The fiduciary filed a copy of this form with the department.

### Resident Beneficiary

Line 3 shows your share of the fiduciary adjustment from the estate or trust. If the amount on line 3 is a positive number, you must report this amount as an *addition to income* on your Arizona return. If you are an individual, report this amount as an *Other Addition* to income on your Arizona Form 140, line 17.

If the amount on line 3 is a negative number, you must report this amount as a *subtraction from income* on your Arizona return. If you are an individual, report this amount as an *Other Subtraction* from income on your Arizona Form 140, line 36.

### Part-Year Resident Beneficiary

If you are a part-year resident individual, report estate or trust income received while you were an Arizona resident. Also, report estate or trust income received from Arizona sources while you were a nonresident. Report this income on Arizona Form 140PY, page 1, line 21 (ARIZONA column). The amount that you should report on your Form 140PY, line 21 (FEDERAL column) is the amount from your federal income tax return.

If the amount on line 3 is a positive number, enter that portion of line 3 that is allocable to estate or trust income taxable by Arizona on Form 140PY, line 30.

If the amount on line 3 is a negative number, enter that portion of line 3 that is allocable to estate or trust income taxable by Arizona on Form 140PY, line 46.

### Part 2 - Net Long-Term Capital Gain Subtraction (Information Schedule)

Arizona allows a subtraction from Arizona gross income for a percentage of any net long-term capital gain from assets acquired after December 31, 2011, and included in the individual taxpayer's federal adjusted gross income or the estate or trust's federal taxable income.

#### Instructions for Fiduciary

##### Lines 4 through 9 -

If the **individual** beneficiary's federal Schedule K-1 (Form 1041) includes an amount for any net capital gain or (loss), complete lines 4 through 9 as instructed on page 2 of Form 141AZ Schedule K-1.

#### Instructions for Beneficiaries

Follow the instructions on page 2 of Form 141AZ, Schedule K-1.