

Table of Contents

Chapter 1	1-1
What is a Trust? What is an Estate?	1-1
What is a trust?	1-2
Decedent's estates	1-15
Chapter 2	2-1
The Fundamentals of Fiduciary Accounting	2-1
Fiduciary accounting under the UPAIA	2-4
Distinguishing <i>income</i> from <i>principal</i> under the UPAIA	2-5
The allocation of disbursements	2-15
Practice exercise 2-1	2-25
Chapter 3	3-1
Taxation of Trusts and Decedent's Estates: An Overview	3-1
Introduction	3-2
Defining passive income	3-9
Accounting periods	3-11
Section 645 election	3-12
Accounting methods	3-13
Estimated tax	3-14
Tax identification number	3-16
Chapter 4	4-1
Gross Income for Trusts and Decedent's Estates	4-1
Items to include	4-3
Treatment of property distributed in-kind	4-6
Chapter 5	5-1
Ordinary Deductions and Credits	5-1
Trade or business expense	5-2
Income-producing activities	5-3
Interest	5-4
Taxes	5-6

Losses and bad debts	5-7
Depreciation, amortization, and depletion	5-10
Deductions and credits in respect of a decedent: Section 691(b)	5-13
Deduction for estate taxes paid: Section 691(c)	5-14
Deductions that may be allowable for estate tax purposes	5-15
Qualified business income deduction for trusts and estates	5-16
Charitable contribution deductions	5-17
Suspension of miscellaneous itemized deductions subject to the two-percent floor	5-20
Deduction in lieu of exemption	5-21
Tax credits	5-22
Chapter 6	6-1
The Income Distribution Deduction	6-1
Defining DNI	6-2
Distinguishing simple trusts from complex trusts	6-4
Section 651(a): Deduction for distributions to beneficiaries of a simple trust	6-5
Section 661(a): Deduction for distributions of complex trusts and decedent's estates	6-9
Practice exercises	6-14
Chapter 7	7-1
How Beneficiaries are Taxed	7-1
The taxation of a simple trust beneficiary	7-2
The taxation of complex trust and estate beneficiaries	7-7
Practice exercises	7-13
Chapter 8	8-1
Special Rules Round-Up	8-1
Unused deductions passed through to beneficiaries upon termination of an estate or trust	8-2
The throwback rules	8-3
Special rules applicable to Sections 661 and 662	8-5
Practice exercise 8-1	8-10
Chapter 9	9-1
The Tax Treatment of Grantor Trusts	9-1
When is a grantor treated as an owner?	9-3
Reversionary interests	9-7
Power to control beneficial enjoyment	9-9
Retention of administrative powers	9-13
Power to revoke	9-15
Income for benefit of grantor	9-16

Person other than grantor treated as substantial owner	9-18
Foreign trusts having one or more U.S. beneficiaries	9-19
Chapter 10	10-1
Taxation of Special Trusts	10-1
Pooled income funds	10-2
Electing small business trusts	10-5
Bankruptcy estates	10-11
Special rule for certain revocable trusts: Section 645	10-14
Chapter 11	11-1
Filing Form 1041: U.S. Income Tax Return for Estates and Trusts	11-1
Who must file	11-2
Method of reporting for grantor trusts	11-4
Pooled income funds	11-7
Electing small business trust	11-8
Bankruptcy estate	11-10
Other types of trusts	11-12
When to file	11-13
Who must sign	11-14
Interest and penalties	11-15
Appendix A	A-1
Form 1041: U.S. Income Tax Return for Estates and Trusts	A-1
Glossary	Glossary 1
Index	Index 1
Solutions	Solutions 1
Chapter 1	Solutions 1
Chapter 2	Solutions 3
Chapter 3	Solutions 6
Chapter 4	Solutions 7
Chapter 5	Solutions 8
Chapter 6	Solutions 9
Chapter 7	Solutions 18
Chapter 8	Solutions 21
Chapter 9	Solutions 23
Chapter 10	Solutions 25
Chapter 11	Solutions 26

