

# 2023 Nonresident Beneficiary's Share of Income and Share of Fiduciary Adjustment

## Arizona Schedule 141AZ K-1 (NR)

### 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 select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Procedures* or *Rulings* from the drop-down menu. Using the Category box, select the tax type and then scroll down to find the *Document ID* or use the *Search Keyword* function to locate the document.

### Publications

To view or print the department's publications, go to our website select the *About* tab on the home page and select *Legal Research* from the drop-down menu and then click on *Publications* from the drop-down menu.

## General Instructions for Fiduciary

Complete a Form 141AZ Schedule K-1(NR) for each nonresident beneficiary.

### File one copy of each Schedule K-1(NR) with the fiduciary's Form 141AZ.

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

**NOTE:** For a Grantor Trust, enter the Social Security Number of the grantor, if not deceased

### 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 name.

## Line-by-Line Instructions

### Part 1 - Beneficiary's Share of Federal Distributable Net Income From Arizona Sources

#### Instructions for Fiduciary

##### Line 1

Enter the federal distributable net income from Arizona sources. Enter the amount from Form 141AZ Schedule D, line D9, column (c).

##### Line 2

Enter the beneficiary's share of federal distributable net income from Arizona sources.

### Part 2 - Beneficiary's Share of Fiduciary Adjustment Related to Arizona Source Income

#### Line 3

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

#### Line 4

Enter the amount of line 3 related to Arizona source income that is allocated to **all** nonresident beneficiaries.

#### Line 5

Enter the amount of line 4 allocated to the beneficiary. If the result is a negative number, enter the number in brackets.

This is the beneficiary's share of the fiduciary adjustment.

### Instructions for Nonresident Beneficiary

The fiduciary uses Form 141AZ Schedule K-1(NR), to report to you your share of the federal distributable income from Arizona sources and your share of fiduciary adjustment from the estate or trust.

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

Nonresident individual beneficiaries should enter the amount from Form 141AZ Schedule K-1(NR), line 2, on Arizona Form 140NR, line 21, in the ARIZONA column.

Line 5 shows your share of the fiduciary adjustment from the estate or trust. If the amount on line 5 is a positive number, you must report this amount as an *addition to income* on your Arizona return. If you are a nonresident individual, include this amount on your Arizona Form 140NR, line 32, *Other Additions to Income* or Form 140NR-SBI, line 11.

If the amount on line 5 is a negative number, you must report this amount as a *subtraction from income* on your Arizona return. If you are a nonresident individual, include this amount on your Arizona Form 140NR, line 45, *Other Subtractions from Income* or Form 140NR-SBI, line 33.

### Part 3 - 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's Arizona gross income or the estate or trust's Arizona gross income.

**Instructions for Fiduciary****Lines 6 through 11**

If the **individual** beneficiary's Form 1041 Schedule K-1 includes an amount for any net capital gain or (loss), complete lines 6 through 11 as instructed on pages 2 and 3 of Form 141AZ Schedule K-1(NR).

**Instructions for Beneficiaries**

Follow the instructions on pages 2 and 3 of Form 141AZ Schedule K-1 (NR).

**Part 4 – Individual Beneficiary's Pro-Rata Share of the Distributed Virtual Currency and Non-Fungible Tokens****Line 12**

**Fiduciary:** Enter the value of virtual currency and non-fungible tokens received at the time of airdrop distributed to the beneficiary.

**Individual Beneficiary:** Include this amount on Form 140NR, page 6, item "N", as an "Other Subtraction from Arizona Gross Income".

**Part 5 – Individual Beneficiary's Pro-Rata Share of the Distributed Gas Fees or Non-Fungible Token Basis****Line 13**

**Fiduciary:** Enter the amount allowed as a subtraction for gas fees or non-fungible token basis distributed to the beneficiary.

**Individual Beneficiary:** Include this amount on Form 140NR, page 6, item "O", as an "Other Subtraction from Arizona Gross Income".

**Part 6 – Individual Beneficiary's Pro-Rata Share of the Distributed PTE Tax Credit from the Pass-through Entity****Line 14**

**Fiduciary:** Enter the pro-rata amount of the Entity-Level Income tax credit *distributed* to the estate or trust's individual beneficiary.

**Individual Beneficiary:** Enter the amount of your distributed share of the Entity-Level Income tax credit on Form 355, line 3.

**Line 15**

**NOTE:** Individual beneficiaries who claim the Pass-through entity tax credit on Form 355, must add-back their pro-rata share of the 2023 taxes paid in tax year 2023 by the Pass-through Entity for tax years 2023 and/or 2022.

**Fiduciary:** Enter the amount of the individual beneficiary's pro-rata share of the Arizona PTE Taxes paid in 2023 for taxable years 2023 and/or 2022.

For example, if the partnership K-1 provided to the trust showed a total tax addback of \$20,000 and the trust keeps 10% and distributes 45% to each individual beneficiary, then the amount added back on the trust return would be \$2,000 (\$20,000 x 10%) and the amount reported to each individual beneficiary on the 141AZ Schedule K-1(NR) would be \$9,000 (\$20,000 x 45%) to each individual beneficiary.

**Individual Beneficiary:** Enter the amount of your pro-rata share of Arizona taxes paid in 2023 for taxable years 2023 and/or 2022 (add-back) on Form 140NR, page 5, item "L" or Form 140NR-SBI, line 24.