

# Trust Allocation of an Accumulation Distribution

## J (541)

### Attach to Form 541.

|               |      |
|---------------|------|
| Name of trust | FEIN |
|---------------|------|

#### Part I Accumulation Distribution

For definitions and special rules, see the federal Treasury Regulations under Internal Revenue Code (IRC) Sections 665–668. See the instructions for federal Form 4970, Tax on Accumulation Distribution of Trusts, for certain income minors may exclude and for special rules for multiple trusts.

- 1 Enter amount from 2023 Form 541, Schedule B, line 10 ..... **1** \_\_\_\_\_
- 2 Enter amount from 2023 Form 541, Schedule B, line 7 ..... **2** \_\_\_\_\_
- 3 Enter amount from 2023 Form 541, Schedule B, line 9 ..... **3** \_\_\_\_\_
- 4 2023 distributable net income. Subtract line 3 from line 2. If line 3 is more than line 2, enter -0- ..... **4** \_\_\_\_\_
- 5 2023 accumulation distribution. Subtract line 4 from line 1 ..... **5** \_\_\_\_\_

#### Part II Ordinary Income Accumulation Distribution. Enter the applicable throwback years below.

| If the distribution is thrown back more than four years (starting with the earliest applicable taxable year beginning after December 31, 1968), attach additional schedules. If the trust was a simple trust, see federal Treasury Regulation Section 1.665(e) – 1A(b). | Throwback year ending (YYYY) | Throwback year ending (YYYY) | Throwback year ending (YYYY) | Throwback year ending (YYYY) |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| 6 Distributable net income. See instructions ..... <b>6</b>   |                              |                              |                              |                              |
| 7 Distributions. See instructions ..... <b>7</b>  |                              |                              |                              |                              |
| 8 Undistributed net income. Subtract line 7 from line 6. .... <b>8</b>  |                              |                              |                              |                              |
| 9 Enter amount from Part III, line 25 ..... <b>9</b>  |                              |                              |                              |                              |
| 10 Subtract line 9 from line 8. .... <b>10</b>  |                              |                              |                              |                              |
| 11 Enter amount of prior accumulation distributions thrown back to any of these years. .... <b>11</b>   |                              |                              |                              |                              |
| 12 Subtract line 11 from line 10. .... <b>12</b>  |                              |                              |                              |                              |
| 13 Allocate the amount on line 5 to the earliest applicable taxable year first. Do not allocate an amount greater than the amount on line 12 for the same year ..... <b>13</b>  |                              |                              |                              |                              |
| 14 Divide line 13 by line 10 and multiply the result by line 9. .... <b>14</b>  |                              |                              |                              |                              |
| 15 Add line 13 and line 14. .... <b>15</b>  |                              |                              |                              |                              |
| 16 Tax-exempt interest included on line 13. See instructions ..... <b>16</b>  |                              |                              |                              |                              |
| 17 Subtract line 16 from line 15. .... <b>17</b>  |                              |                              |                              |                              |

**Part III Taxes Imposed on Undistributed Net Income.** Enter the applicable throwback years below.

| If more than four throwback years are involved, attach additional schedules. See General Instructions. If the trust received an accumulation distribution from another trust, see the federal Treasury Regulations under IRC Sections 665-668. |           | Throwback year ending (YYYY) | Throwback year ending (YYYY) | Throwback year ending (YYYY) | Throwback year ending (YYYY) |
|--|-----------|------------------------------|------------------------------|------------------------------|------------------------------|
|  |           | _____                        | _____                        | _____                        | _____                        |
| <b>18</b> Tax. See instructions . . . . .  | <b>18</b> |                              |                              |                              |                              |
| <b>19</b> Total net capital gain. See instructions . . . . .   | <b>19</b> |                              |                              |                              |                              |
| <b>20</b> Net capital gain distributed to beneficiaries. See instructions . . .  | <b>20</b> |                              |                              |                              |                              |
| <b>21</b> Net capital gain undistributed. Subtract line 20 from line 19 . . .  | <b>21</b> |                              |                              |                              |                              |
| <b>22</b> Total taxable income. See instructions . . . . .   | <b>22</b> |                              |                              |                              |                              |
| <b>23</b> Enter percent (divide line 21 by line 22) but not more than 100% . . . . .   | <b>23</b> |                              |                              |                              |                              |
| <b>24</b> Multiply amount on line 18 by percentage on line 23 . . . . .  | <b>24</b> |                              |                              |                              |                              |
| <b>25</b> Tax on undistributed net income. Subtract line 24 from line 18. Enter here and on Part II, line 9 . . . . .  | <b>25</b> |                              |                              |                              |                              |

**Part IV Allocation to Beneficiary.** Complete Part IV for each beneficiary. See instructions.

| Beneficiary's name   |           | Identifying number                                       |   |   |   |
|--|-----------|--|---|---|---|
| Beneficiary's address (number and street, PO box, or PMB no.)        |           | Apt. no./ste. no.  | (a)<br>Enter amount from Part II, line 13 allocated to this beneficiary | (b)<br>Enter amount from Part II, line 14 allocated to this beneficiary | (c)<br>Enter amount from Part II, line 16 allocated to this beneficiary |
| City, State, and ZIP code  |           |  |   |   |   |
| <b>26</b> Throwback year ending (YYYY) _____ . . . . .               | <b>26</b> |  |   |   |   |
| <b>27</b> Throwback year ending (YYYY) _____ . . . . .               | <b>27</b> |  |   |   |   |
| <b>28</b> Throwback year ending (YYYY) _____ . . . . .               | <b>28</b> |  |   |   |   |
| <b>29</b> Throwback year ending (YYYY) _____ . . . . .               | <b>29</b> |  |   |   |   |
| <b>30</b> Total. Add amounts from line 26 through line 29 . . . . .  | <b>30</b> |  |   |   |   |
| <b>31</b> Is this beneficiary a nonresident of California? . . . . . | <b>31</b> | <input type="checkbox"/> Yes <input type="checkbox"/> No |   |   |   |

# 2023 Instructions for Schedule J (541)

## Trust Allocation of an Accumulation Distribution

References in these instructions are to the Internal Revenue Code (IRC), as of January 1, 2015, and to the California Revenue and Taxation Code (R&TC).

### General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540), California Adjustments – Residents, or Schedule CA (540NR), California Adjustments – Nonresidents or Part – Year Residents, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

California has conformed to federal provisions of the Taxpayer Relief Act of 1997 repealing the throwback rules for certain domestic trusts. However, if the trust did not pay tax on the beneficiary's interest because the beneficiary was contingent, the income that would have been taxed is included by the beneficiary in the year it is distributable or distributed; see R&TC Section 17745(b).

### Purpose

File Schedule J (541), Trust Allocation of an Accumulation Distribution, with Form 541, California Fiduciary Income Tax Return, to report an accumulation distribution by domestic complex trusts and certain foreign trusts.

### Specific Line Instructions

#### Part I – Accumulation Distribution

R&TC Section 17779 specifically excludes from conformity IRC Section 665. Therefore, California law does not conform to federal law to exempt from taxation those accumulations occurring prior to a beneficiary turning age 21. For multiple trusts exceptions, see IRC Sections 665 and 667(c). The trustee reports the total amount of the accumulation distribution.

#### Part II – Ordinary Income Accumulation Distribution

You must complete Part III before completing this part.

##### Line 6 – Distributable net income

Enter the applicable amounts as follows:

| Throwback Year(s): | Amount From:                  |
|--------------------|-------------------------------|
| 1969-1978          | Form 541, Schedule H, line 5  |
| 1979               | Form 541, Part D, line 5      |
| 1980               | Form 541, line 55             |
| 1981-1984          | Form 541, line 57             |
| 1985-1986          | Form 541, Schedule 3, line 11 |
| 1987               | Form 541, Schedule 3, line 9  |
| 1988-1998          | Form 541, Schedule B, line 8  |
| 1999-2022          | Form 541, Schedule B, line 7  |

##### Line 7 – Distributions

Enter the applicable amounts for distributions made during earlier years as follows:

| Throwback Year(s): | Amount From:                  |
|--------------------|-------------------------------|
| 1969-1978          | Form 541, Schedule I, line 3  |
| 1979               | Form 541, Part D, line 8      |
| 1980               | Form 541, line 58             |
| 1981-1984          | Form 541, line 60             |
| 1985-1986          | Form 541, Schedule 3, line 14 |
| 1987               | Form 541, Schedule 3, line 13 |
| 1988-1998          | Form 541, Schedule B, line 12 |
| 1999-2022          | Form 541, Schedule B, line 11 |

##### Line 16 – Tax-exempt interest included on line 13

For each throwback year, divide line 15 by line 6 and multiply the result by one of the following:

| Throwback Year(s): | Amount From:                    |
|--------------------|---------------------------------|
| 1969-1978          | Form 541, Schedule H, line 2(a) |
| 1979               | Form 541, Part D, line 2(a)     |
| 1980               | Form 541, line 52(a)            |
| 1981-1984          | Form 541, line 54(a)            |
| 1985-1986          | Form 541, Schedule 3, line 3    |
| 1987               | Form 541, Schedule 3, line 2    |
| 1988-2022          | Form 541, Schedule B, line 2    |

#### Part III – Taxes Imposed on Undistributed Net Income

For the regular tax computation, if there is a capital gain, complete line 18 through line 25 for each throwback year. If there is no capital gain for any year (or there is a capital loss for every year), enter on line 9 the amount of the tax for each year entered for line 18; do not complete Part III.

If the trust received an accumulation distribution from another trust, see the federal Treasury Regulations under IRC Sections 665-668.

##### Line 18 – Tax

Enter the applicable tax amounts as follows:

| Throwback Year(s): | Amount From:         |
|--------------------|----------------------|
| 1969               | Form 541, line 20    |
| 1970-1971          | Form 541, line 21    |
| 1972-1979          | Form 541, line 19    |
| 1980-1981          | Form 541, line 23    |
| 1982-1984          | Form 541, line 23(c) |
| 1985-1986          | Form 541, line 24(c) |
| 1987-1989          | Form 541, line 22(c) |
| 1990-1996          | Form 541, line 20(a) |
| 1997-2022          | Form 541, line 21(a) |

##### Line 19 – Total net capital gain

Enter the applicable amounts as follows:

| Throwback Year(s): | Amount From:     |
|--------------------|------------------|
| 1969-1979          | Form 541, line 6 |
| 1980-1986          | Form 541, line 7 |
| 1987-1990          | Form 541, line 6 |
| 1991-2022          | Form 541, line 4 |

##### Line 20 – Net capital gain distributed to beneficiaries

Enter the applicable net capital gain distributed as follows:

| Throwback Year(s): | Amount From:  |
|--------------------|---|
| 1969               | Form 541, Side 1, line 17 plus amounts from Schedule F-1 (541), lines 1 and 2 |
| 1970-1971          | Form 541, Side 1, line 18 plus amounts from Schedule F-1 (541), lines 1 and 2 |
| 1972-1979          | Schedule F-1 (541), lines 1(a)-1(c)   |
| 1980               | Schedule K-1 (541), lines 2-4   |
| 1981               | Schedule K-1 (541), lines 1-3   |
| 1982               | Schedule D (541), line 25   |
| 1983               | Schedule D (541), line 30   |
| 1984               | Schedule D (541), line 33   |

|           |                             |
|-----------|-----------------------------|
| 1985-1986 | Schedule D (541), line 28   |
| 1987      | Schedule D (541), line 24   |
| 1988-2022 | Schedule D (541), line 9(a) |

##### Line 22 – Total taxable income

Enter the applicable amounts as follows:

| Throwback Year(s): | Amount From:       |
|--------------------|--------------------|
| 1969               | Form 541, line 19  |
| 1970-1971          | Form 541, line 20  |
| 1972-1979          | Form 541, line 18  |
| 1980-1984          | Form 541, line 22  |
| 1985-1986          | Form 541, line 23  |
| 1987-1989          | Form 541, line 21  |
| 1990-1996          | Form 541, line 19  |
| 1997-2010          | Form 541, line 20  |
| 2011-2022          | Form 541, line 20a |

#### Part IV – Allocation to Beneficiary

Complete Part IV for each beneficiary. If the accumulation distribution is allocated to more than one beneficiary, attach an additional copy of Schedule J (541) with Part IV completed for each additional beneficiary. If more than four throwback years are involved, attach additional schedules.

##### Nonresident Beneficiaries

In the case of a nonresident beneficiary, enter on line 26 through line 29, column (a), only that ratio of income from California sources as the amount on Part II, line 13 bears to the amount on Part II, line 10. Enter on line 26 through line 29, column (b), only that ratio of the amount on Part II, line 14 as the amount in column (a) bears to the amount on Part II, line 13.

Attach separate schedules supporting allocation of income to sources within and outside California.

Under R&TC Section 17953, income from trusts deemed distributed to nonresident beneficiaries is income from sources within California only if the income is derived from sources within California. Generally, for purposes of R&TC Section 17953, the nonresident beneficiary shall be deemed to be the owner of any intangible personal property from which the income of the trust is derived.

If the beneficiary is a nonresident individual or a foreign corporation, see IRC Section 667(e) about retaining the character of the amounts distributed to determine the amount of withholding tax.

The beneficiary may use form FTB 5870A, Tax on Accumulation Distribution of Trusts, to compute the tax on the distribution.

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