

# Table of Contents

<b>Introduction .....</b>	<b>1</b>
<b>Final Form 1040 .....</b>	<b>1</b>
Filing dates.....	1
Responsible party .....	2
Transferee liability .....	6
Surviving spouse liability.....	6
Married decedent’s filing status.....	7
Married filing separately.....	8
Married filing jointly .....	9
Qualifying widows and widowers .....	9
Personal exemption .....	10
Standard deduction .....	10
Signing the return .....	11
Estimated taxes .....	11
Refunds.....	12
Income in respect of a decedent .....	14
Decedent’s income .....	16
Matching issues .....	17
Co-owned assets.....	20
Wages .....	28
Interest income .....	30
Owner of bonds after death.....	35
Dividend income .....	36
Capital gains and losses .....	38
State and local tax refunds .....	40
Alimony received.....	40

Schedule C business income .....	40
Farm income .....	41
Rental real estate .....	41
Depreciation.....	42
Partnership interests.....	43
Trust income .....	50
Nongrantor trusts.....	51
Revocable and irrevocable trusts .....	51
Grantor trusts.....	52
Joint revocable trusts.....	52
Medical savings accounts .....	53
Health savings account.....	53
Coverdell education savings account.....	54
Section 529 qualified tuition programs .....	55
Accelerated death benefits .....	55
Social Security death benefit .....	56
Stock options.....	56
Installment sales .....	58
Death from terrorist, military actions or as an astronaut.....	59
Decedent's deductions .....	59
Date of payment .....	59
Deductions in respect of a decedent.....	60
Medical expenses .....	61
Long-term care expenses .....	62
Net operating losses .....	64
Alimony payments .....	65
IRA contributions .....	66

Moving expenses.....	66
Annuity contracts.....	67
Mortgage interest and costs.....	68
Tax credits.....	68
Earned income tax credit.....	68
Elderly or disabled credit.....	69
Child tax credit and additional child tax credit.....	71
Credit carryovers.....	71
Wrapping up.....	73
Request for prompt assessment of tax.....	74
Request for discharge of personal liability.....	76
Case study: Elaine Clemmons' final Form 1040.....	88
Facts.....	88
Case study solution.....	92
<b>The Taxpayer's Estate.....</b>	<b>102</b>
How property passes.....	102
Probate.....	103
Administrative issues.....	104
Employer identification number.....	105
Form 1041.....	108
Accounting period.....	109
Accounting method.....	112
Due date.....	112
Amended Form 1041.....	113
E-filing.....	113
Header.....	114
Estate income.....	114

Interest income .....	124
Dividend income .....	125
Business income or loss .....	125
Capital gains and losses .....	127
Inherited property subject to debt .....	134
Community property .....	134
Sale of personal residence.....	136
Retirement plans .....	137
Rental real estate activities .....	140
Farm income or loss .....	143
Installment sales .....	144
Canceled debt.....	145
Miscellaneous income .....	145
Estate deductions, taxes and credits .....	146
Income tax or estate tax deduction .....	146
Deductions in respect of decedent.....	146
Deductible expenses .....	147
Depreciation and §179.....	161
Net operating losses .....	164
Net investment income tax .....	164
Adjusted gross income .....	167
Alternative minimum tax .....	168
Household employees .....	170
Estimated tax payments .....	170
Credit for taxes paid or withheld.....	172
Final year deductions.....	173
Elections and termination .....	173

Election to treat trust as part of estate .....	173
Termination of the estate .....	178
Final distribution.....	179
Residuary charities.....	180
Remaining carryovers .....	180
Case study: Elaine Clemmons’s Form 1041 .....	190
Facts .....	190
Case study solution .....	193
<b>Appendix .....</b>	<b>208</b>
Appendix A: Sample Election to Accrue Savings Bond Interest .....	208
Appendix B: Election to Waive the Right to Medical Expenses on the Decedent’s Estate Tax Return.....	209
<b>Index.....</b>	<b>210</b>