

Georgia Form 501 (Rev. 7/10)
Fiduciary Income Tax Return



1000804014

Mailing Address
Georgia Department of Revenue
Processing Center
P.O. Box 740316
Atlanta, Georgia 30374-0316

2009 OR OTHER TAX YEAR BEGINNING ___/___/___ ENDING ___/___/___

A. Federal Employer Id. No.	Name of Estate or Trust	
B. Date of Creation of Trust or Decedent's Death	Name and Title of Fiduciary	Telephone No.
	Address of Fiduciary (Number and Street)	City, State, and Zip Code
C. Name and address on last year's return if different from above. If no return was filed last year, state reason.		

D. Indicate latest taxable year (within last 5 years) adjusted by INTERNAL REVENUE SERVICE _____
If Internal Revenue Service adjusted net income within last 5 years, a detailed statement of such adjustment must be submitted under separate cover to:
Georgia Department of Revenue, Processing Center, P.O. Box 740316, Atlanta, Georgia 30374-0316.

Schedule 1 - Computation of Tax	1. Income of fiduciary (Adjusted total income from attached Form 1041)	1.	
	2. Adjustments: (List of all items in Schedule 3, Page 2)	2.	
	3. Total (Line 1 plus or minus Line 2)	3.	
	4. Beneficiaries' share of income (Total of Schedule 2)	4.	
	5. Balance (Line 3 less Line 4)	5.	
	6. Exemptions: (Trusts \$1,350 / Estates \$2,700)	6.	
	7. Net taxable income of fiduciary (Line 5 less Line 6)	7.	▶
	8. Total tax	8.	▶
	9. Less Credits (Attach copy of return)	9.	▶
	10. Balance	10.	
	11. Less payments on Georgia estimated income tax or Georgia tax withheld	11.	▶
	12. Balance of tax due	12.	▶
	13. Interest	13.	▶
	14. Penalties-Late Payment _____ Late Filing _____ Underpayment Estimated _____	14.	▶
	15. Total amount due (Pay this amount in full to Georgia Department of Revenue)	15.	
	16. Overpayment (Line 10 less Line 11)	16.	
	17. Amount to be refunded	17.	
	18. Amount of Line 16 to be credited to 2010 estimated tax	18.	

Schedule 2 Beneficiaries' Share of Income Enter Name, Address, and ID Number	A	1.	
		2.	
		3.	
		4.	
	B	1.	
		2.	
		3.	
		4.	

TOTAL (Enter also on Line 4, Schedule 1)

DECLARATION: I/we declare under the penalties of perjury that I/we have examined this return (including accompanying schedules and statements) and to the best of our knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

Signature of Fiduciary

Date

Signature and Identification Number of Preparer other than Fiduciary

Department Use Only

THE FIDUCIARY MUST ATTACH TO THIS RETURN A COPY OF ITS FEDERAL RETURN AND SUPPORTING SCHEDULES

SCHEDULE 3 - ADJUSTMENTS TO INCOME - FORM 501 TAXPAYER'S FEIN

ADDITIONS:

Municipal bond interest - other states		
Income tax deduction other than Georgia		
Expense allocable to exempt income (other than US obligations)		
TOTAL ADDITIONS		

SUBTRACTIONS:

Interest - U.S. Government Bonds (must be reduced by direct and indirect interest expense) .		
Income Tax Refund other than Georgia		
TOTAL SUBTRACTIONS		
NET ADJUSTMENT: Total additions less total subtractions. (Enter also on Line 2, Schedule 1)		

Georgia has adopted most of the provisions of **all** federal tax acts (as they relate to the computation of Federal taxable income) that were enacted on or before January 1, 2009. Please see Page 3 for more information.

Schedule 3

Georgia taxable income of a fiduciary is its Federal income with certain adjustments as provided in Code Section 48-7-27. List all additions and all subtractions in the appropriate sections of Schedule 3. The more common adjustments are shown.

Every resident and nonresident fiduciary having income from sources within Georgia or managing funds or property for the benefit of a resident of this state is required to file a Georgia income tax return on Form 501.

ADDITIONS: Interest on State and Municipal bonds other than Georgia and its political subdivisions. Any income tax claimed as a deduction on Form 1041 **other than** Georgia. Fiduciary fee and other expense allocable to income exempt from Georgia tax (other than U.S. obligations).

Returns are required to be filed by the 15th day of the 4th month following the close of the taxable year.

SUBTRACTIONS: Interest and dividends on U.S. Government bonds and other U.S. obligations. U.S. obligation income must be reduced by direct and indirect interest expense. To arrive at this reduction, the total interest expense is multiplied by a fraction, the numerator of which is the taxpayers average adjusted basis of the U.S. obligations, and the denominator of which is the average adjusted basis of all assets of the taxpayer. **NOTE:** Interest received from the Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and interest derived from repurchase agreements are not considered to be obligations of the United States and are taxable. Income Tax refunds included as income on Form 1041 other than Georgia. Enter the total adjustments on the indicated line of Schedule 3 and on Line 2, Schedule 1.

The Georgia Code provides penalties for failure to comply with its provisions and for interest on late payments of tax and deficiencies.

SPECIFIC INSTRUCTIONS

Schedule 1

Enter on Line 1 the amount of gross income less the itemized deductions shown on the Federal Form 1041.

Enter on Line 2 the net adjustment from Schedule 3.

Enter on Line 4 the total portion of income distributable to all beneficiaries as listed in Schedule 2.

Enter on Line 6 the exemption: Trusts \$1,350, Estates \$2,700.

Compute the total income tax on the amount shown on Line 7 from the following tax rate schedule, entering the total tax due on Line 8.

If the amount on Line 7 is Over	But Not Over	Amount of Tax is	Of Excess Over
.....	\$ 750	1%
\$ 750	\$ 2250	\$ 7.50+2%	\$ 750
\$ 2250	\$ 3750	\$ 37.50+3%	\$ 2250
\$ 3750	\$ 5250	\$ 82.50+4%	\$ 3750
\$ 5250	\$ 7000	\$ 142.50+5%	\$ 5250
\$ 7000	\$ 230.00+6%	\$ 7000

Line 9

A credit is allowed on Line 9 for income tax paid to other States. A copy of the other state(s) return must be attached.

For information about business tax credits, see our website. Submit a schedule for the total credit claimed. The amount on the schedule must equal the amount claimed on Line 9.

Line 11

Credit for nonresident withholding on distributions from pass through entities and sale of property by nonresidents. See O.C.G.A. Sections 48-7-128 and 48-7-129. **Attach a copy of G 2RP or G 2A or the closing statement showing the amount withheld**

Schedule 2

Complete Schedule 2 to reflect for each beneficiary on: Line 1, full name; Line 2 number and street; Line 3, city and state of residence; and, Line 4, identification number. State the total amount of income distributable to each. If there are more than two beneficiaries, attach a list showing the same information for each.

The total of Schedule 2 must be the same as the amount on Line 4, Schedule 1.

GENERAL INFORMATION

PENALTIES AND INTEREST

DELINQUENT FILING OF RETURN - 5% of the tax shown on the return for each month or fractional part thereof - up to 25%.

FAILURE TO PAY tax shown on a return by due date - 1/2 of 1% of the tax due for each month or fractional part thereof - up to 25%.

Note: Late payment and late filing penalties together cannot exceed 25%.

A **PENALTY OF \$1,000** may be assessed against an individual who files a frivolous return.

NEGLIGENT underpayment of tax - 5% of the underpayment.

FRAUDULENT UNDERPAYMENT - 50% thereof.

FAILURE TO FILE ESTIMATED TAX - 9% per annum for the period of underpayment. Form 500UET is available upon request for computation of underestimated installment payments.

INTEREST is computed at 12% per year on any unpaid tax from the date due until paid. An extension of time for filing does not relieve late payment penalty or interest.

ESTIMATED TAX

Code Section 48-7-114 requires Fiduciaries to pay estimated tax. Each Fiduciary subject to Georgia Income Tax who reasonably expects to have during the year gross income which exceeds: (1) The personal exemption; plus (2) Estimated deductions; plus (3) \$1,000 income not subject to withholding is required to file.

WHEN AND WHERE TO FILE ESTIMATED TAX. Estimated tax payments required to be filed by persons not regarded as farmers or fishermen shall be filed on or before April 15th of the taxable year, except that if the above requirements are first met on or after April 1st, and before June 1st, the tax must be paid by June 15th; on or after June 1st and before September 1st, by September 15th; and on or after September 1st, by January 15th of the following year. Fiduciaries filing on a fiscal-year basis ending after December 31st, must file on corresponding dates.

The estimate coupon, Form 500ES, should be mailed to the Department of Revenue,, Processing Center, P.O. Box 740319, Atlanta, GA 30374-0319.

PAYMENT OF ESTIMATED TAX FOR 2010. Payment in full of your estimated tax may be made with the first required payment or in equal installments during this year on or before April 15th, June 15th, September 15th, and the following January 15th. Make your check or money order payable to "Georgia Department of Revenue."

Georgia Public Revenue Code Section 48-2-31 stipulates that "taxes shall be paid in lawful money of the United States free of any expense to the State of Georgia."

FEDERAL TAX CHANGES

The Governor signed House Bill 1138 into law. Consequently, for taxable years beginning on or after January 1, 2009, except as discussed below, Georgia has adopted the provisions of all federal acts (as they relate to the computation of Federal Adjusted Gross Income (AGI) or federal taxable income for non-individuals) that were enacted **on or before** January 1, 2010. For 2009, the I.R.C. Section 179 deduction is now **\$250,000** and the related phase out is **\$800,000**.

House Bill 1138 also adopts Public Law 111-126, signed by the President on January 22, 2010. This bill allows a taxpayer, who makes a charitable contribution to the Haitian earthquake victims after Jan. 11, 2010, and before Mar. 1, 2010, to elect to claim a charitable deduction on their 2009 tax return (instead of having to wait to claim the deduction on their 2010 tax return).

Georgia has **not** adopted I.R.C. Section 168(k) (the 30% and 50% bonus depreciation rules) except for I.R.C. Section 168(k)(2)(A)(i) (the definition of qualified property), I.R.C. Section 168(k)(2)(D)(i) (exceptions to the definition of qualified property), and I.R.C. Section 168(k)(2)(E) (special rules for qualified property) and Georgia has not adopted I.R.C. Section 199 (federal deduction for income attributable to domestic production activities).

Georgia has also **not** adopted the following:

- The exclusion of \$2,400 of unemployment income, I.R.C. Section 85(c).
- Additional itemized deduction for the sales tax on the purchase of a new vehicle in 2009, I.R.C. Sections 164(a)(6) and 164(b)(6). Please note: Georgia also does not allow the increased standard deduction for sales tax on the purchase of a new vehicle in 2009 because Georgia has its own standard deduction.
- The election to increase the normal two year net operating loss carryback to 3, 4, or 5 years for tax years 2008 and 2009, I.R.C. Sections 172(b)(1)(H) and 810(b)(4).
- The transition rule that would allow a taxpayer to revoke a prior election to forego the net operating loss carryback period.
- Debt discharge income from reacquisitions of business debt at a discount in 2009 and 2010 which is deferred for up to five years, then included ratably over five years, I.R.C. Section 108(i).
- Modified rules for high yield original issue discount obligations, I.R.C. Sections 163(e)(5)(F) and 163(i)(1).
- New York Liberty Zone Benefits, I.R.C. Section 1400L.
- 50% first year depreciation for post 8/28/2006 Gulf Opportunity Zone property, I.R.C. Section 1400N(d)(1).
- 50% bonus depreciation for most tangible property and computer software bought after May 4, 2007 and placed in service in the Kansas Disaster Area before Jan. 1, 2009 (before Jan. 1, 2010 for buildings), I.R.C. Section 1400N(d)(1).
- 50% bonus depreciation for "qualified reuse and recycling property", I.R.C. Section 168(m).
- 50% bonus depreciation in connection with disasters federally declared after 2007 and occurring before 2010, I.R.C. Section 168(n).
- Increased (\$8,000) first-year depreciation limit for passenger automobiles if the passenger automobile is "qualified property," I.R.C. Section 168(k).
- 15 year straight-line cost recovery period for certain improvements to retail space, I.R.C. Sections 168(e)(3)(E)(ix), 168(e)(8), and 168(b)(3)(l).
- Modified rules relating to the 15 year straight-line cost recovery for qualified restaurant property (allowing buildings to now be included) placed in service after Dec. 31, 2008 and before Jan. 1, 2010, I.R.C. Section 168(e)(7).
- 5 year depreciation life for most new farming machinery and equipment placed in service before January 1, 2010, I.R.C. Section 168(e)(3)(B)(vii).
- Special rules relating to Gulf Opportunity Zone public utility casualty losses, I.R.C. Section 1400N(j).

- 5 year carryback of NOLs attributable to Gulf Opportunity Zone losses, I.R.C. Section 1400N(k).
- 5 year carryback of NOLs incurred in the Kansas disaster area after May 3, 2007, and before 2010, I.R.C. Section 1400N(k).
- 5 year carryback of certain disaster losses, I.R.C. Sections 172(b)(1)(J) and 172(j).
- The election to deduct public utility property losses attributable to May 4, 2007 Kansas storms and tornadoes in the fifth tax year before the year of the loss, I.R.C. Section 1400N(o).
- Special rules relating to a financial institution being able to use ordinary gain or loss treatment for the sale or exchange of certain preferred stock after Dec. 31, 2007, I.R.C. Section 1221.
- Temporary tax relief provisions relating to the Midwestern disaster area, I.R.C. Sections 1400N(f) and 1400N(k).

Depreciation Differences. Depreciation differences due to the Federal acts mentioned above should be treated as follows (If the taxpayer has depreciation differences from more than one Federal act, it is not necessary to make a separate adjustment for each act):

A. Depreciation must be computed one way for Federal purposes and another way for Georgia purposes. To compute depreciation for Federal purposes, taxpayers should use the current year IRS Form 4562 and attach it to the Georgia return. This should be entered on the other addition line of the return.

B. Depreciation must also be computed for Georgia purposes. Taxpayers should use Georgia Form 4562 to compute depreciation for Georgia purposes and attach it to the Georgia return. This should be entered on the other subtraction line of the return.

Federal deduction for income attributable to domestic production activities (IRC Section 199). This adjustment should be entered on the addition line of the applicable return. An adjustment to the Georgia partnership or S Corporation return is not required if the partnership or S Corporation is not allowed the Section 199 deduction directly, but instead passes through the information, needed to compute the deduction, to the partners or shareholders.

Other Differences. Other differences should be placed on the other addition or subtraction line of the applicable return. Attach a statement to the return explaining these differences.

All flowthrough entities (partnerships, S Corporations, limited liability companies, limited liability partnerships, fiduciaries) that own property in Georgia, do business in Georgia, receive income from Georgia sources, or that have Georgia resident owners/beneficiaries should notify them of the required adjustments. Depreciation differences may also be reported to you by these types of entities. Additionally, the provisions listed above may have an indirect effect on the calculation of Georgia taxable income. Adjustments for the items listed below should be added or subtracted on your Georgia income tax form.

1. When property is sold for which the bonus depreciation was claimed, there will be a difference in the gain or loss on the sale of the property.
2. The depreciation adjustment may be different if the taxpayer is subject to the passive loss rules and is not able to claim the additional depreciation on the Federal return.
3. Other Federal items that are computed based on Federal Adjusted Gross Income or Federal Taxable Income will have to be recomputed if the provisions of the Federal Acts are claimed.

Furthermore, in 2003 the IRS started requiring separate reporting, to shareholders of S Corporations and partners of partnerships, for the gain from asset sales for which an I.R.C. Section 179 deduction was claimed. Georgia follows the separate reporting treatment of the gain and the Section 179 deduction. Accordingly, the gain should not be reported directly on the S Corporation or partnership return, but the gain, along with any Georgia adjustment to the gain (due to the Federal acts), should be reported separately to the shareholders or partners.