



WHEN AND TO WHOM DOES A TRUST PAY INCOME TAX?

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In this presentation, Margaret A. Deluca, a trusts and estates attorney in Cummings & Lockwood's Stamford, Connecticut office, provides a comprehensive review of how trusts, including grantor trusts, are taxed and the states to avoid. Specifically, she discusses when the grantor should pay the trust's taxes and when the trust should foot its own bill, as well as which states levy an income tax on trusts based on the residence of the Trustee. (18:40)

Presentation Outline

1. Income Taxation of Trusts
 - a. Grantor Trusts
 - b. Nongrantor Trusts
2. Grantor Trusts
3. Nongrantor Trusts
4. Double Taxation
5. Non Tax States
6. "Resident Trusts"
7. Residency of Settlor - Inter vivos Trusts
8. Residency of Settlor PLUS
9. Residency of Testator - Testamentary Trust under a Will
10. Residency of Testator PLUS
11. Residency of Trustee
12. Residency of Trustee PLUS
13. Residency of Beneficiary
14. Place of Administration - Solely based on the State in which the Trust is Administered
15. Place of Administration - Based on the State in which the Trust is Administered if there is another "nexus" with the State
16. Governing Law
17. Takes Aways for New Trusts
 - a. Residence of Grantor
 - b. Naming particular Trustees
 - c. Naming Beneficiaries who reside in multiple states

d. Choosing a place to administer the Trust

18. Take Aways for Existing Trusts

- a. Resident of the Grantor
- b. Residence of ALL Trustees
- c. Residence of ALL Beneficiaries
- d. Place of Administration

