SCHEDULE K-1
FORM 741
42A741(K-1)
Department of Revenue

2016

KENTUCKY BENEFICIARY'S SHARE OF INCOME, DEDUCTIONS, CREDITS, ETC.

➤ **Complete a separate Schedule K-1 for each beneficiary.**

For calendar year or fiscal year beginning _____ , 2016, and ending _____ , 2017.

Name of estate or trust ➤

☐ Amended K-1
☐ Final K-1

Beneficiary's identifying number ➤

Estate or trust's federal employer identification number ➤

Beneficiary's name, address and ZIP code

Fiduciary's name, address and ZIP code

(a) Allocable Share Item	(b) Federal Amount	(c) Difference	(d) Kentucky Amount
1. Interest			
2. Dividends			
3. Net short-term capital gain			
4. Net long-term capital gain			
5. a Annuities, royalties and other nonpassive income before directly apportioned deductions (see federal instructions)			
b Depreciation			
c Depletion			
d Amortization			
6. a Trade or business, rental real estate and other rental income before directly apportioned deductions (see federal instructions)			
b Depreciation			
c Depletion			
d Amortization			
7. Federal estate tax deduction (attach computation)			
8. Foreign taxes (attach schedule)			
9. Deductions in the final year of estate or trust:			
a Excess deductions on termination (attach computation)			
b Short-term capital loss carryover			
c Long-term capital loss carryover			
d Net operating loss (NOL) carryover			
e _____			
f _____			
10. Other: (itemize)			
a _____			
b _____			
c _____			

Resident Adjustment

11. Add lines 1 through 6 and portions of lines 9 and 10 in column (c). Add income amounts and subtract (loss) and deduction amounts (see instructions). Enter on Form 740, Schedule M, line 3, if difference is positive, or line 15, if difference is negative (see instructions) .....

PASS-THROUGH CREDIT

12. a Limited liability entity tax credit (KRS 141.0401(2))	12a	
b Refundable Certified Rehabilitation Credit (KRS 141.382(1)(b))	12b	
c Film Industry Tax Credit (KRS 141.383)	12c	
d Nonresident Withholding from Form PTE-WH not included on Form 741, line 21e	12d	

INSTRUCTIONS TO BENEFICIARY

SCHEDULE K-1 (FORM 741)

Who Must File—If you were a Kentucky resident for the entire year, your filing requirement depends upon your family size, modified gross income, Kentucky adjusted gross income and income from self-employment.

Family Size—Consists of yourself, your spouse if married and living in the same household and qualifying children.

Qualifying Child—Means a qualifying child as defined in Internal Revenue Code Section 152(c).

Modified Gross Income—Consists of your federal adjusted gross income, your spouse's federal adjusted gross income if living in the same household, plus any tax-exempt interest from municipal bonds (non-Kentucky) or any lump-sum distribution amount taxed on Form 4972-K.

Kentucky Adjusted Gross Income—Consists of your federal adjusted gross income plus any additions and subtractions from Schedule M, Modifications to Federal Adjusted Gross Income.

Resident beneficiaries use Charts A and B below to determine if you need to file a Kentucky return. Nonresidents use Chart A only.

Chart A

If Your **Family Size** is:		Your ***Modified Gross Income*** *is greater than*:
One	***and***	$11,880
Two	***and***	$16,020
Three	***and***	$20,160
Four or More	***and***	$24,300

Chart B

If Your **Filing Status** is:		Your **Kentucky Adjusted Gross Income** *is greater than*:
Single Person—Under age 65	***and***	$ 2,960
Single Person—Age 65 or over or blind	***and***	$ 4,960
Single Person—Age 65 or over and blind	***and***	$ 6,460
Taxpayer and Spouse—Both under age 65	***and***	$ 3,460
Taxpayer and Spouse—One age 65 or over	***and***	$ 5,460
Taxpayer and Spouse—Both age 65 or over	***and***	$ 6,760

Taxpayers With Self-Employment Income—Must file a Kentucky individual income tax return regardless of the amount of Kentucky adjusted gross income used in the Chart B if you have gross receipts from self-employment in excess of modified gross income for your family size in Chart A.

Generally, all income of Kentucky residents, regardless of where it was earned, is subject to Kentucky income tax.

Nonresidents and Part-year Residents—Nonresidents with income from Kentucky sources and part-year residents receiving income while a Kentucky resident or from Kentucky sources while a nonresident must file a Kentucky Form 740-NP based on the above criteria. Persons moving into Kentucky must report all income received from Kentucky sources prior to becoming residents and income received from all sources after becoming Kentucky residents. Residents moving out of Kentucky during the year must report income from all sources while a resident and from Kentucky sources while a nonresident.

Note: Nonresidents and part-year residents are entitled to the family size tax credit.

When to Report—Include your share of the estate or trust's income, deductions, credit, etc., as shown by your Schedule K-1 (Form 741) on your Kentucky income tax return for the year in which the tax year of the estate or trust ends. For example, if you, the beneficiary, are on a calendar year, and the estate or trust's tax year ends January 31, 2016, you must take the items listed on Schedule K-1 (Form 741) into account on your tax return for calendar year 2016.

Passive Activity Limitations—Form 740 filers see Form 8582-K and instructions for passive activity loss adjustments. Nonresident beneficiaries (740-NP filers) must complete Form 8582-K and federal Schedule E with Kentucky amounts.

Kentucky Resident Beneficiaries (Form 740 Filers)—If **Line 11**, column (c) is a positive amount, enter the difference as an addition to federal adjusted gross income on Form 740, Schedule M, Line 3. If **Line 11**, column (c) is a negative amount, enter the difference as a subtraction on Form 740, Schedule M, Line 15.

Nonresident Beneficiaries (Form 740-NP Filers)—This Schedule K-1 should reflect ***all*** income that has been claimed as part of the income distribution deduction. However, nonresident beneficiaries are only subject to tax on the following types of income:

- from Kentucky sources;
- from activities carried on in Kentucky;
- from the performance of services in Kentucky;
- from real or tangible property located in Kentucky; and
- from a partnership or S corporation doing business in Kentucky.

Line 12a—Enter this amount on Line 7 of the Kentucky Limited Liability Entity Tax Credit Worksheet located in the Form 740 and Form 740-NP instructions under Business Incentive Credits.

Line 12b—Enter this amount on Form 740 or Form 740-NP, Line 30c.

Line 12c—Enter this amount on Form 740 or Form 740-NP, Line 30d.

Line 12d—Enter this amount on Form 740, Line 30a or Form 740-NP, Line 30e.