

17 NCAC 06B .3714 TAX CREDITS

- (a) A fiduciary required to pay an income tax to North Carolina on behalf of a trust or an estate may claim a credit for tax imposed and paid to another state or country on income from sources within the other state or country under the provisions of G.S. 105-160.4(a).
- (b) A resident beneficiary of an estate or trust, the fiduciary of which pays an income tax to another state or country on distributable income reportable to North Carolina that is derived from sources in the other state or country may claim a credit against the beneficiary's North Carolina tax for the beneficiary's share of tax paid the other state or country under the provisions of G.S. 105-160.4(e).
- (c) A schedule is provided on the fiduciary return for use in computing the tax credit allowable to the estate or trust. Before this schedule may be completed, however, there must be an allocation between the estate or trust and its beneficiaries of the tax paid and the gross income on which tax was paid to the other state or country.
- (d) The fiduciary's share and each beneficiary's share of the gross income on which tax has been paid to another state or country is determined by the governing instrument and should be entered in the appropriate schedule on the fiduciary return. The fiduciary's share of the total gross income to be used in the tax credit computation schedule is the total gross income from Federal Form 1041.
- (e) If additional tax credits are claimed, a separate schedule must be attached to the fiduciary return showing how the credits were determined and how they are allocated between the beneficiaries and the fiduciary.

*History Note: Authority G.S. 105-131.8; 105-153.9; 105-160.3; 105-160.4; 105-262;
Eff. February 1, 1976;
Amended Eff. August 1, 1998; June 1, 1993; June 1, 1990; June 1, 1982;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 26,
2015.*