
SENATE BILL 5057

State of Washington

62nd Legislature

2011 Regular Session

By Senators Pflug, Kline, and Harper; by request of Washington State Bar Association

Read first time 01/12/11. Referred to Committee on Judiciary.

1 AN ACT Relating to the income tax required to be paid by a trustee;
2 and amending RCW 11.104A.290.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 11.104A.290 and 2002 c 345 s 505 are each amended to
5 read as follows:

6 ~~((a))~~ (1) A tax required to be paid by a trustee based on
7 receipts allocated to income must be ~~((paid from))~~ charged to income.

8 ~~((b))~~ (2) A tax required to be paid by a trustee based on
9 receipts allocated to principal must be ~~((paid from))~~ charged to
10 principal, even if the tax is called an income tax by the taxing
11 authority.

12 ~~((c))~~ (3) A tax required to be paid by a trustee on the trust's
13 share of an entity's taxable income must be ~~((paid proportionately))~~
14 charged:

15 ~~((1) From))~~ (a) To income to the extent that receipts from the
16 entity are allocated only to income; ~~((and~~

17 ~~(2) From))~~ (b) To principal to the extent that ~~((+~~

18 ~~(i) Receipts from the entity are allocated to principal; and~~

1 ~~(ii) The trust's share of the entity's taxable income exceeds the~~
2 ~~total receipts described in (1) and (2)(i) of this subsection.~~

3 ~~(d) For purposes of this section, receipts allocated to principal~~
4 ~~or income must be reduced by the amount distributed to a beneficiary~~
5 ~~from principal or income for which the trust receives a deduction in~~
6 ~~calculating the tax)) receipts from the entity are allocated only to~~
7 ~~principal;~~

8 (c) Proportionately to income and principal to the extent that
9 receipts from the entity are allocated to both income and principal;

10 (d) Otherwise to principal.

11 (4) Before applying subsections (1) through (3) of this section,
12 the trustee must adjust income or principal receipts by the
13 distributions to a beneficiary for which the trust receives an income
14 tax deduction.

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