

GENERAL INSTRUCTIONS FOR VIRGINIA BENEFICIARY SCHEDULE 770-VK-1 FOR 2017

Beginning with Tax Year 2017, a fiduciary may report each beneficiary share using the Virginia Beneficiary Schedule 770-VK-1 (770-VK-1) for each beneficiary included in the Form 770 filing. This applies even if there is only one beneficiary. Each 770-VK-1 must reflect the beneficiary's share of income, modifications, credits, etc.

Each 770-VK-1 should be filed with Virginia Tax and enclosed with the Form 770; this schedule replaces the need to enclose the Schedule 5 with the fiduciary's Form 770 filing. The fiduciary must also provide a copy of the 770-VK-1 to the beneficiary. It is not acceptable to require the beneficiary to compute their own modifications.

BENEFICIARY INFORMATION

Enter the name, social security number (SSN) or federal identification number (FEIN) and address for the beneficiary in the space provided.

FIDUCIARY INFORMATION

Enter the name, FEIN and address for the estate/trust in the space provided. This must be the same information reported on the Form 770 filing.

CHECKBOXES FOR 770-VK-1

Check the applicable boxes for the beneficiary and for the 770-VK-1.

- Resident Beneficiary; or
- Nonresident Beneficiary;
- Final VK-1; and/or
- Amended VK-1

FISCAL YEAR FILING

Dates related to fiscal filing are only applicable when Form 770 reports its filing on a fiscal year basis. Enter the Fiscal Year dates on the 770-VK-1 as reported on the Form 770. Use a format of (MM/DD/YYYY) for the "From" date and the "To" date fields.

FIDUCIARY ALLOCATION

Enter the appropriate distribution percentage associated to the fiduciary. The amount may not exceed 4 decimal places. (Example: 8.5%) Do not enter more than 100%.

ALLOCABLE ITEMS AND BENEFICIARY'S SHARE

The credits and qualifying income must be allocated according to each beneficiary's share of the federal distributable net income. Enter the amount associated to beneficiary's share as applicable. They will use this amount when filing their income tax returns.

FEDERAL DISTRIBUTION

Line 1: Percentage. Enter the appropriate distribution percentage associated to the beneficiary as per the federal Form 1041 or Schedule K-1. The amount may not exceed 4 decimal places. (Example: 8.5%) Do not enter more than 100%.

Line 2: Federal Net Income. Enter the federal distributable net income reported on Form 1041.

ADDITIONS

For Lines 3 through 6, enter the beneficiary's share of applicable additions using the percentage from Line 1. Compute the share of each addition by multiplying Line 1 by the total amount claimed by the fiduciary.

Line 3: Interest on Obligations of Other States

Line 4: State and Local Income Tax Deduction

Line 5: Fixed Date Conformity Additions

Line 6: Other Subtractions

Line 7: Total Additions. Add Lines 3 through 6 and enter the total here.

SUBTRACTIONS

For Lines 8 through 11, enter the beneficiary's share of applicable subtractions using the percentage from Line 1. Compute the share of each subtraction by multiplying Line 1 by the total amount claimed by the fiduciary.

Line 8: Income (Int. / Div. / Gains) - US Obligations

Line 9: State Income Tax Refund

Line 10: Fixed Date Conformity Subtractions

Line 11: Other Subtractions.

Line 12: Total Subtractions. Add Lines 8 through 11 and enter the total here.

CREDITS

For Lines 13 through 26, enter the beneficiary's share of applicable tax credits using the percentage from Line 1. Compute the share of each credit by multiplying Line 1 by the total amount claimed by the fiduciary.

NOTE: The descriptions of these tax credits can be found in the Form 770 instructions.

Line 13: Neighborhood Assistance Act Tax

Line 14: Enterprise Zone Qualifying Income

Line 15: Enterprise Zone Unemployment Tax

Line 16: Enterprise Zone Investment Tax

Line 17: Major Business Facility Job Tax

Line 18: Historic Rehabilitation Tax

Line 19: Barge and Rail Tax

Line 20: Worker Retraining Tax

Line 21: Qualified Equity and Subordinated Debt Investments Tax

Line 22: Coalfield Employment Enhancement Tax

Line 23: Coalfield – Full Credit (306B)

Line 24: Coalfield – Excess / 85% Credit (306B)

Line 25: Land Preservation Tax

Line 26: Coal Employment and Production Incentive Tax