

# Addendum: Introduction to Estates and Form 1041

Revision 1

Page 17

The beginning date for the year on Form 7004 should be 5/03/Y1, not 05/01/Y1.

Form **7004**  
(Rev. December 2018)  
Department of the Treasury  
Internal Revenue Service

**Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns**  
▶ File a separate application for each return.  
▶ Go to [www.irs.gov/Form7004](http://www.irs.gov/Form7004) for instructions and the latest information.

OMB No. 1545-0233

Name  
**Estate of Ramon Perez**

Identifying number  
**XX-XXX1234**

Number, street, and room or suite no. (if P.O. box, see instructions.)  
**123 Headstone Circle**

City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code).)  
**Anytown WI 54911**

**Note:** File request for extension by the due date of the return. See instructions before completing this form.

**Part I Automatic Extension for Certain Business Income Tax, Information, and Other Returns. See instructions.**

1 Enter the form code for the return listed below that this application is for **04**

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-ND (section 4951 taxes)	20
Form 706-GS(T)	02	Form 1120-PC	21
Form 1041 (bankruptcy estate only)	03	Form 1120-POL	22
Form 1041 (estate other than a bankruptcy estate)	04	Form 1120-REIT	23
Form 1041 (trust)	05	Form 1120-RIC	24
Form 1041-N	06	Form 1120S	25
Form 1041-QFT	07	Form 1120-SF	26
Form 1042	08	Form 3520-A	27
Form 1065	09	Form 8612	28
Form 1066	11	Form 8613	29
Form 1120	12	Form 8725	30
Form 1120-C	34	Form 8804	31
Form 1120-F	15	Form 8831	32
Form 1120-FSC	16	Form 8876	33
Form 1120-H	17	Form 8924	35
Form 1120-L	18	Form 8928	36
Form 1120-ND	19		

**Part II All Filers Must Complete This Part**

2 If the organization is a foreign corporation that does not have an office or place of business in the United States, check here ☐

3 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here ☐  
If checked, attach a statement listing the name, address, and employer identification number (EIN) for each member covered by this application.

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here ☐

5a The application is for calendar year 20 , or tax year beginning **05/03/Y1**, and ending **04/30/Y2**

b Short tax year. If this tax year is less than 12 months, check the reason: ☐ Initial return ☐ Final return  
☐ Change in accounting period ☐ Consolidated return to be filed ☐ Other (See instructions—attach explanation.)

6 Tentative total tax **0**

7 Total payments and credits. See instructions **0**

8 Balance due. Subtract line 7 from line 6. See instructions **0**

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Form **7004** (Rev. 12-2018)

## Revision 2

### Page 63

The review question responses are misnumbered, and the first response is not tied to one of the review questions. The review answer response numbers have been corrected.

1.

- A. **Correct.** Interest accrued on a CD is IRD because the decedent had a right to the income at death, but because of the decedent's accounting method they did not include it in income.
- B. Incorrect. Alimony owed by the decedent is a liability or debt rather than income.
- C. Incorrect. Wages received before death are reportable on the decedent's Form 1040.
- D. Incorrect. Life insurance is not includable in gross income.

[Income in respect of a decedent]

2.

- A. Incorrect. The average of the high and low price on the date of death is the correct stock price, not the opening price.
- B. Incorrect. The average of the high and low price on the date of death is the correct stock price, not the closing price.
- C. Incorrect. The average of the high and low price on the date of death is the correct stock price, not the price at noon.
- D. **Correct.** The average of the high and the low price on the date of death is the stock price.

[Capital gains and losses]

3.

- A. Incorrect. The capital gains of \$5,000 and the dividends of \$1,000 are part of the undistributed net investment income.
- B. Incorrect. The \$1,000 of dividends are undistributed net investment income but the \$5,000 of capital gains are also included.
- C. **Correct.** Individual retirement plan income is not investment income. Therefore, the undistributed net investment income is \$6,000 (\$5,000 + \$1,000).
- D. Incorrect. The IRA income is not undistributed net investment income.

[Retirement plans]

Date of revision: 05-12-25

## Revision 3

### Page 71

The indirect expenses for the gross income calculation should be \$3,000 not \$4,000. This results in \$2,400 of indirect expenses being allocated to taxable income.

#### Net income method: \_\_\_\_\_

First, the estate reduces dividend income to \$7,000 (\$8,000 - \$1,000). Next, the estate allocates the attorney fees based on the portion of net income attributable to each class of income. The result is \$2,333.33 of the \$3,000 allocated to taxable income.

$$\frac{\$7,000}{\$2,000 + \$7,000} \times \$3,000 = \$2,333.33$$

#### Gross income method:

The estate allocates based on gross income, before using any direct expenses. The denominator is \$10,000 instead of \$9,000.

$$\frac{\$8,000}{\$2,000 + \$8,000} \times \$3,000 = \$2,400$$

Using the gross income method, the estate allocates \$2,400 to taxable income.

Date of revision: 06-03-25