



# FORM 1041 AND FEDERAL/STATE FORM 1041

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Form 1041, *U.S. Income Tax Return for Estates and Trusts*, is used to report yearly income for estates and trusts. It shows the taxpayer's share of income as the beneficiary of an estate or trust.

The electronic/magnetic media filing of Forms 1041 includes returns filed on magnetic media (magnetic tape or floppy diskette) or electronically. Electronic returns are filed over telephone lines from the participant's communications device or modem into the Bulletin Board System (BBS) at the Philadelphia Service Center. Participating states have the option in the Federal/State 1041 Program to file both returns at the same time.

## WHO CAN PARTICIPATE

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**Electronic Return Originator (ERO):** A firm, organization or individual who deals directly with the taxpayer. The ERO either prepares tax returns or collects prepared tax returns from taxpayers who wish to have their returns filed electronically or magnetically.

**Fiduciary:** A fiduciary can develop its own preparation software, transmit the return electronically, send the return on magnetic media, or use another firm's software or transmission services.

**Transmitter:** A firm, organization or individual who transmits returns directly to the IRS electronically or on magnetic media.

**Software Developer:** A firm, organization or individual who develops software for use in preparing returns according to IRS specifications and transmitting returns to the IRS electronically or on magnetic media.

## HOW TO PARTICIPATE

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The ERO, Fiduciary, Transmitter, or Software Developer can participate in the program by contacting the Magnetic Media Unit (MMU) at Philadelphia Service Center. The MMU will send the following information:

- Form 9041, *Application for Electronic/Magnetic Media Filing of Business and Employee Benefit Plan Returns*.
- Publication 1437, *Procedures for Electronic/Magnetic Media Filing of U.S. Income Tax Returns for Estates and Trusts, Form 1041*, and
- Publication 1438, *File Specifications, Validation Criteria and Record Layouts for Electronic/Magnetic Media Filing of U.S. Income Tax Returns for Estates and Trusts, Form 1041, for Tax Year 1998*.



Department of the Treasury  
Internal Revenue Service  
[www.irs.gov](http://www.irs.gov)

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The participant completes Form 9041 and forwards it to the Philadelphia Service Center for processing.

The following requirements apply to all magnetic media participants:

- Must be accepted into the program;
- Must comply with all procedures and perform validity and consistency checks on the data as explained in the applicable procedures, file specifications and record layouts in the publications mentioned above;
- Must maintain a high degree of integrity and accuracy; and
- Must be responsible for the security of all transmitted data.

## BENEFITS

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- Proof of IRS receipt within 5 to 7 days.
- Fewer errors means less correspondence with IRS.
- Multi-return payment option (one check for up to 5,000 returns).
- Multi-signature option (one signature for up to 5,000 returns).
- Reduced costs.
- One-stop service for the filing of Fed/State returns.

## FOR FURTHER INFORMATION

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The BBS can be reached by dialing (215) 516-7625.

Electronic Return Originator, Fiduciary, Transmitter, or Software Developer can participate in the program by contacting the Magnetic Media Unit at Philadelphia Service Center at (215)516-7533.

If you have questions about the Form 1041 or other electronic business options, you may visit the Electronic Services section of the IRS web site at [www.irs.gov](http://www.irs.gov).

## ACCEPTED FORMS

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|               |   |
|---------------|---|
| Form 1041     | <i>U.S. Income Tax Return for Estates and Trusts</i>                                    |
| Schedule C    | <i>Profit or Loss from Business</i>   |
| Schedule C-EZ | <i>Net Profit from Business</i>   |
| Schedule D    | <i>(Form 1041)Capital Gains and Losses</i>  |
| Schedule E    | <i>Supplemental Income and Loss</i>   |
| Schedule F    | <i>(Form 1040)Profit or Loss from Farming</i>   |
| Schedule J    | <i>(Form 1041)Information Return - Trust Allocation of an Accumulation Distribution</i> |
| Schedule K-1  | <i>(Form 1041)Beneficiary's Share of Income, Deductions, Credits, etc.</i>              |
| Form 1116     | <i>Foreign Tax Credit</i>   |
| Form 2210     | <i>Underpayment of Estimated Tax by Individuals, Estates and Trusts</i>                 |
| Form 2210F*   | <i>Underpayment of Estimated Tax By Farmers and Fishermen</i>                           |

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| Form 3468  | <i>Investment Credit</i>   |
| Form 4255* | <i>Recapture of Investment Credit</i>                                  |
| Form 4562  | <i>Depreciation and Amortization</i>                                   |
| Form 4684  | <i>Casualties and Thefts</i>   |
| Form 4797  | <i>Sale of Business Property</i>                                       |
| Form 4835  | <i>Farm Rental Income and Expenses</i>                                 |
| Form 4952  | <i>Investment Interest Expense Deduction</i>                           |
| Form 6198  | <i>At-Risk Limitations</i>   |
| Form 6252  | <i>Installment Sale Income</i>   |
| Form 8271  | <i>Investor Reporting of Tax Shelter Registration Number</i>           |
| Form 8582  | <i>Passive Activity Loss Limitations</i>                               |
| Form 8801  | <i>Credit for Prior Year Minimum Tax - Individuals and Fiduciaries</i> |
| Form 8824  | <i>Like-Kind Exchanges</i>   |
| Form 8829* | <i>Expenses for Business Use of Your Home</i>                          |

\* New Forms for TY99

#### **FEDERAL/STATE 1041 OPTION:**

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The Federal/State 1041 option offers “One-Stop” service when filing Form 1041 returns. Currently, New York is the only state in the program but any state that has a requirement to file both a state and federal fiduciary return can participate.