

701—700.4(422) Fiduciary returns and payment of the tax.

700.4(1) *Use of prescribed forms.* Returns shall, in all cases, be made by residents and nonresidents on forms prescribed by the department of revenue. Iowa Code section 422.14 provides the requirements for when fiduciary returns must be filed electronically.

700.4(2) *Copy of federal fiduciary income tax return.* Estates of Iowa decedents, trusts with a situs in Iowa, nonresident estates with Iowa taxable income, and trusts with situs outside Iowa with Iowa taxable income must submit a complete copy of the federal fiduciary income tax return with the Iowa return, including any applicable schedules.

700.4(3) *Accounting period—tax year.* The Iowa fiduciary return must use the same accounting period that was used for federal income tax purposes.

700.4(4) *Minimum filing requirements.* A fiduciary return of income must be filed if the taxable income of the estate or trust for the taxable year is \$600 or more, regardless of any tax liability. However, a final fiduciary return must be filed for the taxable year the estate or trust is closed, regardless of the amount of gross income, if an income tax certificate of acquittance is requested.

700.4(5) *Amended returns.* An amended return must be filed if there is a change in income or deductions that results in a tax or additional tax due or in a change in income, deductions, or credits distributable to a beneficiary. An amended return may be filed in lieu of a claim for refund when a change in reportable income or deductions results in a tax overpayment. 701—subrules 305.3(8) and 305.3(15) provide additional information on the period of time for making a claim for a refund of excess tax paid.

700.4(6) *Return due date.* The fiduciary return must be filed with the department and the tax due paid in full on or before the last day of the fourth month following the end of the taxable year.

700.4(7) *Duties of the taxpayer.*

a. Income of the estate or trust. The executor, administrator, or other personal representative must timely file a fiduciary return if the minimum filing requirements specified in subrule 700.4(4) are met. The department is not required to file a claim for taxes in the estate proceedings and have the claim allowed before the tax is paid. The personal representative of an estate must pay the tax on income from property in the personal representative's possession prior to applying the income to estate obligations.

b. Decedent's final individual income tax return.

(1) The executor, administrator, or other personal representative of the decedent's estate must file an individual income tax return for the decedent for the year of the decedent's death if the gross income attributable to the decedent for the part of the taxable year ending with death equals or exceeds the minimum filing requirements. 701—subrules 301.1(1) through 301.1(3) and 301.1(5) provide more information on the minimum filing requirements for individual income tax.

(2) If the surviving spouse of a decedent has not remarried during the balance of the taxable year and has the same taxable year as the decedent, the personal representative of the decedent's estate may file a joint return with the surviving spouse for the taxable year of death. In the event of such an election, the joint return must include the surviving spouse's income for the entire taxable year and the decedent's income for the portion of the taxable year ending with death.

(3) Income attributable to property owned by the decedent and the decedent's rights to income received after the day of the decedent's death are income of the decedent's estate or the persons succeeding to the property or rights to income. Iowa Code sections 633.350 through 633.353 provide more information on the circumstances under which the estate is charged with the income from the decedent's property or the decedent's rights to income.

(4) Income from property held by the decedent and others in joint tenancy received after the decedent's death is charged to the surviving joint tenants, not to the decedent's estate.

(5) The final income tax return of the decedent, if the minimum filing requirements are met, must be filed prior to the time an income tax certificate of acquittance is requested.

c. Decedent's prior year returns. The personal representative has the duty to file any required returns that were not previously filed. This includes any additional tax owed that becomes due by reason of an audit. The personal representative's duty to pay the tax, or additional tax, is limited to the probate property subject to the jurisdiction of the court. The probate property must be applied to the payment of the decedent's tax liability according to the order specified in Iowa Code section 633.425.

d. Composite return requirement. The personal representative of a decedent's estate and the trustee of a trust are subject to the composite return filing and tax payment obligations under Iowa Code section 422.16B and 701—Chapter 405 if the estate or trust has nonresident beneficiaries.

e. Beneficiary's share of income, deductions and credits. After the final distribution of income for the taxable year, the personal representative of an estate and the trustee of a trust shall furnish each beneficiary receiving a distribution from an estate or trust a written statement specifying the amount and types of income subject to Iowa tax and the kinds and amounts of the deductions and credits against the tax. For estates and trusts, other than grantor trusts, the written statement shall be an IA 1041, Schedule K-1.

f. Liability of a personal representative and trustee. A personal representative of a decedent's estate and the trustee of a trust shall be personally liable for the amount of Iowa composite tax required to be paid under Iowa Code section 422.16B and 701—Chapter 405 as well as any penalty and interest due if the composite tax liability attributable to a nonresident beneficiary is not paid within the time prescribed by law.

This rule is intended to implement Iowa Code sections 422.6, 422.8, 422.16, 422.21, 422.23, 422.25, 422.27, 633.352, and 633.425.

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