



ALABAMA DEPARTMENT OF REVENUE
Fiduciary Income Tax Return

For the calendar year 2006 or fiscal year beginning

_____, 2006, and ending _____, _____

Form section for Type of entity, Employer Identification Number, Name of Estate or Trust, Name and Title of Fiduciary, Address of Fiduciary, City, State, and Zip Code. Includes checkboxes for Decedent's estate, Simple trust, etc., and options for Initial Return, Amended Return, or Final Return.

Date entity created _____ Number of K-1s attached _____

Return is Filed on Cash Basis Nonresident estate or trust Trust has a nonresident beneficiary

A complete copy of the Federal Form 1041 must be attached for this return to be considered complete.

Table for COMPUTATION OF ALABAMA TAXABLE INCOME AND NET TAX DUE. Rows include Alabama Adjusted Total Income, Special Deductions Available to Trusts, Alabama Taxable Income, and Total Income Tax Due.

(For official use only)

Form section with a large box containing 'CN' and '(For official use only)'.

Returns with payments must be filed with the Alabama Department of Revenue, Individual and Corporate Tax Division, P.O. Box 327444, Montgomery, AL 36132-7444.

I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Please Sign Here

Signature line for fiduciary or officer representing fiduciary, including fields for Date, Daytime Telephone No., and Social Security Number.

Paid Preparer's Use Only

Form section for Paid Preparer's Use Only, including fields for Preparer's signature, Date, Firm's name, Tel., E.I. No., and ZIP Code.



Name of estate or trust	Employer identification number
Name and title of fiduciary	

SCHEDULE A – ALABAMA CHARITABLE DEDUCTION. Do not complete for a simple trust or a pooled income fund.

1 Amounts paid or permanently set aside for charitable purposes from gross income	1		
2 Alabama tax-exempt income allocable to charitable contributions	2		
3 Subtract line 2 from line 1	3		
4 Capital gains for the tax year allocated to corpus and paid or permanently set aside for charitable purposes	4		
5 Alabama Charitable Deduction. Add Line 3 and Line 4. Enter total here and on Page 3, Schedule C, Line 13, Column C	5		

SCHEDULE B – COMPUTATION OF ALABAMA INCOME DISTRIBUTION DEDUCTION

1 Alabama Adjusted Total Income (Page 1, Lne 1)	1		
2 The amount of gain from the sale of capital assets, but only if the gain was allocated to corpus and <u>not</u> paid, credited, or required to be distributed to any beneficiary during the taxable year or <u>not</u> included in Line 4, Schedule A (<i>see instructions</i>).	2		
3 Subtract the amount entered on Line 2 from the amount entered on Line 1, and enter in Line 3	3		
4 The amount of loss from the sale of capital assets – entered as a positive number, only if the loss was not considered in the determination of the amount to be paid, credited, or required to be distributed to any beneficiary during taxable year.	4		
5 Amount of tax exempt interest income excluded in computing Alabama taxable income	5		
6 Other adjustments – see instructions	6		
7 Alabama Distributable Net Income (<i>Sum of Lines 3 through 6</i>)	7		
8 If a complex trust, enter accounting income for the tax year as determined under the governing instrument and applicable local law	8		
9 Income required to be distributed currently	9		
10 Other amounts paid, credited, or otherwise required to be distributed	10		
11 Total distributions. add Lines 9 and 10	11		
12 Enter the amount of tax-exempt income included on Line 11	12		
13 Tentative income distribution deduction. Subtract Line 12 from Line 11	13		
14 Tentative income distribution deduction. Subtract Line 5 from Line 7. If zero or less, enter -0-	14		
15 Special Alabama Income Distribution Deduction (<i>see instructions for applicability of the special limitation</i>).	15		
16 Alabama Income Distribution Deduction. Enter the smallest of Line 13, Line 14, or, if applicable, Line 15, on this line and on Page 1, Line 2. (Do not enter less than zero.)	16		

**CHANGE IN ALABAMA TAX LAW
CONCERNING ESTATES AND TRUSTS**

The Alabama Legislature passed the Subchapter J and Business Trust Conformity Act (Act Number 2006-114) during the 2006 session. The law was retroactively effective for tax years beginning after December 31, 2004.

At the time the 2006 Form 41 was being developed, the promulgation process had begun for the regulations to implement the Act. Up-to-date information concerning the law and regulations is available on the Alabama Department of Revenue’s Web site (www.revenue.alabama.gov).



Name of estate or trust	Employer identification number
Name and title of fiduciary	

SCHEDULE C – COMPUTATION OF ALABAMA ADJUSTED TOTAL INCOME

		Column A AS REPORTED ON FEDERAL FORM 1041	Column B ALABAMA ADJUSTMENTS	Column C ALABAMA AMOUNT
1 Interest income	1			
2 Ordinary dividends	2			
3 Business income or (loss)	3			
4 Capital gain or loss (see instructions)	4			
5 Rents, royalties, partnerships, and other estates and trusts	5			
6 Farm income or (loss)	6			
7 Ordinary gain or (loss) from Form 4797	7			
8 Other income	8			
9 Total Income (Sum of Lines 1 through 8)	9			
Ordinary Deductions:				
10 Interest	10			
11 Taxes (include federal estate and income taxes)	11			
12 Fiduciary fees	12			
13 Charitable deduction	13			
14 Attorney, accountant, and return preparer fees	14			
15 Other deductions not subject to the 2% floor	15			
16 Allowable miscellaneous itemized deductions subject to the 2% floor ..	16			
17 Total Ordinary Deductions (Sum of Lines 10 through 16)	17			
18a Federal Adjusted Total Income (Line 9 less Line 17 – the amount entered on this line in Column A must equal the amount entered on Page 1, Line 17, Form 1041)	18a			
18b Net Alabama Adjustments (Column B, Line 9 less Line 17)			18b	
18c Alabama Adjusted Total Income (Column C, Line 9 less Line 17). Enter here and on Page 1, Line 1				18c
19 Alabama Tax Exempt Income	19			

Attach a complete explanation, showing all computations, for each item of income or deduction included in Column B (Alabama Adjustments), include also a complete explanation and computation for the items of exempt income. See instructions.



Name of estate or trust	Employer identification number
Name and title of fiduciary	

SCHEDULE K – SUMMARY OF K-1 INFORMATION

	TOTAL ALABAMA AMOUNT	
1 Interest income	1	
2 Total dividends	2	
3 Business income or (loss)	3	
4 Net Alabama capital gain or loss (see instructions)	4	
5 Rents, royalties, partnerships, and other estates and trusts	5	
6 Farm income or (loss)	6	
7 Ordinary gain or (loss) from Form 4797	7	
8 Other income	8	
9 Alabama Tax Exempt Income	9	
10a Grantor Trust Income (Resident Beneficiaries Only)	10a	
10b Grantor trust Deductions (Resident Beneficiaries Only)	10b	
10c Net Grantor Trust Income (Resident Beneficiaries Only)	10c	
11 Nonresident Beneficiary – Alabama Source Income	11	
12 Nonresident Beneficiary – Non-Alabama Source Income	12	
Directly apportioned deductions:		
13a Depreciation	13a	
13b Depletion	13b	
13c Amortization	13c	

Schedule K is a summary of the information reported on the K-1s prepared with the returns.

Character of Income – In accordance with §40-18-25(b), *Code of Alabama 1975*, the character of the income that is reported by the beneficiary or owner of an estate or trust must reflect the same character the income possessed when the income was originally received by the estate or trust.

Allocation of the Alabama Income Distribution Deduction – The amount entered in Page 1, Line 2 (Alabama Income Distribution Deduction) must be allocated to resident beneficiaries and owners, so that the income reported by the beneficiaries or owners will retain its character . Generally the allocation is completed in accordance with Internal Revenue Code §§652 and 662. No amount may be included in the Alabama Income Distribution Deduction which is not included in the gross income of the estate or trust. See the instructions for more guidance concerning the allocation of income to the beneficiaries and owners.