

1995 Charitable Remainder and Pooled Income Trusts

541-B

Form header section with fields for Full name of trust, Name of trustee, Address of trustee, City, town or post office, state and ZIP code, and checkboxes for 'Final Return' and trust types.

Part I Ordinary Income

Table with 8 rows for Ordinary Income items: Interest income, Dividends, Business income, Rents, royalties, partnership, other estates and trusts, Farm income, Ordinary gain, Other income, and Total ordinary income.

Deductions Allocable to Ordinary Income

Table with 4 rows for Deductions: Interest, Taxes, Other deductions, and Total deductions.

Capital Gains (Losses) and Allocable Deductions

Table with 4 rows for Capital Gains: Total capital gain, Add unused capital loss carryover, Balance, and Balance after deductions.

Part II Accumulation Schedule

Table with 4 columns: Accumulations, (a) Ordinary income, (b) Capital gains and (losses), and (c) Nontaxable income. Rows include Undistributed from prior years, Current year, Total, and Undistributed at end of taxable year.

Part III Current Distributions Schedule

Table with 5 columns: Name of recipient, Federal identifying number, (a) Ordinary income, (b) Capital gains and (losses), and (c) Nontaxable income and corpus. Rows 23 and 24.

Part IV Unrelated Business Taxable Income

25 Did the trust have any unrelated business taxable income? Yes No. If "Yes," file a separate Form 541 to report the tax due or overpaid tax.

Signature and preparer information section including 'Please Sign Here' and 'Paid Preparer's Use Only' with fields for signatures, dates, and identification numbers.

Mail return to: Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0000

Part V Balance Sheet

		(a) All filers Book Value as of the end of the taxable year		(b) Unitrusts only – Fair Market Value as of date: ▶
Assets				
26	Cash	26		
27	Listed securities	27		
28	a Trade notes and accounts receivable	28a		
	b Less allowance for bad debts	28b		
29	Inventories	29		
30	Federal and state government obligations	30		
31	Accrued income	31		
32	Other current assets. Attach schedule	32		
33	Mortgage and real estate loans	33		
34	Other investments. Attach schedule	34		
35	a Buildings and other fixed depreciable assets	35a		
	b Less accumulated depreciation	35b		
36	a Depletable assets	36a		
	b Less accumulated depletion	36b		
37	Land (net of any amortization)	37		
38	Other assets. Attach schedule	38		
39	Total assets.	39		
Liabilities				
40	Accounts payable	40		
41	Accrued liabilities	41		
42	Mortgages and notes payable in less than 1 year	42		
43	Other current liabilities. Attach schedule	43		
44	Mortgages and notes payable in 1 year or more	44		
45	Other liabilities. Attach schedule	45		
46	Total liabilities	46		
Net Assets				
47	Trust principal or corpus	47		
48	Undistributed income and profits	48		
49	Total net assets. Add line 47 and line 48	49		
50	Total liabilities and net assets. Add line 46 and line 49	50		
To be completed ONLY by an IRC Section 664 charitable remainder annuity trust:				
51	a Enter the initial fair market value (FMV) of the property placed in the trust	51a		
	b Enter the total annual annuity amounts for all recipients (attach schedules showing the amount for each recipient if more than one)	51b		
To be completed ONLY by an IRC Section 664 charitable remainder unitrust:				
52	a Enter the unitrust fixed percentage to be paid to the recipients	52a		%
	b Subtract line 46 from line 39, and multiply the result by the percentage on line 52a	52b		
Note: Complete line 53a through line 53b ONLY for those unitrusts whose governing instruments provide for determining required distributions with reference to the unitrust's income. Otherwise, enter the amount from line 52b on line 55.				
53	a Trust's accounting income for 1995	53a		
	b Enter the smaller of line 52b or line 53a here, and on line 55 below, unless the following "Caution" applies	53b		
Caution: Line 53a and line 53b need to be completed by those unitrusts whose governing instruments provide for current distributions to make up for any distribution deficiencies in previous years due to the trust income limit. See IRC Regulations Section 1.664-3(a)(1)(b)(2). For these trusts, when completing line 55 enter the smaller of line 53a or line 54b.				
54	a Total accrued distribution deficiencies from previous years. See instructions	54a		
	b Add line 52b and line 54a	54b		
55	Unitrust amount. If there is more than one recipient, attach a schedule showing the percentage of the total unitrust dollar amount payable to each recipient	55		
56	Carryover of distribution deficiency. Subtract line 55 from line 54b	56		
57	Did the trustee change the method of determining the fair market value of the assets? If "Yes," attach an explanation.			<input type="checkbox"/> Yes <input type="checkbox"/> No
58	Were any additional contributions received by the trust during 1995? If "Yes," attach a schedule that lists the assets, and the date(s) received.			<input type="checkbox"/> Yes <input type="checkbox"/> No

Instructions for Form 541-B

Charitable Remainder and Pooled Income Trusts

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1993**, and to the California Revenue and Taxation Code (R&TC).

General Instructions

A Purpose of Form

Use Form 541-B to report financial activities of a charitable remainder annuity trust or a charitable remainder unitrust.

B Who Must File

The fiduciary for all charitable remainder trusts (as defined in IRC Section 664 or pooled income funds (as defined in IRC Section 642(c)(5)) must file Form 541-B for each calendar year. In addition, the fiduciary must also file Form 541-A, Trust Accumulation of Charitable Amounts, to report the information required in R&TC Section 18635 unless all net income is required to be currently distributed.

C When to File

File Form 541-B on or before April 15, 1996. However, if you need additional time to file, California grants an automatic six month extension. No request form is required to obtain this extension.

D Where to File

Mail Form 541-B to:

**FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0000**

E Trust Instrument

You do not have to file a copy of the trust instrument unless the Franchise Tax Board requests it.

F California Tax Exemption

A charitable remainder annuity trust or a charitable remainder unitrust created after December 31, 1970, is exempt from California income tax, except for years when it has unrelated business taxable income. Even though exempt from California income tax, such a trust must file Form 541-B for the calendar year.

G Final Return

For the last taxable year of a charitable remainder annuity trust or a charitable remainder unitrust, check the "Final Return" box at the top of Form 541-B.

H Signature

The trustee or officer representing the trustee must sign Form 541-B. It must also be signed by any person preparing the fiduciary's return for compensation, and who is not a regular full-time employee of the trustee.

I Attachments

Use the schedules on Form 541-B unless you need more space. If you use attachments, they must:

- show the form number and the taxable year;
- show the trust's name and federal employer identification number;
- include the information required by the form;
- follow the format and line sequence of the form; and
- be on the same size paper as the form.

Specific Instructions

Part I Divide the trust's income (both current and cumulative) into three categories: (1) ordinary income, (2) capital gains and losses, and (3) nontaxable income.

Deductions

The following deductions are not permitted in computing ordinary income, capital gains or nontaxable income: federal, state and local income and excise taxes, charitable contributions (IRC Sec. 642(c)), net operating losses (IRC Sections 172 and 642(d)), distributions to beneficiaries (IRC Sec. 661) and capital loss carryforwards (IRC Section 1212).

1. Allocate deductions directly attributable to a particular class of income items to that class of income item (such as interest, dividends or rents). Allocate deductions directly attributable to corpus, to corpus.
2. Allocate deductions (not allocated under 1 above) on the basis of gross income after directly attributable deductions to the extent of such income.
3. Allocate deductions (not allocated under 1 or 2 above) in any manner even if the allocation results in a loss.

Allocate any expense that is not deductible in determining taxable income and not allocated to nontaxable income to corpus. Allocate all income and excise taxes to trust corpus.

Part II Accumulation Schedule

Report the income (both current and cumulative undistributed) of the trust for purposes of determining the character of distributions in three categories:

- a. ordinary income;
- b. capital gains and losses; and
- c. nontaxable income.

A loss in any one of the three categories may not be used to reduce a gain in any other category. For example, a capital loss may not be used to reduce ordinary income. However, a loss in any category may be used to reduce undistributed gain for prior years within that same category, and any excess may be carried forward to reduce gain in future years within that same category.

Part III Current Distributions Schedule

Annuity and unitrust amounts required to be distributed have the following characteristics to the recipients:

- a. First, as ordinary income to the extent of the trust's ordinary income for the current year and undistributed ordinary income for prior years.
- b. Second, as capital gain to the extent of the trust's undistributed capital gains.
- c. Third, as nontaxable income to the extent of the trust's nontaxable income for the current year and undistributed nontaxable income for prior years.
- d. Fourth, as trust corpus. The accumulation distribution provisions do not apply.

Furnish each recipient (beneficiary) listed in Part III with a Schedule K-1 (541), Beneficiary's Share of Income Deductions, Credits, etc., that reflects his or her

respective current distribution. See the instructions to Form 541, California Fiduciary Income Tax Return, for more information on how to complete Schedule K-1 (541).

Part IV Unrelated Business Taxable Income

If the trust has any unrelated business taxable income within the meaning of IRC Section 512 and related regulations for the taxable year, the trust is taxable on all its income for the taxable year as a complex trust.

Complete and file a separate Form 541 to report income and deductions and to compute the tax. Income and deductions, including the deduction for distributions to beneficiaries, are computed in accordance with the regular trust rules contained in the instructions for Form 541. However, the recipients will be taxed on amounts they receive in accordance with Specific Instructions, Part III. The grantor and substantial owner provisions do not apply.

Part V Balance Sheet

Complete the balance sheet using the accounting method the trust uses in keeping its books and records. All filers must complete column (a). All unitrusts must also complete column (b).

In completing column (b) for unitrusts, if an average value is used for more than one valuation date, enter "average" for the valuation date at the top of the column and report each valuation date in the attached explanation for line 57. Also, for purposes of this column, fair market value includes both accrued income and accrued liabilities. For line 32, line 34 and line 38 submit a supplemental schedule listing the value of each asset individually to substantiate the totals shown in the respective columns.

Both annuity trusts and unitrusts should include any advances from trustees on line 45. Unitrusts should also include any unitrust amounts applicable to prior years that are unpaid as of the valuation date since such amounts reduce the net fair market value of the trust's assets.

Enter the unitrust fixed percentage (which may not be less than 5 percent) in the space provided on line 52a.

Enter the total accrued distribution deficiencies from previous years on line 54a. To determine the deficiencies:

1. Aggregate the unitrust's net asset fair market value for each previous year.
2. Multiply 1 above by the unitrust's fixed percentage.
3. Subtract the aggregate trust income that was distributed for previous years from 2 above.

On line 55, show the percentage of the total unitrust dollar amount payable to each recipient. The sum of these individual shares should be 100 percent.