



Example of the computation of Fiduciary Colorado tax, resident beneficiary's Colorado Fiduciary adjustment, and nonresident beneficiary's Colorado source income.

The federal Form 1041 for the John Smith estate showed the following items of income and deduction:

1. Interest income	\$32,614
2. Dividends	4,800
5. Net rent income (Colo.).....	<u>16,832</u>
9. Total income.....	\$54,246
12. Fiduciary Fees	\$6,000
14. Accountant's Fee	<u>1,500</u>
16. Total	<u>\$7,500</u>
17. Adjusted total income.....	\$46,746
18. Income distribution deduction	\$34,189
20. Exemption	<u>600</u>
21. Total	\$34,789
22. Taxable income.....	\$11,957

The estate also had \$2,476 in non-Colorado municipal bond interest income during the tax year. \$24,000 was distributed to Alice Smith, a Colorado resident and \$12,000 to John Smith, Jr., a nonresident of Colorado. The estate had \$8,700 in U. S. Government interest.

The shares of the federal distributable net income are as follows:

Alice Smith	\$24,000	48.76%
John Smith, Jr.	12,000	24.38%
John Smith Estate	<u>13,222</u>	<u>26.86%</u>
Totals	\$49,222	100.00%

The Colorado tax of the estate is determined as follows:

1. Federal taxable income	\$11,957
2. Modifications increasing federal income:	
Local bond interest	\$2,476
3. Colorado marijuana business deduction	
4. Modifications decreasing federal income:	
Federal bond interest.....	<u>\$8,700</u>
5. Net modifications	<u>\$(6,224)</u>
7. Allocated to the estate @ 26.86%.....	\$(1,672)
8. Taxable income	\$10,285
9. Tax	\$476

Alice Smith's share of the Colorado fiduciary adjustment is computed as follows:

Share of local bond interest @ 48.76%	\$1,207
Share of U. S. interest @ 48.76%.....	<u>4,242</u>
Net modification	\$(3,035)

John Smith, Jr. income reportable to Colorado is determined as follows:

Share of distributable net income	\$12,000
From Colorado sources at 29.67%	\$3,561

Colorado source income is computed as follows:

<u>Rental income (Colorado) \$16,832</u>	
Total income \$56,722	= 29.67%

This can be verified as follows:

<u>John, Jr. share of income \$12,000</u>	
Distributable net income \$49,222	= 24.38%
Share of rental income \$16,832 x 24.38%	= \$4,104
Share of fees \$7,500 x 24.38% x 29.67%*	= 543
Net Colorado income	\$3,561

* Share of fees allocated to rental income