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2021 Estate and Trust Income Tax Return Checklist

Form 1041 (Long)

Client name and number ______________________________

Prepared by ____________ Date ________ Reviewed by ____________ Date ________

100) General	Yes/ Done	No/ N/A
▶ 101) Obtain a signed engagement letter from the fiduciary.	☐	☐
▶ 102) Consider asking the fiduciary to execute Form 2848, *Power of Attorney and Declaration of Representative*.	☐	☐
▶ 103) If this is the first or final return for the estate or trust, or if changes in relationships have been made, consider whether Form 56, *Notice Concerning Fiduciary Relationship*, should be filed to notify the IRS of the creation or termination of a fiduciary relationship.	☐	☐
▶ 104) For an estate, determine the estate's name (check Form SS-4), address, tax identification number (TIN), date of decedent's death, tax year and the name and title of the fiduciary. Determine if Form 8822-B, *Change of Address or Responsible Party – Business*, has been or should be filed.	☐	☐
▶ 105) Ask the fiduciary to provide any correspondence related to the decedent, to or from the IRS or state tax authority, including any adjustments made to prior returns that could affect later returns.	☐	☐
▶ 106) Consider any elections made by incapacitated individuals or by decedents on previously filed returns. Also consider an election made to have a survivor benefit plan annuity paid to a special needs trust.	☐	☐
▶ 107) If the estate received an economic impact payment (stimulus check) and the decedent was unmarried at the time of his or her death, use the process described on the IRS's Economic Impact Payment Information Center.	☐	☐
▶ 108) Review the prior year's return including all supporting forms and schedules.	☐	☐
▶ 109) Determine if any changes in accounting methods are necessary. If an accounting method has changed, determine if it qualifies to be an automatic consent change under the current applicable revenue procedure. Prepare Form 3115, *Application for Change in Accounting Method*, as necessary.	☐	☐
▶ 110) Review the proforma or organizer for accuracy.	☐	☐
▶ 111) Review any business financial statements and footnotes for relevant information, if applicable.	☐	☐
▶ 112) Do any qualified disaster relief provisions apply to the taxpayer for the taxable year?	☐	☐

	Yes/ Done	No/ N/A
▶ 113) Consider federal and state e-filing requirements.	☐	☐
▶ 114) If this is the first return for the estate, consider whether a fiscal tax year should be adopted.	☐	☐
▶ 115) If this is the first return for an estate, allocate items of income, deductions and credits between the decedent's final return and the estate's return.	☐	☐
▶ 116) If the taxpayer is a trust:		
1. Determine the trust's name (check Form SS-4), address, TIN, date the trust was created/funded, type (simple, complex or grantor) and the name of the trustee(s).	☐	☐
2. Determine whether the type of trust has changed from a previously filed return.	☐	☐
3. For a trust that is treated as owned by one or more grantors or other persons, consider using an alternate method of reporting instead of filing Form 1041.	☐	☐
4. Determine the date the trust terminates, if known.	☐	☐
5. Determine the trust's accounting income under the governing instrument and local law.	☐	☐
6. Determine the characterization of trust distributions (bequest, income or principal distributions).	☐	☐
a) Determine if there are changes in the trust distribution requirement due to the death of a beneficiary or a beneficiary attaining a designated age.	☐	☐
▶ 117) Obtain and review an executed copy of the decedent's will or the trust instrument (including any amendments).	☐	☐
▶ 118) Determine how the income of the estate or trust is allocated among the estate or trust and the beneficiaries. Review dates of transactions from reporting documents to determine inclusion of income/deductions on the proper return.	☐	☐
▶ 119) If it is the first year of an estate:		
1. Determine whether there is a qualified revocable trust for which an election may be made to treat the trust as part of the estate.	☐	☐
2. If necessary, prepare a reconciliation as an attachment to Form 1041/Form 1040 for any income that has been reported on an individual's or estate's TIN, but should be reported by the trust.	☐	☐
▶ 120) If the trust is a beneficiary of an estate, obtain Form 8971, *Information Regarding Beneficiaries Acquiring Property From a Decedent*, for basis notification purposes. Note that Form 8971 excludes cash distributions.	☐	☐
▶ 121) Obtain each beneficiary's name, TIN, address, date of birth and state of residency.	☐	☐
▶ 122) Determine the basis of all assets received by (contributed to) the estate or trust.	☐	☐
▶ 123) Determine whether the estate or trust received any earnings (salary, wages and other compensation) of any individual under a contract assignment or similar arrangement.	☐	☐
▶ 124) Determine whether the estate or trust made or received a below-market interest rate loan and, if so, calculate the imputed interest as appropriate.	☐	☐

	Yes/ Done	No/ N/A
▶ 125) Consider filing Form 4810, *Request for Prompt Assessment Under Internal Revenue Code Sec. 6501(d)*.	☐	☐
▶ 126) Has the decedent's estate been open for more than two years? If so, attach an explanation for the delay in closing the estate.	☐	☐
▶ 127) Did the decedent own property in a community property state? If so, determine the ownership character of the property?	☐	☐

Comments/explanations

200) Income	Yes/ Done	No/ N/A
Interest		
▶ 201) Request all Forms 1099-INT and Forms 1099-OID received by the taxpayer.	☐	☐
▶ 202) Obtain the payer name and amount paid with respect to any other interest received by the taxpayer.	☐	☐
▶ 203) Did the taxpayer purchase any bonds in the taxable year?	☐	☐
1. If so, was the bond purchased at a premium?	☐	☐
2. Determine the amount (if any) of accrued interest paid in the taxable year.	☐	☐
▶ 204) Did the taxpayer purchase any bonds prior to the taxable year?	☐	☐
1. If so, did the taxpayer elect to amortize the bond premium?	☐	☐
▶ 205) For estates, determine whether any of the interest income is income of a decedent for which a deduction of estate tax is allowable.	☐	☐
▶ 206) For estates, determine whether interest income reported on Forms 1099-INT includes interest earned after the date of death that should be reported on the estate's return.	☐	☐
▶ 207) Determine whether the estate or trust received qualified residence interest from seller-financed mortgages.	☐	☐
▶ 208) Determine whether the estate or trust should impute interest on loans from closely held businesses.	☐	☐
▶ 209) Compare sources and amounts of interest income with prior year returns (including individual returns, as applicable).	☐	☐

	Yes/ Done	No/ N/A
Dividends		
▶ 210) Request all Forms 1099-DIV received by the taxpayer.	☐	☐
▶ 211) Determine whether any dividends received were paid by a domestic corporation on stock held by the taxpayer for the requisite holding period to be considered "qualified dividends."	☐	☐
▶ 212) For estates, determine whether any of the dividends received by the estate were payable to stockholders of record on a date before the decedent's death.	☐	☐
▶ 213) For estates, determine whether dividends reported on the decedent's Forms 1099-DIV include dividends earned after the date of death that should be reported on the estate's return.	☐	☐
▶ 214) Compare sources and amounts of dividends with prior year returns (including individual returns, as applicable).	☐	☐
Business income		
▶ 215) Determine whether the estate or trust operated a trade or business and, if so, obtain the following: employer identification number, business name, principal business, business address, accounting method and inventory method (if any). Consider state nexus issues related to the trade or business.	☐	☐
▶ 216) Did the trust or estate participate in the activity on a regular, substantial and continuous basis?	☐	☐
▶ 217) Obtain the amount of gross receipts or sales, returns and allowances and other income from this business.	☐	☐
▶ 218) Obtain the expense amounts related to this business (cost of sales, advertising, car and truck expenses, commissions and fees, contract labor, etc.).	☐	☐
▶ 219) If the return is for the estate of a cash-basis decedent, determine whether any business income items were accrued but were uncollected at the time of the decedent's death, such as trade accounts receivable at date of death.	☐	☐
▶ 220) Calculate the qualified business income (QBI), W-2 wages, unadjusted basis of qualified property, qualified real estate investment trust (REIT) dividends and qualified publicly traded partnership income for purposes of the Sec. 199A deduction. Consider any Sec. 199A carryovers.	☐	☐
▶ 221) Did the operating business receive funds from the Paycheck Protection Program (PPP) during the taxable year? If so, was any of the loan considered forgiven in 2021? Note that forgiveness of a PPP loan is not considered taxable income and otherwise deductible expenses paid with the loan are tax deductible.	☐	☐
Gain or loss on property		
▶ 222) Obtain any Forms 1099-B and/or 1099-S received by the taxpayer.	☐	☐

	Yes/ Done	No/ N/A
▶ 223) Obtain the Closing Disclosure document for any purchases or sales of real property.	☐	☐
▶ 224) Obtain the transaction documents related to any property sales in the taxable year or earlier with respect to which a payment was made, or is to be made, in a subsequent year (installment sales).	☐	☐
▶ 225) Were there any sales of tangible property in the taxable year? If so, determine the sales price, the cost basis, the amount of accumulated depreciation taken in prior years, including any depreciation recapture, and the holding period.	☐	☐
▶ 226) Were any shares of stock or other securities disposed of during the taxable year? If so, obtain the following: name of the issuer, number of shares (stock) or maturity date (bonds), date acquired, selling price and basis.	☐	☐
▶ 227) Were any market discount bonds disposed of, or did any such bonds become worthless, in the taxable year? If so, calculate the accrued market discount.	☐	☐
▶ 228) Were any securities sold at a loss in the taxable year? If so, ask the taxpayer if they purchased substantially the same security within 30 days before or after the sale.	☐	☐
▶ 229) Did any securities become worthless during the taxable year? If so, obtain the following: name of issuer, number of shares (stock) or maturity date (bonds), date acquired, basis, date on which such securities became worthless and facts demonstrating worthlessness.	☐	☐
▶ 230) Were there any short sales of securities in the taxable year? If so, obtain the following: date of sale, date short sale closed and whether the taxpayer also held a long position in the security that was the subject of the short sale.	☐	☐
▶ 231) Were any assets other than securities disposed of during the taxable year? If so, obtain the following information: description; date acquired; date sold; whether personal use, rental or business use; selling price and basis.	☐	☐
▶ 232) Are there Sec. 1231 net gains in the taxable year? If so, verify any net Sec. 1231 losses from the previous five years.	☐	☐
▶ 233) Do the installment method rules apply to any sales made by the taxpayer during the taxable year? If so, determine whether there is recapture that must be immediately reported.	☐	☐
▶ 234) Do the installment method rules apply to any sales made by the taxpayer during previous tax years? If so, determine whether the installment obligation secures a loan triggering taxation on the unrealized gain amount.	☐	☐
▶ 235) Did any like-kind exchange occur during the taxable year? If so, determine if there is any gain to be recognized and the basis of the replacement property. Note that like-kind exchange treatment is now only available with respect to real property beginning Jan. 1, 2018.	☐	☐
▶ 236) Were any proceeds from the sale of securities/property reinvested in a certified opportunity zone or an opportunity fund? If so, determine gain/loss recognition (Sec. 1400Z).	☐	☐
▶ 237) Determine the gain or loss from collectibles and unrecaptured Sec. 1250 gain.	☐	☐
▶ 238) If the property sold or exchanged was acquired by gift and the trust's basis is determined by using the donor's basis, determine the donor's holding period.	☐	☐

	Yes/ Done	No/ N/A
▶ 239) Determine whether any property acquired from a decedent was sold within 12 months after the decedent's death. If so, consider Sec. 1014(e).	☐	☐
▶ 240) If the estate or trust received a lump-sum distribution from a qualified employee benefit plan, examine Form 1099-R to determine if any portion of the distribution qualifies for long-term capital gain treatment.	☐	☐
▶ 241) Determine whether any stock included in a decedent's estate was redeemed (redemption proceeds received by the estate or trust may qualify for capital gain treatment).	☐	☐
▶ 242) Determine whether the estate or trust distributed property in-kind to a beneficiary in satisfaction of a right to receive a specific dollar amount or a right to receive specific property other than that distributed (if so, the estate or trust may have to recognize gain or loss).	☐	☐
▶ 243) Determine whether the estate or trust made noncash distributions of property in-kind to a beneficiary and, if so, whether the estate or trust should elect to recognize gain on the distributions under Sec. 643(e)(3).	☐	☐
Rental income		
▶ 244) For each rental property, obtain a description of the type and location of the property and the total rent received.	☐	☐
▶ 245) For each property, obtain expense amounts for advertising, auto and travel, cleaning and maintenance, commissions, insurance, legal and professional fees, management fees, repairs, supplies, taxes, utilities, wages and salaries, condo or co-op fees and other deductible expenses.	☐	☐
▶ 246) Determine if any of the properties are low-income housing.	☐	☐
▶ 247) Obtain the following data regarding capital assets (including capital improvements) purchased in the taxable year for use as, or with respect to, rental properties: (1) description of asset, (2) percentage of use in non-rental activities, (3) date use began in the rental activity, (4) cost and (5) description of and cost of trade-in, if any. If the property was originally purchased in the taxable year, obtain the Closing Disclosure document.	☐	☐
▶ 248) Determine whether the estate or trust in the taxable year: (1) converted any capital asset purchased in prior years from rental to non-rental use or (2) increased the percentage of non-rental use of a capital asset used both for rental and non-rental use.	☐	☐
▶ 249) If the return is for a decedent's estate, determine whether the decedent was actively participating in the activity in the year of death.	☐	☐
Pass-through income or loss		
▶ 250) Request all Schedules K-1 received by the estate or trust.	☐	☐
▶ 251) Determine the estate's or trust's basis with respect to each Schedule K-1 source.	☐	☐
▶ 252) With respect to each trade or business activity for which a Schedule K-1 is received, determine if the estate or trust is a limited partner, or if the estate or trust materially participated in the activity.	☐	☐
▶ 253) Determine if there has been an election to group activities for the material participation test.	☐	☐

	Yes/ Done	No/ N/A
▶ 254) Determine amounts, if any, with respect to which the estate or trust is not at risk.	☐	☐
▶ 255) Determine if there are any partnership/LLC or S corporation losses in excess of basis carryforwards, at-risk loss carryforwards, passive losses or credit carryforwards to the taxable year.	☐	☐
▶ 256) Did the estate or trust own any publicly traded partnership interests? If so, determine whether there are any loss carryforwards.	☐	☐
▶ 257) Did the estate or trust receive a repayment of any shareholder loans from an S corporation in the taxable year? If so, determine the basis of the loan and whether the loan was documented.	☐	☐
▶ 258) Did the estate or trust have any unreimbursed partnership expenses? If so, determine if these are deductible and whether these amounts reduce self-employment.	☐	☐
▶ 259) Did a liquidating distribution or technical termination of a partnership/LLC in which the estate or trust owned an interest occur in the taxable year? If so, consider both the allocation of basis rules under Sec. 732(c) and Sec. 751(c) and making a Sec. 732(d) election.	☐	☐
▶ 260) Consider the applicability of filing Form 8082, *Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR)*.	☐	☐
▶ 261) Determine if any items related to the Sec. 199A deduction appear on Schedules K-1 received from any pass-through entity.	☐	☐
▶ 262) Determine if the pass-through entity has made an election regarding the state and local tax deduction.	☐	☐
Miscellaneous income		
▶ 263) Request all Forms 1099 received by the estate or trust.	☐	☐
▶ 264) Did the estate or trust receive, sell, exchange or otherwise dispose of any financial interest in any virtual currency/cryptocurrency (e.g., Bitcoin, Ethereum, Ripple) in 2021? If so, determine the reportable amount realized.	☐	☐
▶ 265) Did the estate or trust receive any refunds of state or local taxes in the taxable year? Consider the tax benefit rule to determine whether a refund is taxable income?	☐	☐
▶ 266) Was the estate or trust relieved of any debt obligation in the taxable year other than by means of payment?	☐	☐
1. If yes, does the estate or trust qualify for any exclusion of cancelation of debt income in the taxable year? If so, prepare Form 982, *Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment).*	☐	☐
▶ 267) Did the estate or trust recover in the taxable year any expenses or losses deducted on prior returns?	☐	☐
▶ 268) Did the estate or trust have any oil and gas income or expenses?	☐	☐
▶ 269) For estates, determine whether the estate received any salary, bonuses, commissions or other compensation for services of a cash-basis decedent which must be included in the estate's return.	☐	☐

	Yes/ Done	No/ N/A
▶ 270) Determine the amount of tax-exempt interest income received by the estate or trust (this amount must be disclosed under "Other Information" on page two of the return).	☐	☐
▶ 271) If the estate or trust operates a business, consider the following:		
1. Did the estate or trust have employees who were eligible for the employee retention credit and were the credits claimed against employment taxes?	☐	☐
2. Did the estate or trust have employees who were eligible for paid sick or paid family leave and were the related tax credits claimed against employment taxes? Is so, determine that the full amount of the credit for qualified leave wages (and any allocable qualified health plan expense and the share of the Medicare tax on the qualified leave wages) is included in gross income. Also, note that qualified leave wages may not be considered to claim the paid sick or paid family leave tax credit and Sec. 45S credit for family and medical leave.	☐	☐
3. Did the trust generate a net operating loss (NOL)? If so, note that the application of the 80% taxable income limitation is suspended for taxable years beginning after Dec. 31, 2017 and before Jan. 1, 2021. Also, any NOL arising in a taxable year beginning after Dec. 31, 2017 and before Jan. 1, 2021 may be carried back to the five taxable years preceding the taxable year.	☐	☐
4. Did the estate or trust generate a large business loss? Note that the business loss deduction is limited to $262,000 in 2021. For this purpose, consider pass-through income and losses attributable to a trade or business.	☐	☐
5. Did the estate or trust receive funds from the Paycheck Protection Program (PPP)? If so, were any of the funds forgiven?	☐	☐

Comments/explanations

300) Deductions	Yes/ Done	No/ N/A
Interest expense		
▶ 301) If the proceeds of a loan were used for more than one purpose, determine the proper allocation of interest expense to qualified residence interest, other personal interest, passive interest, investment interest, business interest, tax-exempt interest, etc.	☐	☐
▶ 302) Consider any investment interest carryforward to the taxable year.	☐	☐
▶ 303) Consider the election to treat qualified dividends and net long-term capital gains as investment income.	☐	☐
▶ 304) Consider the election to treat qualified dividends and net long-term capital gains as investment income.	☐	☐
▶ 305) Verify that personal interest, including interest paid on revolving charge accounts; personal notes for money borrowed from a bank, credit union or another person; installment notes on personal property; and taxes (except interest on certain deferred estate tax payments) is not deducted.	☐	☐
▶ 306) If the estate or trust paid qualified residence interest on seller-financed mortgages, obtain the buyer's name, address and TIN. Note that the limitations on the mortgage interest deduction applicable to individuals are also applicable to trusts and estates.	☐	☐

	Yes/ Done	No/ N/A
▶ 307) Determine whether interest was paid on estate tax payments that were deferred because the estate included a reversionary or remainder interest. Determine whether the interest should be deducted on Form 1041 or for estate tax purposes.	☐	☐
▶ 308) Confirm that taxable bonds acquired after 1987 (amortizable bond premiums) are treated as an offset to the interest income on the bonds instead of as a separate interest deduction.	☐	☐
▶ 309) Determine the amount, if any, of interest expense incurred to purchase or carry obligations generating tax-exempt income.	☐	☐
▶ 310) Did the estate or trust incur any business interest during the taxable year? Consider the limitation on the business interest deduction if the entity has more than $26 million in average annual gross receipts.	☐	☐
Taxes		
▶ 311) Obtain the amounts paid by the estate or trust for state and local income taxes, real estate taxes and personal property taxes. Note that the limitations on state and local tax deductions apply to trusts. In the case of a non-grantor trust, consider having situs moved to a low-tax (or no-tax) jurisdiction.	☐	☐
▶ 312) Obtain the amounts paid by the estate or trust for generation-skipping transfer (GST) tax on income distributions.	☐	☐
▶ 313) Obtain the amounts paid by the estate or trust for any state and local taxes regarding a trade or business, or for the production or collection of income, or the management, maintenance or conservation of property held to produce income.	☐	☐
▶ 314) Verify that all fiduciary fees, attorney, accountant and return preparer fees, and other deductions not subject to the 2% floor on miscellaneous itemized deductions, are properly deducted. Note that the repeal of miscellaneous itemized deductions does not affect deductions unique to trusts that are allowed under Sec. 67(e), such as administration costs.	☐	☐
▶ 315) If the estate or trust has tax-exempt income, compute the allocation of fiduciary fees and other indirect expenses between taxable and tax-exempt income (this computation must be attached to the return).	☐	☐
▶ 316) If there are any funeral and general administrative expenses, debts secured by property included in the gross estate or casualty or theft losses that could be deducted for estate tax purposes, obtain a statement and waiver from the estate's personal representative or executor.	☐	☐
▶ 317) Determine the net investment income and allowable deductions which should be subject to the Sec. 1411 3.8% net investment income tax.	☐	☐
Charitable contributions		
▶ 318) Verify that all charitable contributions were made under the terms of the will or trust instrument and were made from gross income.	☐	☐
▶ 319) If the estate or trust had tax-exempt income, determine the portion of the tax-exempt income allocable to the charitable deduction.	☐	☐
▶ 320) Determine whether deductions for income set aside for charitable purposes are appropriate.	☐	☐

	Yes/ Done	No/ N/A
▶ 321) Determine whether an election should be made to deduct charitable contributions for the immediately preceding tax year instead of for the year in which paid (Sec. 642(c)(1) and Regs. Sec. 1.642(c)-1(b)).	☐	☐
▶ 322) For complex trusts, complete Form 1041-A, *U.S. Information Return Trust Accumulation of Charitable Amounts*, as necessary.	☐	☐
▶ 323) For contributions in excess of $250, inquire if written acknowledgments from the donee organizations were obtained.	☐	☐
▶ 324) For all cash contributions, make sure the estate or trust maintains a bank record or a receipt, letter or other written communication from the donee organization indicating the name of the organization, the date of the contribution and the amount of the contribution.	☐	☐
▶ 325) Did the estate or trust make any property contributions to charitable organizations in 2021? If so, request the name and address of the donee organization, information about whether the donee is a public charity or private foundation, a description of the property contributed, the date of the contribution, the value of the property on the date of the contribution, the method used to determine the value, the date the property was acquired, how the property was acquired, the taxpayer's basis in the property and information about whether the charity used the property in a manner unrelated to its charitable purpose. Prepare Form 8283, *Noncash Charitable Contributions*, as necessary. Attach a signed page two of Form 8283 and the appraisal, if required.	☐	☐
Income distribution deduction		
▶ 326) Compute the distributable net income (DNI) on Schedule B of Form 1041.	☐	☐
▶ 327) If the return is for a complex trust or for an estate and amounts were paid or credited to a beneficiary within the first 65 days after the close of the entity's tax year for which you are preparing the return, consider whether the election should be made to "push-back" distribution and treat all or a portion of these amounts as paid or credited on the last day of the tax year.	☐	☐
▶ 328) If the return is for a complex trust or an estate, determine whether the separate share rule applies.	☐	☐
▶ 329) Determine whether the estate or trust is entitled to deduct estate tax (including generation-skipping tax) attributable to income in respect of a decedent and, if so, compute each beneficiary's share of the deduction.	☐	☐
▶ 330) Note that if there is no DNI, any items related to the Sec. 199A deduction are allocated to the estate or trust.	☐	☐
Other deductions and losses		
▶ 331) For nonbusiness bad debts and worthless investments (other than traded securities), obtain a description, the date it became worthless, evidence of worthlessness, the date acquired and the amount.	☐	☐
▶ 332) For casualty and theft gains and losses, obtain a description of the property, the date of acquisition, the original cost, the amount of depreciation taken in prior years, an estimated market value before the casualty or theft and after the casualty or theft and the amount of any insurance reimbursement. Determine whether the property is business, income-producing or personal-use.	☐	☐
▶ 333) Determine the proper allocation of depreciation, depletion and amortization deductions, including depreciation recapture, if applicable. Consider changes in depreciation provisions made under the Tax Cuts and Jobs Act.	☐	☐

	Yes/ Done	No/ N/A
▶ 334) Did the estate or trust own any qualified improvement property? If so, note that such property is now considered retroactively to be 15-year property under MACRS and 20-year property under ADS (CARES Act). Consider whether 2018 and 2019 tax returns should be amended and/or if an accounting method change is necessary.	☐	☐
▶ 335) If the return is for the final year of the estate or trust, compute the unused losses and excess deductions to be transferred to the beneficiaries.	☐	☐
▶ 336) Determine the estate's or trust's portion of the Sec. 199A deduction. Determine qualified business income (QBI) on a per property basis. Note that the threshold amount of taxable income under which the Form W-2 wage and specified service trade or business limitations do not apply is $164,900 for 2021.	☐	☐

Comments/explanations

400) Credits and tax payments	Yes/ Done	No/ N/A
▶ 401) Determine whether the trust qualifies for any tax credits.	☐	☐
1. If there are available credits, determine if any portion is allocable to beneficiaries.	☐	☐
▶ 402) Determine whether the estate or trust paid any one household employee cash wages of $2,300 or more (for FICA) or $1,000 or more in any calendar quarter (for FUTA) in the taxable year.	☐	☐
1. Determine whether the estate or trust paid any qualified sick or family leave related to the household employee. If so, complete Schedule H to calculate the sick or family leave credit.	☐	☐
▶ 403) Determine if the estate or trust withheld any federal income tax during 2021 at the request of the household employee.	☐	☐
▶ 404) Complete the alternative minimum tax (AMT) by determining DNI on a minimum tax basis. Note that Schedule I must be completed if the estate or trust takes an income distribution deduction, regardless of whether it is liable for the AMT.	☐	☐
▶ 405) If the estate or trust received a qualifying lump-sum distribution from a qualified employee benefit plan, determine the tax consequences of the distribution to the estate or trust.	☐	☐
▶ 406) Determine whether the estate or trust is liable for any investment credit recapture or low-income housing credit recapture.	☐	☐
▶ 407) Obtain the date and amount of any of the following: 2021 estimated tax payments, payments made with the 2021 extensions, prior-year overpayments credited to 2021 and any back-up withholding.	☐	☐
▶ 408) Determine whether estimated tax payments should be made for 2022.	☐	☐

	Yes/ Done	No/ N/A
▶ 409) Consider whether to make the election to have any overpayment of estimated tax for 2021 treated as a payment of estimated tax made by a beneficiary (Form 1041-T must be filed on or before the 65th day after the close of the estate's or trust's tax year).	☐	☐

Comments/explanations

500) International issues	Yes/ Done	No/ N/A
▶ 501) With respect to any income that is earned from a foreign source or U.S. possession, determine the amount of income taxes paid to the foreign country or U.S. possession.	☐	☐
▶ 502) Determine whether the estate or trust (or its more-than-50%-owned corporation) had an interest in a foreign bank account. If so, determine if FinCEN Form 114 is required.	☐	☐
▶ 503) Determine whether the estate or trust received a distribution from, was a grantor of, or made any transfers to a foreign trust in existence during the tax year.	☐	☐
▶ 504) Is the estate or trust a shareholder which owns 10% or more of the vote or value of a controlled foreign corporation (CFC)? If so, has the inclusion of global intangible low-taxed income (GILTI) been considered (Sec. 951A)?	☐	☐
▶ 505) Did the estate or trust make a valid installment payment election on their 2017 return to pay the repatriation tax (Sec. 965) over eight installments? If so, the fifth installment (8% of the total repatriation tax) is due with the 2021 return.	☐	☐
▶ 506) Is the estate or trust a shareholder in an S corporation that was subject to the repatriation tax (Sec. 965)? If so, was a valid election made with the 2017 return to defer the payment of this tax until a specified triggering event occurred? Consider whether a triggering event occurred and, if so, consider making an election to pay the tax over eight installments.	☐	☐
▶ 507) Is the estate or trust a foreign trust with a U.S. owner? If so, has Form 3520-A, *Annual Information Return of Foreign Trust with a U.S. Owner*, been completed? Note that the due date of Form 3520-A is generally March 15.	☐	☐

Comments/explanations

600) Other federal issues	Yes/ Done	No/ N/A
▶ 601) Consider a direct deposit for refunds.	☐	☐
▶ 602) Determine if all tax positions meet the "substantial authority" standard or if any position disclosed on Form 8275, *Disclosure Statement*, meets the "reasonable basis" standard.	☐	☐
▶ 603) Are there any tax shelters and reportable transactions? If so, prepare Form 8886, *Reportable Transaction Disclosure Statement*, and determine if the "more likely than not" standard has been met.	☐	☐

Comments/explanations

700) State considerations	Yes/ Done	No/ N/A
▶ 701) Determine state and local filing requirements. See the AICPA's SALT Road Map — State and Local Tax Guide.	☐	☐
▶ 702) Consider the following:		
1. Nexus issues (consider the following: residency of beneficiaries, where the trust is formed, residency of the trustee and where the trust is governed/administered)	☐	☐
2. State returns filed in a previous year (still have nexus, final return required, etc.)	☐	☐

Comments/explanations

800) Professional responsibilities and reminders	Yes/ Done	No/ N/A
▶ 801) Confirm that you/your firm have met all professional responsibilities as outlined in the AICPA Code of Professional Conduct, AICPA Statements on Standards for Tax Services and federal and state authorities, such as Circular 230. Consider potential conflicts of interest, preparer penalties and reminders to clients about their responsibility for the contents of the tax return.	☐	☐
▶ 802) Determine if requirements for avoiding penalties for improper disclosure or use of taxpayer information by tax return preparers imposed under Sec. 6713 and Sec. 7216 have been met.	☐	☐
▶ 803) Internal processing procedures:		
• Reconcile source documents to the completed return.	☐	☐
• Prepare filing instructions and a transmittal letter.	☐	☐
• Confirm delivery instructions (portal, mail, pickup or delivery).	☐	☐

	Yes/ Done	No/ N/A
▶ 804) Provide the taxpayer with complete federal and state returns, including copies of any disclosure consent form(s) and advise the taxpayer to retain copies for at least six years. Return original documents to your client and provide other documents/support, as applicable.	☐	☐

Comments/explanations