

637.505 Income taxes.

1. A tax required to be paid by a trustee based on receipts allocated to income must be paid from income.
2. A tax required to be paid by a trustee based on receipts allocated to principal must be paid from principal, even if the tax is called an income tax by the taxing authority.
3. A tax required to be paid by a trustee on the trust's share of an entity's taxable income must be paid proportionately, according to all of the following principles:
 - a. From income, to the extent that receipts from the entity are allocated to income.
 - b. From principal, to the extent that the following principles are observed:
 - (1) Receipts from the entity are allocated to principal.
 - (2) The trust's share of the entity's taxable income exceeds the total receipts in paragraph "a" and in subparagraph (1).
4. For purposes of this section, receipts allocated to principal or income shall be reduced by the amount distributed to a beneficiary from principal or income for which the trust receives a deduction in calculating the tax.

99 Acts, ch 124, §28