

# FIDUCIARY RETURN OF INCOME

## For Calendar Year 1932

Do Not Write in These Spaces

(Auditor's Stamp)

Or Fiscal Year begun \_\_\_\_\_, 1931, and ended \_\_\_\_\_, 1932

File This Return Not Later Than the 15th Day of the Third Month Following the Close of the Taxable Year  
(PRINT NAMES AND ADDRESS PLAINLY BELOW)

Name of  
Estate or Trust

Name and  
Address of  
Fiduciary

File  
Code

Serial  
Number

District

(Date Received)

1. Was a return of income for 1931 filed on behalf of the estate or trust named above?.....
2. If so, to what collector's office was it sent? (Give district or city and State).....
3. Give date of creation of trust or decedent's death.....
4. State whether books are kept on cash or accrual basis.....

Item and  
Instruction No.

### INCOME

1. Net profit from Trade or Business. (From Schedule A).....	\$		
2. Interest on Bank Deposits, Notes, and Corporation Bonds, etc. (except interest on tax-free covenant bonds).....			
3. Interest on Tax-free Covenant Bonds upon which a tax was paid at source.....			
4. Income from Partnerships, Syndicates, Groups, etc., and Fiduciaries: (State name and address.) .....			
5. Rents and Royalties. (From Schedule B).....			
6. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C).....			
7. Dividends on: (a) Stock of Domestic Corporations subject to income tax under Revenue Act of 1932.....			
(b) Stock of Domestic Corporations not subject to income tax under Revenue Act of 1932.....			
(c) Stock of Foreign Corporations.....			
8. Other income: (State nature of income.) (a).....			
(b).....			
9. TOTAL INCOME IN ITEMS 1 TO 8.....	\$		
<b>DEDUCTIONS</b>			
10. Interest Paid.....	\$		
11. Taxes Paid.....			
12. Losses by Fire, Storm, etc. (Explain in Table at foot of page 2).....			
13. Bad Debts. (Explain in Schedule E).....			
14. Contributions. (Explain in Schedule E).....			
15. Other Deductions Authorized by Law. (Explain in Schedule E).....			
16. TOTAL DEDUCTIONS IN ITEMS 10 TO 15.....	\$		
17. NET INCOME (Item 9 minus Item 16).....	\$		

### 18. BENEFICIARIES' SHARES OF INCOME AND CREDITS

(See Instruction 18)

1. NAME AND ADDRESS OF EACH BENEFICIARY (Designate surviving spouse and nonresident aliens)	2. PER- CENTAGE OF BEN- EFICIAL INTEREST	3. DIVIDENDS (Item 7 (a) above, or Item 17, whichever amount is smaller)	4. BALANCE OF NET INCOME (Item 17 minus Item 7 (a))	5. CAPITAL NET GAIN OR LOSS (Schedule D, Column 9)	6. INCOME TAX PAID AT SOURCE (2% of Item 3)	7. INCOME TAX PAID FOREIGN COUNTRIES OR UNITED STATES POSSESSIONS
(a).....		\$	\$	\$	\$	\$
(b).....						
(c).....						
(d).....						
(e).....						
(f).....						
(g).....						
(h).....						
(i).....						
(j).....						
(k).....						
TOTALS.....		\$	\$	\$	\$	\$

### 19. NONTAXABLE OBLIGATIONS, LIBERTY BONDS, ETC.

(See Instruction 19)

1. OBLIGATIONS OR SECURITIES	2. AMOUNT OWNED	3. INTEREST RECEIVED
(a) Obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia.....	\$	\$
(b) Securities issued under the provisions of the Federal Farm Loan Act, or under such Act as amended, Treasury Bills, and Treasury Certificates of Indebtedness.....		
(c) Liberty 3½% Bonds and other obligations of U. S. issued before Sept. 1, 1917, and obligations of U. S. possessions.....		
(d) Liberty 4% and 4¼% Bonds and Treasury Bonds.....		
(e) Treasury Notes.....		

**SCHEDULE A—INCOME FROM TRADE OR BUSINESS** (See Instruction 1)

1. Total receipts from trade or business (state kind of business).....		\$
<b>COST OF GOODS SOLD</b>		
2. Labor.....	\$	
3. Material and supplies.....		
4. Merchandise bought for sale.....		
5. Other costs (itemize below or on separate sheet).....		
6. Plus inventory at beginning of year.....		
7. TOTAL (Lines 2 to 6).....	\$	
8. Less inventory at end of year.....		
9. NET COST OF GOODS SOLD (Line 7 minus Line 8).....	\$	
Enter "C," or "C or M," on Lines 6 and 8 to indicate whether inventories are valued at cost, or cost or market, whichever is lower.		
<b>OTHER BUSINESS DEDUCTIONS</b>		
10. Salaries, except "Labor," reported on Line 2.....	\$	
11. Interest on business indebtedness to others.....		
12. Taxes on business and business property.....		
13. Losses (explain in table at foot of page).....		
14. Bad debts arising from sales.....		
15. Depreciation, obsolescence, and depletion (explain in table provided at foot of page).....		
16. Rent, repairs, and other expenses (itemize below or on separate sheet).....		
17. TOTAL (Lines 10 to 16).....	\$	
18. TOTAL DEDUCTIONS (Line 9 plus Line 17).....	\$	
19. NET PROFIT (Line 1 minus Line 18) (Enter as Item 1).....	\$	

Explanation of deductions claimed on Lines 5 and 16.....

**SCHEDULE B—INCOME FROM RENTS AND ROYALTIES** (See Instruction 5)

1. KIND OF PROPERTY	2. AMOUNT RECEIVED		3. COST OR VALUE AS OF MARCH 1, 1913, WHICHEVER GREATER		4. DEPRECIATION (Explain in table at foot of page)		5. REPAIRS		6. OTHER EXPENSES (Itemize below)		7. NET PROFIT (Enter as Item 5)	
	\$		\$		\$		\$		\$		\$	

Explanations of deductions claimed in Column 6.....

**SCHEDULE C—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC.** (See Instruction 6)

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. AMOUNT REALIZED		4. COST		5. MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE		6. COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR MARCH 1, 1913		7. DEPRECIATION ALLOWED (OR ALLOWABLE) SINCE ACQUISITION OR MARCH 1, 1913		8. NET PROFIT OR LOSS (Enter as Item 6)	
		\$		\$		\$		\$		\$		\$	

State how property was acquired.....

**SCHEDULE D—CAPITAL NET GAIN OR LOSS FROM SALE OF ASSETS HELD MORE THAN TWO YEARS** (See Instruction 6a)

1. KIND OF PROPERTY	2. DATE ACQUIRED		3. DATE SOLD		4. AMOUNT REALIZED		5. COST		6. MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE		7. COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR MARCH 1, 1913		8. DEPRECIATION ALLOWED (OR ALLOWABLE) SINCE ACQUISITION OR MARCH 1, 1913		9. NET GAIN OR LOSS (Enter in Column 5, Item 18)	
	Mo.	Day	Year	Mo.	Day	Year	\$		\$		\$		\$		\$	

State how property was acquired.....

**SCHEDULE E—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 13, 14, AND 15**


**EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULES A AND B**

1. KIND OF PROPERTY (If buildings, state material of which constructed)	2. DATE ACQUIRED	3. AGE WHEN ACQUIRED	4. PROBABLE LIFE AFTER ACQUISITION	5. COST (Exclusive of Land)		6. MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE (Exclusive of Land)		7. DEPRECIATION ALLOWED (OR ALLOWABLE) IN PRIOR YEARS		8. DEPRECIATION ALLOWABLE THIS YEAR	
				\$		\$		\$		\$	

**EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A AND IN ITEM 12**

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST OR VALUE AS OF MARCH 1, 1913, WHICHEVER GREATER		4. SUBSEQUENT IMPROVEMENTS	5. DEPRECIATION ALLOWABLE SINCE ACQUISITION		6. INSURANCE AND SALVAGE VALUE		7. DEDUCTIBLE LOSS	
		\$			\$		\$		\$	

**AFFIDAVIT**

I swear (or affirm) that this return, including the accompanying schedules and statements, has been examined by me, and, to the best of my knowledge and belief, is a true and complete return, made in good faith for the accounting period stated, pursuant to the Revenue Act of 1932 and the Regulations issued thereunder.

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_

\_\_\_\_\_  
(Signature of fiduciary or officer representing fiduciary)



\_\_\_\_\_  
(Signature of officer administering oath)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Address of fiduciary or officer)

See Instruction 24

**(An amended return must be plainly marked "Amended" across face of return)**

# FIDUCIARY RETURN OF INCOME

## For Calendar Year 1932

**DUPLICATE**

**DUPLICATE**

Or Fiscal Year begun \_\_\_\_\_, 1931, and ended \_\_\_\_\_, 1932

File This Return Not Later Than the 15th Day of the Third Month Following the Close of the Taxable Year  
(PRINT NAMES AND ADDRESS PLAINLY BELOW)

DETACH AND RETAIN

THIS COPY AND  
THE INSTRUCTIONS

Name of  
Estate or Trust

Name and  
Address of  
Fiduciary

IF YOU NEED  
ASSISTANCE IN THE  
PREPARATION OF THIS  
RETURN, GO TO A  
DEPUTY COLLECTOR  
OR TO THE  
COLLECTOR'S OFFICE

1. Was a return of income for 1931 filed on behalf of the estate or trust named above?.....
2. If so, to what collector's office was it sent? (Give district or city and State).....
3. Give date of creation of trust or decedent's death.....
4. State whether books are kept on cash or accrual basis.....

Item and Instruction No.	INCOME		
1. Net profit from Trade or Business. (From Schedule A).....		\$	
2. Interest on Bank Deposits, Notes, and Corporation Bonds, etc. (except interest on tax-free covenant bonds).....			
3. Interest on Tax-free Covenant Bonds upon which a tax was paid at source.....			
4. Income from Partnerships, Syndicates, Groups, etc., and Fiduciaries: (State name and address.) .....			
5. Rents and Royalties. (From Schedule B).....			
6. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C).....			
7. Dividends on: (a) Stock of Domestic Corporations subject to income tax under Revenue Act of 1932..... (b) Stock of Domestic Corporations not subject to income tax under Revenue Act of 1932..... (c) Stock of Foreign Corporations.....			
8. Other income: (State nature of income.) (a)..... (b).....			
9. TOTAL INCOME IN ITEMS 1 TO 8.....		\$	
DEDUCTIONS			
10. Interest Paid.....		\$	
11. Taxes Paid.....			
12. Losses by Fire, Storm, etc. (Explain in Table at foot of page 2).....			
13. Bad Debts. (Explain in Schedule E).....			
14. Contributions. (Explain in Schedule E).....			
15. Other Deductions Authorized by Law. (Explain in Schedule E).....			
16. TOTAL DEDUCTIONS IN ITEMS 10 TO 15.....		\$	
17. NET INCOME (Item 9 minus Item 16).....		\$	

### BENEFICIARIES' SHARES OF INCOME AND CREDITS (See Instruction 18)

1. NAME AND ADDRESS OF EACH BENEFICIARY (Designate surviving spouse and nonresident aliens)	2. PER- CENTAGE OF BEN- EFICIAL INTEREST	3. DIVIDENDS (Item 7 (a) above, or Item 17, whichever amount is smaller)	4. BALANCE OF NET INCOME (Item 17 minus Item 7 (a))	5. CAPITAL NET GAIN OR LOSS (Schedule D, Column 9)	6. INCOME TAX PAID AT SOURCE (2% of Item 3)	7. INCOME TAX PAID FOREIGN COUNTRIES OR UNITED STATES POSSESSIONS
(a).....		\$	\$	\$	\$	\$
(b).....						
(c).....						
(d).....						
(e).....						
(f).....						
(g).....						
(h).....						
(i).....						
(j).....						
(k).....						
TOTALS.....		\$	\$	\$	\$	\$

### NONTAXABLE OBLIGATIONS, LIBERTY BONDS, ETC. (See Instruction 19)

1. OBLIGATIONS OR SECURITIES	2. AMOUNT OWNED	3. INTEREST RECEIVED
(a) Obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia.....	\$	\$
(b) Securities issued under the provisions of the Federal Farm Loan Act, or under such Act as amended, Treasury Bills, and Treasury Certificates of Indebtedness.....		
(c) Liberty 3½% Bonds and other obligations of U. S. issued before Sept. 1, 1917, and obligations of U. S. possessions.....		
(d) Liberty 4% and 4¼% Bonds and Treasury Bonds.....		
(e) Treasury Notes.....		

**SCHEDULE A—INCOME FROM TRADE OR BUSINESS (See Instruction 1)**

1. Total receipts from trade or business (state kind of business).....		\$
<b>COST OF GOODS SOLD</b>		
2. Labor.....	\$	
3. Material and supplies.....		
4. Merchandise bought for sale.....		
5. Other costs (itemize below or on separate sheet).....		
6. Plus inventory at beginning of year.....		
7. <b>TOTAL (Lines 2 to 6)</b> .....	\$	
8. Less inventory at end of year.....		
9. <b>NET COST OF GOODS SOLD (Line 7 minus Line 8)</b> .....	\$	
<b>OTHER BUSINESS DEDUCTIONS</b>		
10. Salaries, except "Labor," reported on Line 2.....	\$	
11. Interest on business indebtedness to others.....		
12. Taxes on business and business property.....		
13. Losses (explain in table at foot of page).....		
14. Bad debts arising from sales.....		
15. Depreciation, obsolescence, and depletion (explain in table provided at foot of page).....		
16. Rent, repairs, and other expenses (itemize below or on separate sheet).....		
17. <b>TOTAL (Lines 10 to 16)</b> .....	\$	
18. <b>TOTAL DEDUCTIONS (Line 9 plus Line 17)</b> .....	\$	
19. <b>NET PROFIT (Line 1 minus Line 18) (Enter as Item 1)</b> .....	\$	

Enter "C," or "C or M," on Lines 6 and 8 to indicate whether inventories are valued at cost, or cost or market, whichever is lower.

Explanation of deductions claimed on Lines 5 and 16.....

**SCHEDULE B—INCOME FROM RENTS AND ROYALTIES (See Instruction 5)**

1. KIND OF PROPERTY	2. AMOUNT RECEIVED		3. COST OR VALUE AS OF MARCH 1, 1913, WHICHEVER GREATER		4. DEPRECIATION (Explain in table at foot of page)		5. REPAIRS		6. OTHER EXPENSES (Itemize below)		7. NET PROFIT (Enter as Item 5)	
	\$		\$		\$		\$		\$		\$	

Explanations of deductions claimed in Column 6.....

**SCHEDULE C—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 6)**

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. AMOUNT REALIZED		4. COST		5. MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE	6. COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR MARCH 1, 1913		7. DEPRECIATION ALLOWED (OR ALLOWABLE) SINCE ACQUISITION OR MARCH 1, 1913		8. NET PROFIT OR LOSS (Enter as Item 6)	
		\$		\$			\$		\$		\$	

State how property was acquired.....

**SCHEDULE D—CAPITAL NET GAIN OR LOSS FROM SALE OF ASSETS HELD MORE THAN TWO YEARS (See Instruction 6a)**

1. KIND OF PROPERTY	2. DATE ACQUIRED		3. DATE SOLD		4. AMOUNT REALIZED		5. COST		6. MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE	7. COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR MARCH 1, 1913		8. DEPRECIATION ALLOWED (OR ALLOWABLE) SINCE ACQUISITION OR MARCH 1, 1913		9. NET GAIN OR LOSS (Enter in Column 5, Item 18)	
	Mo.	Day	Year	Mo.	Day	Year	\$			\$		\$		\$	

State how property was acquired.....

**SCHEDULE E—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 13, 14, AND 15**


**EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULES A AND B**

1. KIND OF PROPERTY (If buildings, state material of which constructed)	2. DATE ACQUIRED	3. AGE WHEN ACQUIRED	4. PROBABLE LIFE AFTER ACQUISITION	5. COST (Exclusive of Land)		6. MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE (Exclusive of Land)		7. DEPRECIATION ALLOWED (OR ALLOWABLE) IN PRIOR YEARS		8. DEPRECIATION ALLOWABLE THIS YEAR	
				\$		\$		\$		\$	

**EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A AND IN ITEM 12**

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST OR VALUE AS OF MARCH 1, 1913, WHICHEVER GREATER		4. SUBSEQUENT IMPROVEMENTS	5. DEPRECIATION ALLOWABLE SINCE ACQUISITION		6. INSURANCE AND SALVAGE VALUE		7. DEDUCTIBLE LOSS	
		\$			\$		\$		\$	

**FIDUCIARY'S MEMORANDA**


# INSTRUCTIONS

The Instructions Numbered 1 to 19 Correspond with the Item Numbers on the First Page of the Return

## 1. INCOME FROM TRADE OR BUSINESS

If a trade or business is carried on by the estate or trust, fill in Schedule A on page 2 of the return, and enter the net income (or loss) as Item 1 on page 1 of the return.

This schedule should include income from: (a) Sale of merchandise, or products of manufacturing, mining, construction, and agriculture; and (b) Business service, such as hotel, restaurant, and garage service, amusements, laundering, storage, transportation, etc.

In general, report any income in the earning of which expenses were incurred for material, labor, supplies, etc.

**Farmer's income schedule.**—If the estate or trust operates a farm and keeps no books of account, or keeps books on a cash basis, obtain from the collector, and attach to this return, Form 1040F, Schedule of Farm Income and Expenses, and enter the net farm income as Item 1, page 1 of this return. If the farm books of account are kept on an accrual basis, the filing of Form 1040F is optional.

**Installment sales.**—If the installment method is used, attach to the return a schedule showing separately for the years 1929, 1930, 1931, and 1932 the following information: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; and (f) Gross profit on amount collected. See Section 44 of the Revenue Act of 1932.

**Kind of business.**—Describe the business or service rendered in the space provided on Line 1 of Schedule A, as "grocery," "retail clothing," "drug store," "laundry," "farming," etc.

**Total receipts.**—Enter on Line 1 of Schedule A the total receipts, less any discounts or allowances from the sale price or service charge.

**Inventories.**—If the production, purchase, or sale of merchandise is an income-producing factor in the trade or business, inventories of merchandise on hand shall be taken at the beginning and end of the taxable year which may be valued at cost, or cost or market, whichever is lower.

**Salaries.**—Enter on Line 10 all salaries and wages not included as "Labor" on Line 2 under "Cost of Goods Sold."

**Interest.**—Enter on Line 11 interest on business indebtedness. Do not include interest on capital invested in or advanced to the business by the estate or trust.

**Taxes.**—Enter on Line 12 taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, nor Federal income taxes.

**Losses.**—Enter on Line 13 losses incurred in the trade or business, if not compensated for by insurance or otherwise and not made good by repairs claimed as deductions. Losses of business property arising from fire, storm, or other casualty, or from theft, should be explained in the table provided therefor at the foot of page 2 of the return, giving the information requested.

**Bad debts.**—Enter on Line 14 debts, or portions thereof, arising from sales or services that have been reflected in income, which have been definitely ascertained to be worthless and charged off within the year, or such reasonable amount as has been added to a reserve for bad debts within the year.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

**Depreciation.**—Enter on Line 15 depreciation claimed by reason of exhaustion, wear and tear of property used in the trade or business, or as obsolescence or depletion, and fill in the table at the foot of page 2, giving the information requested. If obsolescence is claimed, explain why useful life is less than actual life.

The amount of depreciation on property acquired by purchase should be determined upon the basis of the original cost (not replacement cost) of the property and the probable number of years remaining of its useful life, except if the property was purchased prior to March 1, 1913, it will be computed on the fair market value of such property as of that date or its original cost, whichever is greater. If the property was acquired in any other manner than by purchase, see Section 23 (k) of the 1932 Act.

In case a deduction is claimed on account of depletion of mines, oil or gas wells, or timber, see Sections 23 (l), 23 (m), and 114 of the 1932 Act.

Do not claim any deduction for depreciation in the value of a building occupied by any beneficiary as a dwelling, or property held for his personal use, nor for land (exclusive of improvements), nor on stocks and bonds.

**Rent, repairs, and other expenses.**—Enter on Line 16 rent on business property in which the estate or trust has no equity, ordinary repairs to keep the property in a usable condition, and other necessary business expenses not classified above, such as heat, light, and fire insurance. Do not include rent for a dwelling occupied by any beneficiary for residential purposes, the cost of business equipment or furniture, expenditures for replacements or permanent improvements to property, nor personal, living, or family expenses of any beneficiary.

**Deficit.**—If the amount to be entered on Line 19 shows a deficit such amount should be preceded by a minus sign or written with red ink.

## 2. INTEREST ON BANK DEPOSITS, ETC.

Enter as Item 2 all interest received or credited to the account of the estate or trust during the taxable year on bank deposits, notes, mortgages, and corporation bonds, except interest on bonds upon which a tax was paid at the source. Interest on bonds is considered income when due and payable, or as it accrues, depending upon whether the books of account are kept on the cash or the accrual basis.

## 3. INTEREST ON TAX-FREE COVENANT BONDS

Enter as Item 3 interest on bonds upon which a tax was paid at the source, if an ownership certificate on Form 1000 was filed with the interest coupons. The tax of 2 per cent paid at source on such interest should be allocated to the beneficiaries in Column 6, Item 18, page 1 of the return.

## 4. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

Enter as Item 4 the share of the estate or trust (whether received or not) in the profits of a partnership, syndicate, pool, etc., and income from another estate or trust, except that the share of (a) capital net gain or loss from the sale of capital assets shall be reported in Schedule D, (b) dividends on stock of domestic corporations shall be included in Item 7 ((a) and/or (b)) on page 1 of the return, and (c) interest on obligations of the United States, etc., shall be reported in Item 19 at the foot of page 1 of the return.

If the accounting period on the basis of which this return is filed fails to coincide with the accounting period of the partnership or other fiduciary, then there should be included in this return the distributive share of the net profits for such accounting period ending in the accounting period of the estate or trust.

## 5. INCOME FROM RENTS AND ROYALTIES

Explain income received and deductions claimed in Schedule B. If property or crops were received in lieu of cash rent, report the income as though the rent had been received in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued).

State the original cost of the property, and if it was acquired prior to March 1, 1913, the fair market value as of that date.

Enter as depreciation the amount of wear and tear, or depletion sustained during the year 1932, and explain in the table at the foot of page 2 how this amount was determined.

Other expenses include interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character.

## 6. PROFIT FROM SALE OF REAL ESTATE, BONDS, ETC.

Describe the property briefly in Schedule C, and state the price received, or the fair market value of the property received in exchange. Expenses connected with the sale may be deducted in computing the profit or loss.

If gain or loss is computed on March 1, 1913, value, both cost and March 1, 1913, value must be shown and full information given as to how March 1, 1913,

value was determined. If the amount shown as cost is other than actual cash cost of the property sold, full details must be furnished regarding the acquisition of the property.

Enter as depreciation, the amount of wear and tear, obsolescence, or depletion which has been allowed (but not less than the amount allowable) in respect of such property since date of acquisition, or since March 1, 1913, if the property was acquired before that date. In addition, if the property was acquired before March 1, 1913, and if the cost of such property is greater than its fair market value as of that date, the cost shall be reduced by the depreciation actually sustained before that date.

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life.

Deductions for losses from sales or exchanges of stocks and bonds which are not capital assets as defined in Section 101 of the 1932 Act shall be allowed only to the extent of the gains from such sales or exchanges (including gains which may be derived by a taxpayer from the retirement of his own obligations). See Section 23 (r) and (t) of the Revenue Act of 1932.

No loss shall be recognized in any sale or other disposition of stock or securities where the estate has acquired substantially identical stock or securities within 30 days before or after the date of such sale, unless the estate or trust is a dealer in securities.

In case the amount to be entered as Item 6 is a deductible loss, such amount should be preceded by a minus sign or written with red ink.

## 6a. CAPITAL NET GAIN OR LOSS

Fill in Schedule D in accordance with Instruction 6, and allocate the net gain or loss in Column 5, Item 18, page 1 of the return.

The term "capital assets" means property held by the estate or trust for more than two years (whether or not connected with its trade or business), but does not include stock in trade of the estate or trust or other property of a kind which would properly be included in the inventory of the estate or trust if on hand at the close of the taxable year, or property held by the estate or trust primarily for sale in the course of its trade or business. See Section 101 of the Revenue Act of 1932.

## 7. DIVIDENDS

Enter as Item 7 (a) the amount received as dividends (1) from a domestic corporation subject to taxation under Title I of the Revenue Act of 1932 other than a corporation entitled to the benefits of Section 251 of the 1932 Act and other than a corporation organized under the China Trade Act, 1922, or (2) from a foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States, including the share of such dividends received on stock owned by a partnership, or an estate or trust. Enter as Item 7 (b) dividends from a domestic corporation not subject to taxation under Title I of the Revenue Act of 1932. Enter as Item 7 (c) dividends from a foreign corporation other than a foreign corporation described in (2) of this paragraph.

## 8. OTHER INCOME

Enter as Item 8 all other taxable income for which no space is provided on page 1 of the return.

## 9. TOTAL INCOME

Enter as Item 9 the net amount of Items 1 to 8, inclusive, after deducting any losses reported in Items 1, 4, 5, and 6.

## 10. INTEREST PAID

Enter as Item 10 interest paid on other indebtedness as distinguished from business indebtedness (which should be deducted under Schedule A or B). Do not include interest on capital invested in or advanced to the business by the estate or trust, nor interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation or on indebtedness incurred or continued in connection with the purchasing or carrying of an annuity.

## 11. TAXES PAID

Enter as Item 11 taxes paid on property not used in the trade or business, not including those tending to increase the value of the property assessed. Do not include Federal income taxes, nor taxes imposed upon the estate or trust on its interest as shareholder of a corporation which are paid by the corporation without reimbursement from the estate or trust, nor taxes entered in Column 7, Item 18, page 1 of return.

## 12. LOSSES BY FIRE, STORM, ETC.

Enter as Item 12 losses sustained during the year of property not connected with the trade or business, if arising from fire, storm, shipwreck, or other casualty, or from theft, and if not compensated for by insurance or otherwise. See Section 23 (e) of the Revenue Act of 1932.

Explain losses claimed in the table provided on page 2 of the return.

## 13. BAD DEBTS

Enter as Item 13 all bad debts other than those claimed as a deduction in Schedule A. State in Schedule E, (a) of what the debts consisted, (b) when they were created, (c) when they became due, (d) what efforts were made to collect, and (e) how they were actually determined to be worthless.

## 14. CONTRIBUTIONS

Enter as Item 14 any part of the gross income which, pursuant to the terms of the will or deed creating the trust, was during the accounting period paid to or permanently set aside for the use of: (a) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (b) any corporation, or trust, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual; (c) the special fund for vocational rehabilitation authorized by Section 7 of the Vocational Rehabilitation Act; (d) posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or (e) a fraternal society, order, or association, operating under the lodge system, but only if such contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.

List organizations and amounts contributed to each in Schedule E.

## 15. OTHER DEDUCTIONS

Enter as Item 15 any other authorized deductions for which no space is provided on the return. Do not deduct losses incurred in transactions which were neither connected with the trade or business, nor entered into for profit.

Any deduction claimed should be explained in Schedule E.

## 16. TOTAL DEDUCTIONS

Enter as Item 16 the total of Items 10 to 15, inclusive. This amount should not include any deduction claimed in Schedule A or B.

## 17. NET INCOME

Enter as Item 17 the net income, which is obtained by deducting Item 16 from Item 9. The net income shall be computed upon the basis of the taxable year in accordance with the method of accounting regularly employed in keeping the books, unless such method does not clearly reflect the income.



## 18. DISTRIBUTION OF INCOME

Enter the names of the beneficiaries on lines (a), (b), (c), etc., and extend in the proper columns each beneficiary's share of the net income. If the distributable interests in the net income to be shown in Column 2 are determined on a basis other than a percentage basis, attach an explanatory statement. The name of the grantor or the fiduciary should be listed in a similar manner below the beneficiaries, if any part of the tax on the net income is payable by either.

In Column 1 designate the surviving spouse and nonresident alien beneficiaries. No portion of the payments made to the surviving spouse, who has elected to take under the provisions of the decedent's will in lieu of his or her statutory rights, may be taken as a deduction until the value of his or her statutory interest has been fully recovered.

**Income tax paid at source.**—If interest is received on tax-free covenant bonds in connection with which an ownership certificate on Form 1000 was filed, the tax of 2 per cent paid at the source on such interest should be allocated to the beneficiaries in Column 6.

**Income tax paid to a foreign country or U. S. possession.**—If income tax paid to a foreign country or a possession of the United States is entered in Column 7, a copy of Form 1116, completely filled in and sworn to, must be submitted with the return together with the receipt for each such tax payment. In case the amount entered in Column 7 includes foreign tax accrued, the form must have attached to it a certified copy of the return on which the tax was based, and the Commissioner may require the beneficiaries to give a bond on Form 1117 for the payment of any additional tax found due if the foreign tax when paid differs from the amount claimed.

## 19. NONTAXABLE OBLIGATIONS, LIBERTY BONDS, ETC.

Enter on the proper lines in Column 2 of Item 19 at the foot of page 1 of the return the amount of obligations or securities owned, including the share of such obligations owned in a partnership, syndicate, pool, etc., or another estate, and in Column 3 the interest thereon. The fiduciary shall advise each beneficiary as to the amount of his share of these obligations and of the interest, in order that he may include this information in his individual income tax return and determine whether the interest on Liberty Bonds and other obligations of the United States is subject to tax.

## 20. ITEMS EXEMPT FROM TAX

The following items are exempt from Federal income tax and should not be reported:

(a) Amounts received under a life insurance contract paid by reason of the death of the insured, whether in a single sum or in installments (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income);

(b) Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts) under a life insurance, endowment, or annuity contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (a) above or this paragraph;

(c) Gifts (not made as a consideration for service rendered), and the value of property acquired by bequest, devise, or inheritance (but the income derived from such property is taxable and must be reported);

(d) Interest upon (1) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the Federal Farm Loan Act or under such Act as amended; or (3) the obligations of the United States or its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), the interest on 4 per cent and 4½ per cent Liberty Bonds and Treasury Bonds, owned in excess of \$5,000, is subject to surtax if the net income of the taxpayer is over \$6,000 and should be reported (see Instruction 19);

(e) Amounts received through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness.

## 21. ACCRUED OR RECEIVED INCOME

If the books of an estate or trust are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered on the books, and expenses incurred instead of expenses paid.

If the books are not kept on the accrual basis, report all income received or constructively received, such as bank interest credited to the account of the estate or trust, and expenses paid.

## 22. RETURNS BY FIDUCIARIES

**Returns on Form 1041 for estates and trusts.**—Every fiduciary, or at least one of joint fiduciaries, must make a return on Form 1041 for the estate or trust for

which he acts if any income of such estate or trust is distributable currently or the tax is payable by the beneficiaries or by the grantor, provided (a) the net income of such estate or trust for the taxable year is \$1,000 or over, or (b) the gross income is \$5,000 or over, or (c) any beneficiary of such estate or trust is a nonresident alien. If the sole beneficiary of the estate or trust is a nonresident alien, Form 1041 may be omitted, but in such case the fiduciary should make an individual return for the beneficiary on Form 1040B.

**Returns on Form 1040 for estates and trusts.**—Income of (a) estates of decedents before final settlement, (b) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held under the terms of the will or trust for future distribution, is taxed to the fiduciary as a single person, except that from the income of a decedent's estate there should be first deducted any amount properly paid or credited to a beneficiary. In such cases the fiduciary should make a return for the estate or trust on Form 1040 if the net income is \$1,000 or over, or the gross income is \$5,000 or over. See Sections 142, 161, 162, and 312 of the Revenue Act of 1932.

**Returns for beneficiaries.**—An individual return on the proper form should be rendered by the fiduciary in the case of (a) income distributable to a nonresident alien, regardless of amount; (b) an ordinary guardianship of a minor (unless such minor himself makes a return), or committee for an insane person, if the net income for the taxable year amounted to \$1,000 or over, if single, or if married and not living with husband or wife, or \$2,500 or over, if married and living with husband or wife, or if the gross income was \$5,000 or over; or (c) if part of the income of a trust estate is distributed to beneficiaries and part is retained for the benefit of the trust estate. Under the conditions described in (c), a return should be made on Form 1041 for the entire income of the trust estate, and on Form 1040 for the retained portion of the income. Any income properly paid, credited, or distributable to a beneficiary is taxable directly to the beneficiary.

**Return for decedent.**—If the net income of a decedent from the beginning of the taxable year to the date of his death was \$1,000 or over, if unmarried, or \$2,500 or over, if married and living with husband or wife, or if his gross income for the same period was \$5,000 or over, or regardless of amount if the net income exceeds the personal exemption and credit for dependents, the executor or administrator shall make a return on Form 1040 or 1040A for such decedent.

**Returns for two trusts.**—If two or more trusts, the income of which is taxable to the same beneficiaries, were created by the same person and are in charge of the same trustee, the trustee shall make a single return on Form 1041 for all such trusts, notwithstanding that they may arise from different instruments. If, however, a trustee holds trusts created by different persons for the benefit of the same beneficiary, he shall make a separate return on Form 1041 for each trust.

## 23. PERIOD TO BE COVERED BY RETURN

The return must be filed on this form for the calendar year 1932 or for a fiscal year ending on the last day of any month in 1932 other than December. The dates on which the period covered by the return begins and ends, if other than the calendar year, must be stated at the head of the return.

The accounting period established must be adhered to for subsequent years, unless permission is received from the Commissioner to make a change.

## 24. AFFIDAVIT

The affidavit must be executed by the individual or authorized officer of the organization receiving or having custody or control and management of the income of the estate or trust. If two or more individuals act jointly as fiduciaries, the affidavit may be executed by any one of them. An attorney or agent employed to represent the estate or trust before the Department is not permitted to administer the oath.

## 25. WHEN AND WHERE THE RETURN MUST BE FILED

If the return is for the calendar year 1932, file it with the collector of internal revenue for the district in which the fiduciary resides or has his principal place of business, so as to reach the collector's office on or before March 15, 1933. If the return is made for a fiscal year, it should be filed on or before the 15th day of the third month following the close of such fiscal year. If the fiduciary has no legal residence or principal place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Maryland.

## 26. PENALTIES

**For willful failure to make a return on time.**—Not more than \$10,000, or imprisonment for not more than one year, or both, together with the costs of prosecution.

**For willfully making a false or fraudulent return.**—Not more than \$10,000, or imprisonment for not more than five years, or both, together with the costs of prosecution.

## 27. INFORMATION AT SOURCE

Every fiduciary making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,000 or more during the calendar year to a single person, a partnership, or a fiduciary, or \$2,500 or more to a married person, is required to make a return on Forms 1096 and 1099. These forms will be furnished by any collector of internal revenue upon request. Such returns covering the calendar year 1932 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than February 15, 1933.