

# Form CT-1041

## Connecticut Income Tax for Trusts and Estates

### Return Instructions

2022

File and pay your taxes online!  
**myconneCT**  
Revenue Services

File and pay **Form CT-1041** electronically using **myconneCT** at [portal.ct.gov/DRS-myconneCT](https://portal.ct.gov/DRS-myconneCT).

New

For additional information on the Connecticut Income Tax for Trusts and Estates, visit [portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information](https://portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information).

### Filing Year

All information on **Form CT-1041, Connecticut Income Tax Return for Trusts and Estates**, should be for the calendar year January 1 through December 31, 2022, or any fiscal year beginning in 2022. If filing for a fiscal year or short taxable year, enter the month and day the taxable year began and the month, day, and year it ended at the top of Page 1 of the return.

### Federal Employer Identification Number (FEIN)

DRS does not process income tax returns for trusts and estates without an FEIN. You cannot write "applied for" in the FEIN field. You must have applied for and have been issued an FEIN before you file a return. However, if you have not received the FEIN by April 15 for calendar year filers or for noncalendar year filers by the fifteenth day of the fourth month following the close of the taxable year, file the return without the FEIN and pay the tax due. DRS will contact you upon receipt of the return and will hold the return until you receive the FEIN and forward the information to DRS. For information on how to obtain an FEIN, contact the IRS.

### Name, FEIN, and Address

Enter the name and FEIN of the trust or estate and the name and address of the fiduciary in the spaces on Page 1 of the return.

Enter the name and FEIN of the trust or estate in the spaces provided on all applicable schedules.

### Type of Return

Check the applicable box if:

- The trust or estate has been terminated and this is a final return; **or**
- This is an amended return. Attach a statement explaining the reason for filing an amended return.

### Resident Status

Enter the date the trust or estate was created and the date the trust or estate was terminated, if applicable, in the space provided.

Check only one applicable box to identify the residency status of the trust or estate.

The trust would be a **part-year resident trust** if:

- It was revocable when property was transferred to it but has become irrevocable subsequently; **and**
- The residency status of the grantor, whether as a resident or nonresident individual, during the taxable year the trust became irrevocable differs from the residency status of the grantor during the taxable year that property was transferred to the trust.

### Type of Entity

Check the applicable box to identify the type of trust or estate. Also check the appropriate box to indicate if the trust was created by the will of the decedent or is an inter vivos trust.

### Form CT-1041, Questions A, B, and C

The fiduciary **must** complete Form CT-1041, Questions A, B, and C. All inter vivos trusts and grantor type trusts, **must** complete Form 1041, Question A.

### Rounding Off to Whole Dollars

You must round off cents to the nearest whole dollar on your return and schedules. If you do not round, DRS will disregard the cents.

Round down to the next lowest dollar all amounts that include 1 through 49 cents. Round up to the next highest dollar all amounts that include 50 through 99 cents. However, if you need to add two or more amounts to compute the amount to enter on a line, include cents and round off **only** the total.

**Example:** Add two amounts (\$1.29 + \$3.21) to compute the total (\$4.50) to enter on a line. \$4.50 is rounded to \$5.00 and entered on the line.

### Negative Numbers

When entering a negative number, you must precede the number with a minus sign or bracket the amount.

### Form CT-1041 Quick-File Requirements

The fiduciary of a resident estate or full-year resident trust may Quick-File Form CT-1041 if the resident estate or full-year resident trust has no:

- Nonresident beneficiaries;
- Connecticut fiduciary adjustments reported on Part 1, *Schedule A*;
- Connecticut alternative minimum tax reported on Form CT-1041 Schedule I;
- Income tax credit reported on **Schedule CT-IT Credit, Income Tax Credit Summary**; **and**
- Federal election to be treated as an Electing Small Business Trust (ESBT).

A trustee that files one aggregate federal Form 1041-QFT, U.S. Income Tax Return for Qualified Funeral Trusts, for all qualified funeral trusts (QFT) may Quick-File one aggregate Form CT-1041 for all Connecticut resident QFTs as long as all grantors and all beneficiaries of every QFT are Connecticut residents.

### Form CT-1041 Quick-File Line Instructions

#### Line 1 - Connecticut Taxable Income

Enter federal taxable income of a trust or estate from federal Form 1041, Line 23. If you are the trustee of the bankruptcy estate of a debtor who is an individual in a case under Chapter 7 or Chapter 11 of the Bankruptcy Code, you may, in computing the estate's federal taxable income, deduct the exemption amount under IRC § 151(d)(1), but may not deduct the personal exemption under IRC § 642(b).

## Line 2 - Connecticut Income Tax

Multiply Line 1 by 6.99% and enter the result.

## Line 3 - Allocated Connecticut Income Tax

Do not complete Line 3.

## Line 4 - Credit for Income Tax Paid to Qualifying Jurisdictions

### Resident Estates and Full-Year Resident Trusts Only

Enter the amount from Part 1, *Schedule B - Credit for Income Taxes Paid to Qualifying Jurisdictions*, Line 8. You must attach a copy of all income tax returns filed with qualifying jurisdictions to the back of the Form CT-1041 or the credit will be disallowed.

If the trust or estate files Form CT-1041 electronically, copies of all income tax returns filed with qualifying jurisdictions should be retained for three years from the date of filing. The forms must be provided to DRS upon request.

### Line 5

Subtract Line 4 from Line 2. If Line 4 is greater than Line 2, enter "0."

## Line 6 - Connecticut Alternative Minimum Tax

Do not complete Line 6.

### Line 7

Enter the amount from Line 5.

## Line 8 - Total Allowable Credits

Do not complete Line 8.

## Line 9 - Connecticut Income Tax

Enter the amount from Line 7.

## Lines 10 through 23

To complete Lines 10 through 23, see *Form CT-1041 Line Instructions*, below.

Also see *Who Must Sign the Return, Paid Preparer Signature* on Page 4, and *Mailing the Return* on Page 4.

## Form CT-1041 Line Instructions

For trusts or estates that do not meet the Quick-File Requirements.

### Line 1 - Connecticut Taxable Income

#### Resident Estate or Full-Year Resident Trust Only

Enter the amount from **Schedule CT-1041C, Connecticut Taxable Income Calculation**, Line 14.

### Line 2 - Connecticut Income Tax

#### Resident Estate or Full-Year Resident Trust Only

Multiply Line 1 by 6.99% and enter the result.

### Line 3 - Allocated Connecticut Income Tax

#### Nonresident Estates or Trusts and Part-Year Resident Trusts Only

Enter the amount from **Schedule CT-1041FA, Fiduciary Allocation**, Part 1, Line 12.

## Line 4 - Credit for Income Tax Paid to Qualifying Jurisdictions

### Resident Estates and Full or Part-Year Resident Trusts Only

Enter the amount from Part 1, *Schedule B*, Line 8. You must attach a copy of all income tax returns filed with qualifying jurisdictions to the back of the Form CT-1041 or the credit will be disallowed.

If the trust or estate files Form CT-1041 electronically, copies of all income tax returns filed with qualifying jurisdictions should be retained for three years from the date of filing. The forms must be provided to DRS upon request.

See *Credit for Income Taxes Paid to Qualifying Jurisdictions* on Page 7 and *Instructions for Part 1, Schedule B - Credit for Income Taxes Paid to Qualifying Jurisdictions*, on Page 7.

### Line 5

#### Resident Estates and Trusts

Subtract Line 4 from Line 2.

#### Part-Year Resident Trusts

Subtract Line 4 from Line 3. If the result is zero or less, enter "0."

## Line 6 - Connecticut Alternative Minimum Tax

If the trust or estate was required to pay federal alternative minimum tax for 2022, you must file **Form CT-1041 Schedule I, Connecticut Alternative Minimum Tax Computation of Trusts and Estates**. Enter the amount from Form CT-1041 Schedule I, Part 1, Line 23.

### Line 7

Add Line 5 and Line 6 and enter the total.

## Line 8 - Total Allowable Credits

Enter the amount from **Schedule CT-IT Credit, Income Tax Credit Summary**, Part 1, Line 11. If you did not pay Connecticut alternative minimum tax in a prior year or you entered an amount on Line 6 of this form, enter "0."

## Line 9 - Connecticut Income Tax

Subtract Line 8 from Line 7 and enter the result.

## Line 10 - Total Connecticut Income Tax Withheld

For each federal Form W-2G or 1099 where Connecticut income tax was withheld, enter the following on Lines 10a through 10e.

**Column A:** Enter the Employer Identification Number or Payer Identification Number.

**Column B:** Enter the amount of distributions, reportable winnings, etc.

**Column C:** Enter the amount of Connecticut income tax withheld.

You **must** complete all columns or your Connecticut withholding will be disallowed. Do not include tax withheld for other states or federal income tax withholding. The trust or decedent's estate must enter any Connecticut income tax withheld, even if the related income is distributed to the beneficiary.

If you have **more than five** federal Forms W-2G or 1099 showing Connecticut income tax withheld, you must complete and attach **Supplemental Schedule CT-1041WH, Connecticut Income Tax Withholding**. Enter on Supplemental Schedule CT-1041WH only

Connecticut income tax withholding amounts not previously reported on Form CT-1041. Enter the total from Supplemental Schedule CT-1041WH, Line 3, on Line 10f, Column C.

Add all entries in Column C (including the additional amount from Supplemental Schedule CT-1041WH) and enter the total Connecticut income tax withheld on Line 10.

**Do not send copies of Forms W-2G or 1099.** Keep these for your records. DRS may request them at a later date.

### Line 11 - All 2022 Estimated Tax Payments

Enter the total of all 2022 estimated income tax payments and any 2021 income tax overpayment credited to 2022. Be sure to include any 2022 estimated income tax payments made in 2023.

### Line 12 - Payments Made With Extension Request

If you filed **Form CT-1041 EXT**, *Application for Extension of Time to File Connecticut Income Tax Return for Trusts and Estates*, for 2022, enter the amount you paid with Form CT-1041 EXT.

If this is an amended return, also include the amount paid with the original return.

### Line 12a - Pass-Through Entity Tax Credit

Enter the amount from Schedule CT-1041FA, Part 2, Line E, Column 4.

### Line 13 - Total Payments and Refundable Credits

Add Lines 10, 11, 12 and 12a and enter the total.

### Line 14 - Amount Overpaid

If Line 13 is greater than Line 9, subtract Line 9 from Line 13 and enter the result. This is the amount of the overpayment. To properly allocate the overpayment, go to Lines 15 and 18. If Line 13 is less than Line 9, go to Line 19.

### Line 15 - Amount of Line 14 to Be Applied to 2023 Estimated Tax

Enter the amount of the 2022 overpayment you wish to apply to the 2023 Connecticut estimated income tax. It will be treated as an estimate filed on April 15, 2023, if the return is filed on time or if you filed a timely request for extension and the return is filed within the extension period. For fiscal year filers, it will be treated as an estimate filed on the fifteenth day of the fourth month of the 2023 taxable year.

Your decision to apply this amount to 2023 estimated income tax is irrevocable.

### Line 16 - Balance of Overpayment

Subtract Line 15 from Line 14 and enter the result.

### Line 18 - Amount to Be Refunded

Enter the amount from Line 16. This is the amount of the refund.

Get the refund faster by choosing direct deposit. Complete Lines 18a, 18b, and 18c to have the refund directly deposited into a checking or savings account.

Name of Depositor	No. 101
Street Address	Date _____
City, State, Zip Code	
Pay to the Order of	\$ _____
Name of your Bank	
Street Address	
City, State, Zip Code	
092125789	091 025 025413 0101

Routing Number

Account Number

Enter the nine-digit bank routing number and the bank account number on Lines 18b and 18c. The bank routing number is normally the first nine-digit number printed on the check or savings withdrawal slip. The bank account number generally follows the bank routing number. Do not include the check number as part of the account number. Bank account numbers can be up to 17 characters.

If any of the bank information supplied for direct deposit does not match, or the applicable bank account is closed prior to the deposit of the refund, the refund will automatically be mailed.

Federal banking rules require DRS to request information about foreign bank accounts (Line 18d) when the taxpayer requests the direct deposit of a refund into a bank account. If the refund is to be deposited into a bank outside of the United States, DRS will mail the refund.

### Line 19 - Amount of Tax Due

If Line 9 is greater than Line 13, subtract Line 13 from Line 9 and enter the result.

### Line 20 - Penalty for Late Payment or Filing

For more information, visit [portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information](https://portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information).

### Line 21 - Interest for Late Payment

For more information, visit [portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information](https://portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information).

### Line 22 - Interest on Underpayments of Estimated Tax

If Line 9 minus Line 10 and Line 12a is \$1,000 or more, the trust or estate may owe interest on estimated income tax you either underpaid or paid late. **Form CT-2210**, *Underpayment of Estimated Income Tax by Individuals, Trusts, and Estates*, can help you find out if you did underestimate and help you calculate the interest.

If you prefer to have DRS calculate the interest, do not file Form CT-2210; leave Line 22 blank and we will bill you. Interest on underpayment of estimated income tax stops accruing on the **earlier** of the day you pay the tax or April 15, 2023.

### Line 23 - Amount Due

Add Lines 19 through 22 and enter the total. Pay the amount in full with the return. Pay the tax electronically or make check payable to **Commissioner of Revenue Services**. Write “**2022 Form CT-1041**” and the FEIN on the front of the check. DRS may submit your check to your bank electronically.

## Who Must Sign the Return

The fiduciary or an officer representing the fiduciary must sign and date Form CT-1041 on Page 2 of the return.

## Paid Preparer Signature

A paid preparer must sign and date Form CT-1041. Paid preparers must also enter their Preparer Tax Identification Number (PTIN) or Social Security Number (SSN), their firm's address, FEIN, and telephone number in the spaces provided.

## Alternative Signature Methods

DRS conforms to IRS Notice 2004-54, which provides for alternative preparer signature procedures for federal income tax paper returns that paid practitioners prepare on behalf of their clients. Specifically, income tax return preparers may sign original returns, amended returns, or requests for filing extensions by rubber stamp, mechanical device, or computer software program. These alternative methods of signing must include either a facsimile of the individual preparer's signature or the individual preparer's printed name.

Income tax return preparers who use alternative methods of signing must provide all of the other preparer information that is required on returns and extensions, such as the name, address, relevant employer identification number, the preparer's tax identification number, and phone number.

Paid preparers can follow the same procedure with respect to paper Connecticut income tax returns prepared on behalf of their clients. This procedure only applies to preparers' signatures. It does not affect other signature requirements for taxpayers, and does not apply to documents other than tax returns.

## Mailing the Return

For more information, visit [portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information](http://portal.ct.gov/DRS/Individuals/Individual-Income-Tax-Portal/Trust-and-Estates/Tax-Information).

## Income Tax Credits

A trust or estate must use **Schedule CT-IT Credit, *Income Tax Credit Summary***, to claim the angel investor tax credit, insurance reinvestment fund tax credit, or Connecticut minimum tax credit.

## Angel Investor Tax Credit

An angel investor **must** apply to Connecticut Innovations, Inc. (CII) to reserve the credit and **must** receive an *Angel Investor Tax Credit Voucher* from CII before claiming the credit on the income tax return.

Any tax credit claimed but not applied against the income tax liability may be carried forward for the five immediately succeeding taxable years until the full credit has been applied.

The Angel Investor Tax Credit may be assigned, transferred, or sold once. You **must** complete **Schedule CT-IT Credit, *Income Tax Credit Summary***, Part 3, Angel Investor Tax Credit if you are selling, assigning, or transferring the credit. You **must** also complete this form if you have obtained the Angel Investor Tax Credit through a purchase, assignment, or transfer.

## Worksheet B - Worksheet for Schedule CT-IT Credit

Trust or estates may allocate all or a portion of the Angel Investor Tax Credit or Insurance Reinvestment Fund Tax Credit between the trust or estate and the beneficiaries. If all or a portion of the tax credit is allocated to the beneficiaries, the trust or estate must complete *Worksheet B - Worksheet for Schedule CT-IT Credit*, below prior to completing Schedule CT-IT Credit. Attach a copy of the worksheet to the trust or estate's Form CT-1041. Do not include the PE Tax Credit on this worksheet.

## Instructions for Worksheet B - Worksheet for Schedule CT-IT Credit

Select the credit claimed. Check only one box. Complete one worksheet for each credit and attach a copy to the trust or estate's Form CT-1041.

### Column A

Enter the name of each beneficiary as on **Schedule CT-1041B, *Fiduciary Adjustment Allocation***, Part 1. If there are more than four beneficiaries, create a supplemental schedule. Enter the information on Line 5.

## Worksheet B - Worksheet for Schedule CT-IT Credit

### Select the tax credit claimed:

Angel Investor

Insurance Reinvestment Fund

Column A	Column B	Column C	Column D
Name of Beneficiary List in the same order as on Schedule CT-1041B, Part 1	Identifying Number of Each Beneficiary (SSN or FEIN)	Percentage of Federal Distributable Net Income (DNI)	Credit Amount Earned
1.			
2.			
3.			
4.			
5.	From supplemental schedule		
6.	Portion allocated to trust or estate		
7.	Total Schedule CT-IT Credit		100%

## Column B

Enter the identifying number of each beneficiary from Schedule CT-1041B, Part 1.

## Column C

Enter the percentage of federal distributable net income from Schedule CT-1041B, Part 1, Column 4.

## Column D

Enter on Line 7, Column D, the total of each of the following credits:

### Angel Investor Tax Credit

Enter the credit amount reported to the trust or estate on Schedule CT K-1, Schedule CT-1041 K-1, or the *Angel Investor Tax Credit Voucher* issued by Connecticut Innovations Inc.

### Insurance Reinvestment Fund Tax Credit

Enter the credit reported on **Form CT-IRF**, *Insurance Reinvestment Fund Tax Credit*.

Multiply Line 7, Column D, by the percentage in Column C for each beneficiary. Enter the amount in Column D for each respective beneficiary and trust or estate's portion of the credit.

Enter the amount from Line 6, Column D, on Schedule CT-IT Credit as follows:

- Angel Investor Tax Credit: Line 6, Column C.
- Insurance Reinvestment Fund Tax Credit: Use this amount to complete Form CT-IRF.

Transfer the amount of each beneficiary's share of credit from Column D to **Schedule CT-1041 K-1**, *Beneficiary's Share of Certain Connecticut Items*, Part 3.

## Instructions for Part 1, Schedule A

### Connecticut Fiduciary Adjustment

Use Part 1, *Schedule A* to compute the Connecticut fiduciary adjustment, which is then allocated among the trust or estate and its beneficiaries in Schedule CT-1041B, Part 1. The fiduciary adjustment is the net amount of the additions and subtractions enumerated on Part 1, *Schedule A*, which relate to items of income, gain, loss, or deduction of the trust or estate.

### Amount Paid or Set Aside for Charitable Purposes

When calculating the fiduciary adjustment on Part 1, *Schedule A*, do not include the modifications for any amount paid or set aside for a charitable purpose during the taxable year. See instructions for federal Form 1041-A, U.S. Information Return Trust Accumulation of Charitable Amounts, and federal Form 5227, Split-Interest Trust Information Return, for information on charitable deductions.

### Member of a Pass-Through Entity

If the trust or estate has income as a member of a pass-through entity, any additions or subtractions that apply to the income should be included on Part 1, *Schedule A*. You may obtain the trust's or estate's share of the entity's items from **Schedule CT K-1**, *Member's Share of Certain Connecticut Items*.

### Beneficiary of Another Trust or Estate

If the trust or estate is a beneficiary of another trust or estate, you may generally obtain the trust or estate's share of the fiduciary adjustment to be included on Part 1, *Schedule A* from Schedule CT-1041 K-1 provided by the other trust or estate.

The trust or estate must make the additions and subtractions for its taxable year within which the taxable year of any S corporation, partnership, or trust or estate of which it is a shareholder, partner, or beneficiary, respectively, ends.

### Entering Additions and Subtractions

Enter on Line 11 any expense related to the amounts entered on Part 1, *Schedule A*, Lines 1 through 4, to the extent deductible in determining federal taxable income prior to the deductions related to distributions to beneficiaries. Do not net the expenses against the amounts entered on Lines 1 through 4.

Enter on Line 5 any expense related to the amounts entered on Part 1, *Schedule A*, Lines 7 through 10, to the extent deductible in determining federal taxable income prior to the deductions related to distributions to beneficiaries. Do not net the expenses against the amounts entered on Lines 7 through 10.

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**Example:** To the extent deductible in determining federal taxable income prior to the deductions relating to distributions to beneficiaries, interest expenses on indebtedness incurred to purchase:

1. State and local government bonds, the interest from which is subject to Connecticut income tax but exempt from federal income tax, is entered on Line 11 and not netted against the amount entered on Line 1.
2. U.S. government bonds, the interest from which is subject to federal income tax but exempt from Connecticut income tax, is entered on Line 5 and not netted against the amount entered on Line 7.

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See **Policy Statement 2005(2)**, *Connecticut Income Tax on Bonds or Obligations Issued by the United States Government, by State Governments, or Municipalities*, to determine if you are required to make an adjustment.

### Additions to Federal Taxable Income

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Enter all amounts as positive numbers.

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### Line 1 - Interest on State and Local Government Obligations Other Than Connecticut

Enter the total amount of interest income derived from state and municipal government obligations, other than obligations of the State of Connecticut or its municipalities, which is not taxed for federal income tax purposes. Do not enter interest income derived from government obligations of Puerto Rico, Guam, American Samoa, or U.S. Virgin Islands.

## Line 2 - Exempt-Interest Dividends Received From a Mutual Fund Derived From State or Municipal Government Obligations Other Than Connecticut

Enter the total amount of exempt-interest dividends received from a mutual fund derived from state and municipal government obligations other than obligations of the State of Connecticut or its municipalities. If the exempt-interest dividends are derived from obligations of Connecticut or other states, enter only the percentage derived from non-Connecticut obligations. Do not enter exempt-interest dividends derived from government obligations of Puerto Rico, Guam, American Samoa, or U.S. Virgin Islands.

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**Example:** A fund invests in obligations of many states, including Connecticut. Assuming that 20% of the distribution is from Connecticut obligations, the remaining 80% would be added back on Line 2.

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## Line 3 - Loss on Sale of Connecticut State and Local Government Bonds

Enter the total amount of losses from the sale or exchange of notes, bonds, or other obligations of the State of Connecticut or its municipalities.

## Line 4 - Connecticut Income Tax Payments Deducted in Determining Federal Taxable Income

Add back any Connecticut income tax paid or accrued to the extent deductible in determining federal taxable income prior to deductions relating to distributions to beneficiaries.

## Line 5 - Other

Use Line 5 to add back any:

1. Expenses paid or incurred for the production (including management, conservation, and maintenance of property held for the production) or collection of income exempt from Connecticut income tax to the extent deductible in determining federal taxable income prior to deductions relating to distributions to beneficiaries;
2. Amortizable bond premium on bonds producing interest income exempt from Connecticut income tax to the extent deductible in determining federal taxable income prior to deductions relating to distributions to beneficiaries;
3. Interest or dividend income on obligations or securities of any authority, commission, or instrumentality of the United States which federal law exempts from federal income tax but does not exempt from state income taxes;
4. Interest expenses on indebtedness incurred or continued to purchase or carry obligations or securities, the income from which is exempt from Connecticut income tax, to the extent deductible in determining federal taxable income prior to deductions relating to distributions to beneficiaries; **or**
5. Add the total amount of a lump-sum distribution for the taxable year, if such distribution is not already included in the federal taxable income prior to distributions to beneficiaries.

## Line 6 - Total Additions

Add Lines 1 through 5.

## Subtractions From Federal Taxable Income

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Enter all amounts as positive numbers.

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## Line 7 - Interest on U.S. Government Obligations

Enter the total of any interest income (to the extent includable in federal taxable income) derived from U.S. government obligations which federal law prohibits states from taxing (for example, U.S. government bonds such as Savings Bonds Series EE and Series HH or U.S. Treasury bills and notes).

Do not enter the amount of interest earned on Federal National Mortgage Association (Fannie Mae) bonds, Government National Mortgage Association (Ginnie Mae) bonds, and Federal Home Loan Mortgage Corporation (Freddie Mac) securities. Federal law does not prohibit states from taxing interest income derived from these obligations and this interest income is taxable for Connecticut income tax purposes. Do not enter the amount of interest paid to you on any federal income tax refund.

## Line 8 - Exempt Dividends From Certain Mutual Funds Derived From U.S. Government Obligations

Enter the total amount of exempt dividends received from a qualifying mutual fund derived from U.S. government obligations. A mutual fund is a qualifying fund if, **at the close of each quarter of its taxable year**, at least 50% of the value of its assets consists of U.S. government obligations. The percentage of dividends that are exempt dividends should be reported to you by the mutual fund. See *Line 7 - Interest on U.S. Government Obligations*.

## Line 9 - Gain on Sale of Connecticut State and Local Government Bonds

Enter the total amount of all gains from the sale or exchange of notes, bonds, or other obligations of the State of Connecticut or its municipalities.

## Line 10 - Refunds of Connecticut Income Tax

Enter the amount of taxable refunds of Connecticut income tax reported on federal Form 1041, Line 8.

## Line 11 - Other

To the extent not deductible in determining federal taxable income prior to deductions relating to distributions to beneficiaries, use Line 11 to subtract:

- Any interest paid on indebtedness incurred to acquire investments that provide income taxable in Connecticut but not taxable for federal purposes;
- Expenses paid or incurred for the production (including management, conservation, and maintenance of property held for production) or collection of income taxable in Connecticut but exempt from federal income tax;
- Any amortizable bond premium on bonds that provide interest income taxable in Connecticut but exempt from federal income tax; **or**
- Any interest income from notes, bonds, or other obligation of the State of Connecticut included in federal adjusted gross income. This modification includes any Build America Bond tax credit amount if the Build America Bond, as described in Section 1531 of the American Recovery and Reinvestment

Act of 2009, was issued by the State of Connecticut or a Connecticut political subdivision and only to the extent the credit amount is treated as interest includible in gross income for federal income tax purposes.

Do **not** use Line 11 to subtract income subject to tax in another jurisdiction. See *Instructions for Part 1, Schedule B - Credit for Income Taxes Paid to Qualifying Jurisdictions*, Line 4, below.

### Line 12 - Total Subtractions

Add Lines 7 through 11.

### Line 13 - Connecticut Fiduciary Adjustment

Subtract Line 12 from Line 6. Enter here and on Schedule CT-1041B, Part 1, Line f, Column 5. This amount may be positive or negative.

If you have a Connecticut fiduciary adjustment, complete Schedule CT-1041B, Part 1, to calculate the trust or estate's and each beneficiary's share of the Connecticut fiduciary adjustment.

Schedule CT-1041B, Part 2, should only be completed by full-year resident or part-year resident inter vivos trusts with any nonresident, noncontingent beneficiaries to calculate the percentage of resident, noncontingent beneficiaries. The status of the beneficiaries is determined as of year end.

## Instructions for Part 1, Schedule B

### Credit for Income Taxes Paid to Qualifying Jurisdictions

Resident estates, full-year resident trusts, and part-year resident trusts use Form CT-1041, Part 1, *Schedule B*, to calculate a credit against the Connecticut income tax liability for income taxes paid for the taxable year to another state, a political subdivision of that state, or to the District of Columbia. Credit may only be claimed if the income on which taxes were paid was derived from or connected with sources within the qualifying jurisdiction. For part-year resident trusts, the credit is allowed only for that portion of the taxable year in which a taxpayer was a Connecticut resident trust.

No credit is allowed for any of the following:

- Income tax payments made to a qualifying jurisdiction on income not included in Connecticut taxable income;
- Income tax paid to a jurisdiction that is not a qualifying jurisdiction including a foreign country or its provinces (for example, Canada and Canadian provinces);
- Alternative minimum tax paid to a qualifying jurisdiction;
- Income tax paid to a qualifying jurisdiction if the fiduciary claimed credit on that other jurisdiction's income tax return for income taxes paid to Connecticut; **or**
- Penalties or interest on income taxes the fiduciary paid to a qualifying jurisdiction.

The allowable credit must be separately computed for each qualifying jurisdiction. Use separate columns for each jurisdiction for which you are claiming a credit. If you need more than two columns, you should create an identical worksheet. Attach a copy of all income tax returns filed with qualifying jurisdictions to the back of your Form CT-1041 or the credit will be disallowed.

If the trust or estate files Form CT-1041 electronically, copies of all income tax returns filed with qualifying jurisdictions should be retained for three years from the date of filing. The forms must be provided to DRS upon request.

If you are claiming credit for income taxes paid to another state **and** to one of its political subdivisions, follow these rules to determine your credit:

1. If the **same amount** of income is taxed by both the city and state:
  - A. Use only **one** column of the schedule to calculate your credit;

- B. Enter the same income taxed by both the city and state on Line 2 on the schedule; **and**
  - C. Combine the amounts of tax paid to the city and the state on that income and enter the total on Line 6.
2. If the **amounts** of income taxed by both the city and state **are not the same**:
    - A. Use two columns on the schedule;
    - B. Enter only the income taxed by both jurisdictions on Line 2 in the first column; **and**
    - C. Enter the excess income taxed by only one of the jurisdictions in the next column.

The credit claimed cannot exceed the amount of tax due to Connecticut on that portion of income taxed in another jurisdiction.

### Instructions for Part 1, Schedule B - Credit for Income Taxes Paid to Qualifying Jurisdictions

#### Line 1 - Connecticut Taxable Income of Resident Trust or Estate

Enter:

1. The Connecticut taxable income from Form CT-1041, Line 1; **and**
2. Any net loss derived from or connected with sources in one or more qualifying jurisdiction(s) where you were subject to income taxation whether or not income tax was actually paid to the jurisdiction(s).

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**Example:** Taxpayer B, a resident trust, has taxable income of \$70,000, which includes income of \$15,000 from business activities conducted in Massachusetts and a net loss of \$15,000 from a business conducted in Rhode Island. The fiduciary of this trust must add the \$15,000 net loss to the \$70,000 and enter \$85,000 on Line 1.

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#### Part-Year Resident Trust

Enter the amount from Schedule CT-1041FA, Part 1, Line 9, with the following exceptions:

1. Add to the amount from Schedule CT-1041FA, Part 1, Line 9, any **net** loss derived from or connected with sources in one or more qualifying jurisdiction(s) where you were subject to income taxation whether or not income tax was actually paid to the jurisdiction(s); **and**

2. For the period the trust is a Connecticut resident trust, add back any item of loss or deduction and subtract any item of income or gain that is an item of special accrual.

Enter the modified amount on Line 1 of the schedule.

**Example:** Taxpayer L, a part-year resident trust, has taxable income from its residency period of \$60,000, which includes income of \$15,000 from business activities conducted in Massachusetts and a net loss of \$20,000 from a business conducted in Rhode Island. The fiduciary of this trust must add the \$20,000 net loss to the \$60,000 and enter \$80,000 on Line 1.

### Line 1a - Qualifying Jurisdiction's Name and Two-Letter Code

If you claim credit for income taxes paid to a qualifying jurisdiction, enter the name and the two-letter code of each qualifying jurisdiction for which you are claiming credit. If you are claiming credit for income taxes paid to a political subdivision of another state, enter the name and two-letter code of the state.

#### Standard Two-letter Codes

Alabama..... AL	Kentucky.....KY	North Carolina.... NC
Arizona..... AZ	Louisiana.....LA	North Dakota.....ND
Arkansas..... AR	Maine.....ME	Ohio.....OH
California..... CA	Maryland.....MD	Oklahoma.....OK
Colorado..... CO	Massachusetts.....MA	Oregon.....OR
Delaware..... DE	Michigan.....MI	Pennsylvania.....PA
District of Columbia DC	Minnesota.....MN	Rhode Island.....RI
Georgia..... GA	Mississippi.....MS	South Carolina.... SC
Hawaii..... HI	Missouri.....MO	Tennessee..... TN
Idaho..... ID	Montana.....MT	Utah.....UT
Illinois..... IL	Nebraska.....NE	Vermont.....VT
Indiana..... IN	New Jersey.....NJ	Virginia.....VA
Iowa..... IA	New Mexico.....NM	West Virginia..... WV
Kansas..... KS	New York.....NY	Wisconsin..... WI

#### Resident Inter Vivos Trusts with Nonresident Noncontingent Beneficiaries

To calculate the credit for taxes paid to qualifying jurisdictions, resident inter vivos trusts with nonresident noncontingent beneficiaries must perform additional calculations to determine the amounts reported on Line 2 and Line 6 as follows:

Line 2: Multiply (a) the non-Connecticut income included on Line 1 and reported on the qualifying jurisdiction's income tax return; by (b) the resident beneficiary percentage from Schedule CT-1041B, Part 2, Line 4.

Line 6: Multiply (a) the income tax paid to the qualifying jurisdiction; by (b) the resident beneficiary percentage from Schedule CT-1041B, Part 2, Line 4.

### Line 2 - Non-Connecticut Income Resident Trust or Estate

Enter the total non-Connecticut income included on Line 1 and reported on another jurisdiction's income tax return.

#### Part-Year Resident Trust

Enter the total non-Connecticut income for the period of Connecticut residency included on Line 1 and reported on another jurisdiction's income tax return.

For the period the trust is a Connecticut resident trust, add back any item of loss or deduction and subtract any item of income or gain that is an item of special accrual.

### Line 3

#### Resident and Part-Year Resident Trust

Divide Line 2 by Line 1. The result cannot exceed 1.0000. Round to four decimal places.

### Line 4 - Connecticut Income Tax Liability

#### Resident Trust or Estate

Enter the Connecticut tax liability as shown on Form CT-1041, Line 2.

#### Part-Year Resident Trust

Enter the allocated Connecticut income tax liability as shown on Schedule CT-1041FA, Line 12. To determine the Connecticut income tax liability of a part-year resident trust, the tax applies to the income derived from or connected with sources within this state. The income derived from or connected with sources within this state for a part-year resident trust is the sum of the trust's Connecticut taxable income during the residency portion of the taxable year and the trust's income derived from or connected with sources within Connecticut during the nonresidency portion of the taxable year.

### Line 5

Multiply Line 3 by Line 4 and enter the result.

### Line 6 - Income Tax Paid to a Qualifying Jurisdiction

#### Resident Trust or Estate

Enter the total amount of **income tax paid** to a qualifying jurisdiction for the taxable year. For full-year and part-year resident inter vivos trusts with nonresident, noncontingent beneficiaries, apply the percentage of resident noncontingent beneficiaries from Schedule CT-1041B, Part 2, Line 4, to the amount of total tax paid to each qualifying jurisdiction for the taxable year.

**Income tax paid** means the lesser of the tax liability to that jurisdiction or the tax the trust or estate paid to that jurisdiction, excluding any penalty or interest, as reported on a return filed with that jurisdiction. Do not report taxes withheld for the qualifying jurisdiction.

Tax payments include direct and indirect pro rata share of taxes paid to a qualifying jurisdiction by a pass-through entity if such pass-through entity is subject to a pass-through entity tax substantially similar to the PE Tax imposed in Connecticut.

#### Part-Year Resident Trust

Enter the total amount of **income tax paid** to a qualifying jurisdiction for the period of Connecticut residency only.

**Income tax paid** means the lesser of the trust's tax liability to the qualifying jurisdiction or the tax the trust paid to that jurisdiction, excluding any penalty or interest, as reported on a return filed with that jurisdiction. Do not report taxes withheld for the qualifying jurisdiction.

Tax payments include direct and indirect pro rata share of taxes paid to a qualifying jurisdiction by a pass-through entity if such pass-through entity is subject to a pass-through entity tax substantially similar to the PE Tax imposed in Connecticut.



If the tax the trust paid to that jurisdiction was also based on income earned during the nonresidency period, prorate the amount of tax for which you are claiming credit. The proration is based upon the relationship that the income earned in that jurisdiction during the period of Connecticut residency bears to the total amount of income the trust earned in that jurisdiction in the taxable year.

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**Example:** Taxpayer H, a part-year resident trust, conducted business in Rhode Island all year and paid \$1,200 in Rhode Island tax in 2022. The trust's total Rhode Island income for 2022 was \$20,000 of which \$15,000 was earned while the trust was a Connecticut resident trust. The income tax paid to Rhode Island during the Connecticut residency period is:

$$\frac{\$15,000}{\$20,000} \times \$1,200 = \$900$$

The fiduciary of this trust should enter \$900 on Line 6.

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### Line 7

Enter the lesser of Line 5 or Line 6.

### Line 8 - Total Credit for Income Taxes Paid to Qualifying Jurisdictions

Add the amounts from Line 7, Columns A and B of any additional worksheets. The amount on Line 8 cannot exceed the amount on Line 5. Enter the total here and on Form CT-1041, Line 4.

Attach a copy of the income tax return filed with each qualifying jurisdiction to the Connecticut income tax return or the credit will be disallowed.

If the trust or estate files Form CT-1041 electronically, copies of all income tax returns filed with qualifying jurisdictions should be retained for three years from the date of filing. The forms must be provided to DRS upon request.