

2022 Estate and Trust Income Tax Return Checklist

Form 1041 (Mini)

Taxpayer name _____

Prepared by _____ Date _____ Reviewed by _____ Date _____

100) General	Yes/ Done	No/ N/A	200) Income	Yes/ Done	No/ N/A
▶ 101) Obtain a signed engagement letter from the fiduciary.			▶ 201) Request all Forms 1099 and Schedules K-1 received by the estate or trust. Obtain the Closing Disclosure document for any purchases or sales of real property. Determine the partner/shareholder basis for each Schedule K-1 source.		
▶ 102) Consider asking the fiduciary to execute Form 2848 authorization.			▶ 202) Compare sources and amounts of investment income with prior year returns (including individual returns, as applicable).		
▶ 103) 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.			▶ 203) For decedent's estates, determine whether interest/dividends reported on the decedent's Forms 1099s include income earned after the date of death that should be reported on the estate's return.		
▶ 104) Review the prior year's return including all supporting forms and schedules.			▶ 204) Were any shares of stock or other securities disposed of during the taxable year? Note the information provided on Form 1099-B for basis and date acquired may need to be adjusted/determined.		
▶ 105) Review the proforma or organizer for accuracy.			▶ 205) Were there any sales of tangible property in the taxable year? If so, determine the information needed for reporting.		
▶ 106) Consider federal and state e-filing requirements.			▶ 206) Determine whether the decedent's estate or trust operated a trade or business and, if so, obtain the applicable information, including information needed to calculate the Sec. 199A deduction. Consider any Sec. 199A carryovers. Did the decedent's estate or trust participate in the activity on a regular, substantial and continuous basis?		
▶ 107) If this is the first return for the decedent's estate, consider whether a fiscal tax year should be adopted.			▶ 207) For each rental property, obtain a description of the type and location of the property and the total rent received and itemized deductible expenses, including the purchase of capital assets. Consider whether the activity is considered a trade or business for Sec. 199A purposes. Consider a safe harbor election.		
▶ 108) Determine how the income of the decedent's 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.			▶ 208) 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.		
▶ 109) Obtain and review the governing documents of the trust (including any amendments).					
▶ 110) Obtain each beneficiary's name, TIN, mailing address, date of birth and state of residency.					
▶ 111) Determine the tax and book basis of all assets received by (contributed to) the estate or trust.					
▶ 112) Determine nexus and state and local filing requirements for the decedent's estate or trust. Consider the following: residency of beneficiaries, where the trust was formed, residency of the trustee and where the trust is governed/administered. See the AICPA's State and Local Tax (SALT) Roadmap and Resource Center .					

	Yes/ Done	No/ N/A
▶ 209) 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.		
▶ 210) Determine if the pass-through entity has made a pass-through-entity tax election. Consider the applicable state regimes for reporting purposes.		
▶ 211) Did the decedent's estate or trust receive, sell, exchange or otherwise dispose of any financial interest in any virtual currency/ cryptocurrency (e.g., Bitcoin, Ethereum, Ripple) or other digital assets in 2022? If so, determine the reportable amount realized.		
▶ 212) Did the decedent's 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?		
▶ 213) Determine the amount of tax-exempt interest income received by the decedent's estate or trust (this amount must be disclosed under "Other Information" on page two of the return).		

300) Deductions	Yes/ Done	No/ N/A
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▶ 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) Obtain the amounts paid by the decedent's 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.		
▶ 303) 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.		
▶ 304) If the decedent's 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). Also, determine the portion of the tax-exempt income allocable to the charitable deduction.		
▶ 305) Determine the net investment income and allowable deductions which should be subject to the Sec. 1411 3.8% net investment income tax.		
▶ 306) Verify that all charitable contributions were made under the terms of the will or trust instrument and were made from gross income.		

	Yes/ Done	No/ N/A
▶ 307) Determine whether deductions for income set aside for charitable purposes are allowable.		
▶ 308) For contributions in excess of \$250, inquire if written acknowledgments from the donee organizations were obtained.		
▶ 309) Did the decedent's estate or trust make any property contributions to charitable organizations in 2022? If so, request the necessary information and prepare Form 8283, Noncash Charitable Contributions, as necessary.		
▶ 310) Compute the distributable net income (DNI) on Schedule B of Form 1041.		
▶ 311) 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.		
▶ 312) Determine the decedent's estate 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 \$170,050 for 2022.		

400) Credits and tax payments	Yes/ Done	No/ N/A
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▶ 401) Determine whether the decedent's estate or trust qualifies for any tax credits. 1. If there are available credits, determine if any portion is allocable to beneficiaries.		
▶ 402) Complete the alternative minimum tax (AMT) by determining DNI on a minimum tax basis.		
▶ 403) Obtain the date and amount of any of the following: 2022 estimated tax payments, payments made with the 2022 extensions, prior-year overpayments credited to 2022 and any back-up withholding. Determine whether estimated tax payments should be made for 2023.		

500) Other issues	Yes/ Done	No/ N/A
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▶ 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 decedent's 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) If the estate or trust has foreign activity, consider reviewing other international filing obligations shown in the AICPA Tax Section's Form 1041 long checklist.		

600) Professional responsibilities and reminders FOR PAID PREPARER USE	Yes/ Done	No/ N/A
▶ 601) 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, state and local authorities, such as Circular 230. Consider potential conflicts of interest, preparer penalties and reminders to taxpayers/fiduciaries about their responsibility for the contents of the tax return.		
▶ 602) Reconcile source documents to the completed return, prepare filing instructions/transmittal letter and confirm delivery instructions.		

	Yes/ Done	No/ N/A
▶ 603) Provide the fiduciary with complete federal, state and local 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		

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