# Schedule K-1 (Form 1041)

**Your Financial Complexities Simplified**

Reports a beneficiary's share of income, deductions, and credits from an estate or trust for tax purposes.

## What Is Schedule K-1 (Form 1041)?

If you are a beneficiary of an estate or trust, you may receive a Schedule K-1 (Form 1041) each year. This form reports your share of the estate's or trust's income, deductions, and credits that you must report on your personal tax return. The estate or trust itself files Form 1041, and each beneficiary receives their own K-1 showing their portion.

## What's Reported on Your K-1

- Part I: Information about the estate or trust (name, EIN, type)
- Part II: Information about you, the beneficiary (name, address, SSN, allocation percentage)
- Part III: Your share of current year income, deductions, and credits — including interest income, dividends, capital gains, rental income, and any deductions allocated to you

## Common Line Items You'll See

| Box | What It Reports |
|---|---|
| 1 | Interest income |
| 2a / 2b | Ordinary and qualified dividends |
| 3 | Net short-term capital gain |
| 4a / 4b / 4c | Net long-term capital gain (total, 28% rate, unrecaptured section 1250) |
| 5 | Other portfolio and nonbusiness income |
| 6 | Ordinary business income |
| 7 | Net rental real estate income |
| 8 | Other rental income |
| 9 | Directly apportioned deductions |
| 11 | Final year deductions (excess deductions on termination) |
| 14 | Other information (may include AMT items, credits, or foreign tax) |

## How This Affects Your Tax Return

Each type of income on your K-1 flows to a specific place on your Form 1040 — interest and dividends to Schedule B, capital gains to Schedule D, rental income to Schedule E, and so on. Because a K-1 can contain multiple income types in a single document, it's easy to miss something if you're preparing your own return. We make sure every box is accounted for.

## What to Bring Us

- Your Schedule K-1 (Form 1041) — every page
- Any correspondence from the estate/trust administrator or trustee
- Prior-year K-1s (if you've received them before, for comparison)
- Records of any distributions received directly from the estate/trust

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K-1 income can be one of the more confusing pieces of a tax return — we'll walk you through exactly what it means for your filing.

Questions about this worksheet? Contact AskHolmes at askholmes.info or (786) 550-5959.