

Table of Contents

Filing, Administration and Income	1
How property passes.....	2
Probate	2
Administrative issues	3
Employer identification number	4
Form 56	7
Other types of tax	9
Other forms that may be required.....	10
Form 1041.....	11
Accounting period.....	12
Accounting method.....	15
Due date	16
Information returns	16
Extensions	18
Header	21
Estate income	22
Interest income	22
Dividend income	24
Business income or loss.....	25
Capital gains and losses.....	27
Income in respect of a decedent (IRD).....	38
Inherited property subject to debt.....	41
Community property	41
Sale of a personal residence	43
Retirement plans	45
Rental real estate activities	54
Farm income or loss.....	57
Installment sales.....	58

Canceled debt	59
Miscellaneous income	60
Deductions, Taxes and Credits	68
Income tax or estate tax deduction	68
Deductions in respect of decedent.....	69
Deductible expenses	70
Casualty or theft losses	85
Adjusted gross income.....	86
Where to deduct expenses.....	88
Estate transmission expenses	88
Estate management expenses	89
Section 179	89
Income distribution deduction	93
Distributable net income.....	96
Separate share rule.....	101
Fiduciary accounting income.....	105
Net investment income tax	105
Alternative minimum tax	112
Household employees	119
Estimated tax payments	119
Credit for taxes paid or withheld	121
Final year deductions.....	121

Elections and Termination	130
Election to treat trust as part of estate	130
Termination of the estate	134
Items the IRS scrutinizes	138
Summary of items placed on Form 706, Form 1041 and Form 1040.....	140
Comprehensive Example: Estate Form 1041	144
Completed Example: Estate Form 1041	148
Appendix	169
Election to Take Income Tax Deduction for Estate Expenses.....	169
Sample Letter to Terminate the Fiduciary Relationship	170
Index.....	171