

# **INSTRUCTIONS FOR COMPLETING FORM 770**

## **VIRGINIA FIDUCIARY INCOME TAX**

**RETURNS FOR 1998**



**COMMONWEALTH OF VIRGINIA**

**DEPARTMENT OF TAXATION**

**RICHMOND, VIRGINIA**

# INSTRUCTIONS FOR COMPLETING FORM 770 VIRGINIA FIDUCIARY INCOME TAX RETURN FOR 1998

## I. HOW THE LAW APPLIES

### WHO MUST FILE A RETURN

**RESIDENT ESTATE OR TRUST:** The fiduciary of a resident estate or trust must file a Virginia fiduciary income tax return (Form 770) if the estate or trust is required to file a federal fiduciary income tax return (Form 1041). "Resident estate or trust" means:

- The estate of a decedent who at death was domiciled in Virginia;
- A trust created by the will of a decedent who at death was domiciled in Virginia;
- A trust created by, or consisting of property of, a person domiciled in Virginia; or
- An estate or trust that is being administered by a resident of Virginia or that is under the supervision of a Virginia court.

**NONRESIDENT ESTATE OR TRUST:** The fiduciary of a nonresident estate or trust must file a Virginia fiduciary income tax return (Form 770) if the estate or trust had income or gain derived from Virginia sources and was required to file a federal fiduciary income tax return (Form 1041). "Income or gain from Virginia sources" means income or gain derived from:

- Real or tangible personal property located in this state;
- A business, trade, profession or occupation carried on in this state; or
- Intangible personal property, including annuities, dividends, interest, royalties and gains to the extent that the income is attributable to a business, trade or occupation carried on in Virginia.

### WHO SHOULD FILE A RETURN

An estate or trust that is not otherwise required to file, but which made payments of estimated tax or had income tax withheld during the taxable year, must file a fiduciary income tax return to claim a refund of those amounts.

### PERIOD OF RETURN AND ACCOUNTING METHOD

The accounting period and method of accounting for Virginia purposes must be the same as those used for federal purposes. If the taxable year or method of accounting is changed for federal purposes, the change will apply similarly to the Virginia return.

### ATTACH A COMPLETE COPY OF THE FEDERAL RETURN

A copy of the federal fiduciary tax return, as filed with the Internal Revenue Service, must be attached to the Virginia return.

### SIGNATURE AND VERIFICATION

The return must be signed by the fiduciary or an authorized officer of the organization receiving or having custody or control of the management of the estate or trust. If two or more individuals act jointly as fiduciaries, the return may be signed by any one of those individuals.

### PENALTIES AND INTEREST

**PENALTIES:** A fiduciary who fails to file a return or files a fraudulent return may be subject to civil and/or criminal penalties and interest charges.

The civil penalty for failing to file a return by the due date is 6% of the tax due for each month or part of a month from the due date through the date the return is filed, up to a maximum of 30%.

The civil penalty for failure to pay the tax due by the required due date is also 6% of the tax due for each month or part of a month from the due date through the date the tax is paid, up to a maximum of 30%. The late payment penalty is not imposed for any month in which the late filing penalty has already been applied. The total combined penalties for late filing and late payment may not exceed 30% of the tax due with the return.

The civil penalty for filing a false or fraudulent return, or failing or refusing to file any return with intent to evade the tax, is an additional penalty of 100% of the correct amount of tax due.

The criminal penalty for willfully failing or refusing to file a return at the time required by law, or for making false statements in a return with intent to defraud the state, is imprisonment for up to a year, or a fine not exceeding \$2,500, or both. The willful completion and filing of a return by an individual who does not believe that the return is true and correct is punishable by fine or imprisonment, or both.

**INTEREST:** Interest due on any tax and/or penalty will accrue at the daily rate established according to Section 58.1-15 of the Code of Virginia, from the date the tax or unpaid balance became due through the date that payment is made. The daily interest rate is the federal "underpayment rate," plus 2%. The current interest factor is available from the **Department of Taxation, (804) 367-8031**.

### ALLOCATION OF INCOME TO BENEFICIARIES

Sections 58.1-361 and 58.1-363 of the Code of Virginia require the allocation of Virginia modifications and Virginia taxable income to beneficiaries, based on their respective share of the distributable net income of the estate or trust. A schedule or other statement of the income and modifications attributable to each beneficiary must be provided to each beneficiary by the fiduciary. A sample format is provided below. An optional format is to include a line for the beneficiary's net Virginia modifications on the copy of the federal Schedule K-1 provided to each beneficiary. If this option is chosen, use this description on the Schedule K-1: "Information for Virginia

Col. 1	Col. 2	Col. 3	Col. 4
Name and Social Security Number of Each Beneficiary	Share of Federal Distributable Net Income	Percentage of Federal Distributable Net Income	Share of Virginia modifications (Multiply the percentage in Col. 3 by the total modifications from Form 770, Schedule 3, line 10)
Beneficiary A			
Beneficiary B			
Fiduciary			
Total			

individual income tax return: Net Virginia modifications:

\$ \_\_\_\_\_."

It is not acceptable to require the beneficiary to compute his or her own modification from the federal information provided on the federal Schedule K-1.

If the beneficiaries will qualify for the Neighborhood Assistance Act Credit, Enterprise Zone Act Credit, Major Business Facility Job Tax Credit, Coalfield Employment Enhancement Tax Credit, Historic Rehabilitation Tax Credit or Low-Income Housing Credit, the fiduciary must also provide each beneficiary with the information from Schedule 5 necessary to compute and/or claim the credit(s).

## RECORD KEEPING

Fiduciaries should retain the records pertaining to each income tax return of the estate or trust for three years from the due date of the return or the date the return was filed, whichever is later. If the Internal Revenue Service extends the time required for retention of federal records, the Virginia records should be kept for the same period of time.

## SETOFF DEBT COLLECTION ACT

Before any refund can be issued, Virginia law requires the Department of Taxation to check for outstanding debts of the taxpayer with agencies of the Commonwealth of Virginia, Virginia local governments, the Virginia court system and the Internal Revenue Service. If any debts are found, regardless of the type of tax return filed, all or part of the refund may be withheld to satisfy the debt.

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## II. FILING INFORMATION

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### WHERE TO GET FORMS AND ASSISTANCE

Forms and assistance are available at the offices of the Commissioner of the Revenue, Director of Finance or Director of Tax Administration of every Virginia county and city. Addresses and telephone numbers for these offices are listed on the back cover of this instruction booklet. **You may also order forms from the Department of Taxation at (804) 236-2760, (804) 236-2761 or 1-888-268-2829 (toll free outside the Richmond area).** If you have a computer and have access to the World Wide Web, you can obtain most Virginia tax forms by connecting to <http://www.state.va.us/tax>. Since the Virginia return is based on federal information, you should have a complete copy of the federal Form 1041 on hand when you contact any of the above offices. **Requests for information may be addressed to the Virginia Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115 or call (804) 367-8031. Do NOT file the return at this address.**

### WHERE TO FILE

Form 770 must be filed with the Commissioner of the Revenue, Director of Finance or Director of Tax Administration for the city or county in which the fiduciary qualified. If there has been no qualification in Virginia, the return should be filed with the Virginia city or county in which the fiduciary resides, does business, or has an office, or where one of the beneficiaries resides. The mailing addresses for the local offices are listed on the back cover of this instruction book.

### WHEN TO FILE AND PAY THE TAX

Calendar year filers must file Form 770 no later than May 1. Fiscal year returns are due to be filed by the fifteenth day of the fourth month following the close of the taxable year. If the due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next succeeding day that is not a Saturday, Sunday or legal holiday. The return must be accompanied by full payment of the tax due as reported on the return. **Make checks payable to the Treasurer of the city or county in which the return is filed.**

### ESTIMATED TAX

**TRUSTS:** Trusts must make payments of estimated tax if the income tax liability on Form 770 for the taxable year will exceed \$150.

**ESTATES:** Estates are not required to make estimated tax payments until the first taxable year that ends two or more years after the decedent's date of death. Estimated tax payments must be made for that year and subsequent taxable years if the income tax liability will exceed \$150.

Estimated tax payments are made on Form 760ES, the same payment voucher used by individuals. If Form 760ES is needed, see "Where to Get Forms and Assistance" earlier in this section. If the estimated tax is underpaid, the fiduciary may be subject to an addition to tax.

### ADDITION TO TAX FOR UNDERPAYMENT OF ESTIMATED TAX, FORM 760C OR FORM 760F

An addition to tax is assessed if the fiduciary did not pay enough estimated tax through timely payments or did not have enough income tax withheld throughout the year. The addition to tax does not apply if each payment is made on time and:

1. the total tax paid (including tax withheld and timely estimated tax paid) was at least 90% (66 2/3% for farmers and fishermen) of the total 1998 tax liability or 100% of the income tax liability for 1997. In determining if the requirement has been met, reduce the tax by the amount of all nonrefundable credits;
2. the sum of all installment underpayments for the year is \$150 or less; or
3. you qualify for one of the exceptions shown on Form 760C (Form 760F for farmers and fishermen).

If the estate or trust is subject to the addition to tax for underpayment of estimated tax, complete Form 760C (760F) and pay the amount computed on Form 760C (760F). Computation of the Virginia underpayment of tax is similar to the federal computation. The addition to tax is reported on Form 770 by checking the box under line 10 of Schedule 1 and entering the amount of the addition to tax. For further information, see the instructions for completing Form 760C or Form 760F on page 6 of these instructions.

### EXTENSION OF TIME FOR FILING

Virginia law, like federal law, provides for an extension of time of up to six months for filing a fiduciary income tax return, provided that a Virginia tentative tax return is completed and the tax is paid by the original due date for filing. Filing for an extension does not grant you extra time to pay your tax. If the income tax return is not filed by the extended due date, the extension will be invalid and the late filing and/or late payment penalties will be assessed as if the extension had not been filed.

To apply for an extension, file Form 760E, Virginia Tentative Tax Return and Application for Extension of Time to File. Calendar year filers must file Form 760E by May 1. Fiscal year filers must file Form 760E by the fifteenth day of the fourth month following the close of the taxable year. If the due date falls on a Saturday, Sunday or legal holiday, you may file your extension on the next succeeding day that is not a Saturday, Sunday or legal holiday. Payment for the tentative tax, if applicable, **MUST** accompany Form 760E or the extension will be invalid.

It is not necessary to file Form 760E if you are CERTAIN that your tax return will result in a refund because penalty is not assessed on a refund return; however, the Department of Taxation by law may issue a refund only if the return is filed within three years of the original due date or extended due date on the return, whichever is later. It is important to note that if an extension is not approved and your return when filed shows a balance due, penalty and interest will be assessed, as applicable.

### Extension Penalty and Interest

The tentative tax paid with Form 760E must equal at least 90% of the total income tax liability for the year. If this requirement is not met, a penalty of one-half of one percent per month (or part of a month) will be imposed on the tax due shown on the return, from the original due date of the return to the date of filing or the extension due date, whichever comes first.

If there is a balance due when you file your completed tax return within the extension period, interest will be assessed from the original due date for filing to the date of payment, regardless of whether the 90% tentative tax payment requirement is met. See "Penalties and Interest" in Section I for further information on the computation of interest.

### AMENDED RETURNS AND FEDERAL ADJUSTMENTS

If an amended federal income tax return is filed to change the federal taxable income of the fiduciary, or if the Internal Revenue Service adjusts the income, an amended Virginia return must be filed within ninety days. If the changes or adjustments result in a decrease in the fiduciary's income tax liability, Virginia law allows the Department of Taxation to issue a refund only if the amended return is filed within:

1. three years from the due date for filing the original return, including filing extensions;
2. ninety days or, if the amended return is filed after July 1, 1998, one year from the final determination date for the amended federal return or federal change, whichever is later, and the refund requested is attributable only to such change or adjustment;

3. two years from the filing of an amended Virginia return resulting in payment of additional tax, provided the claim for refund raises issues pertaining solely to the prior amended return and the claim does not exceed the amount of additional tax paid as a result of such prior amended return; or
4. two years from the payment of an assessment, provided the amended return raises issues relating only to the prior assessment and the refund does not exceed the amount of tax paid on the prior assessment.

### How and Where to File an Amended Return

To amend Form 770, obtain a blank Form 770 for the same taxable year and write "AMENDED" at the top. Then complete the form using the corrected figures as if it were the original return. Do not make any adjustments to the return to show refunds received or balances paid with the original return.

**Attach a complete copy of the amended federal return or federal adjustments, as well as a statement explaining any other changes made to the Virginia return.**

You will be contacted if any additional information is needed. File the amended return with the Commissioner of the Revenue, Director of Finance or Director of Tax Administration for the city or county where the original return was filed (see "Where to File" for further information). The mailing addresses are listed on the back cover of this instruction book.

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## III. CREDITS

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**GENERAL INFORMATION:** The following rules apply when computing tax credits:

- Where a credit is limited to a percentage of the tax, the "tax" for this purpose shall be gross tax, less the credit for taxes paid to other states.
- Other income tax credits should be claimed in the order in which they provide the maximum benefit, regardless of the order shown on the form.
- Claim only as much credit as can be used to offset tax liability and keep accurate records of the carryover available for each credit.

### CREDIT FOR TAX PAID TO ANOTHER STATE

**RESIDENT FIDUCIARY:** A resident fiduciary is required to report its entire federal taxable income on Form 770, regardless of whether the entire income was derived from sources in Virginia. If the fiduciary is liable for payment of income taxes to another state on earned or business income derived from that state, a credit is generally allowed for taxes paid to the other state, provided the income is taxable both to Virginia and the other state. The credit is computed on Form 770, Schedule 4.

**EXCEPTION:** A Virginia fiduciary deriving business income as a nonresident in the states listed below may **not** claim a credit on the Virginia return for taxes paid to those states. The credit must be claimed on the other state's nonresident fiduciary income tax return.

Arizona      California      District of Columbia      Oregon

This credit applies only to income taxes paid to other states. Taxes paid to cities, counties, the federal government and foreign governments do not qualify for the credit. The credit is not allowed for franchise tax, license tax, excise tax, unincorporated business tax, occupation tax, or any other tax characterized as such, even though the tax is based on *business* income. In addition, the credit is not allowable for taxes paid to any state that is prohibited by its own legislation from imposing an income or commuter tax.

A complete copy of the income tax return filed with any state(s) for which a credit is claimed must be attached to Form 770. Copies of cancelled checks or other income statements are not sufficient for verification of the income tax liability to the other state.

**NONRESIDENT FIDUCIARY:** As a general rule, Virginia law does **not** provide a credit to a nonresident fiduciary on business income taxable by both Virginia and the fiduciary's state of residence. Therefore, such credits must usually be claimed on the income tax return filed with the state of residence.

**EXCEPTION:** If the fiduciary is liable for income taxes as a resident of one of the states listed below on income derived from Virginia sources, credit for tax paid to another state will be allowed on the Virginia return.

Arizona      California      District of Columbia      Oregon

A complete copy of the income tax return filed with any state(s) for which a credit is claimed must be attached to Form 770. Copies of cancelled checks or other income statements are not sufficient for verification of the income tax liability to the other state.

### NEIGHBORHOOD ASSISTANCE ACT CREDIT

The Virginia Neighborhood Assistance Act provides tax credits to businesses who contribute directly to PRE-APPROVED Neighborhood Assistance Program (NAP) organizations whose primary function is to benefit impoverished individuals. Licensed physicians and dentists who donate their services in PRE-APPROVED NAP free health care clinics or in nonprofit health clinics which charge patients according to their ability to pay may also be eligible for credits. Completed applications are due at the Department of Social Services on May 1 for the upcoming program year. Excess donor credit, if applicable, may be carried forward for the next five taxable years.

To claim the tax credit, a Neighborhood Assistance Tax Certificate must be attached to your return. The tax certificate is obtained through the Neighborhood Assistance project for which the investment was provided. For a list of currently approved Neighborhood projects or additional information, contact: **Neighborhood Assistance Program, Virginia Department of Social Services, Theater Row Building, 730 East Broad St., Richmond VA 23219-1849, or (804) 692-1895.**

### ENTERPRISE ZONE ACT CREDIT

Businesses located within an Enterprise Zone may take a credit against the tax due on zone taxable income in an amount of 80% of the tax due for the first year and 60% of the tax due for the second through the tenth years. Businesses investing in excess of \$15 million and creating at least 50 jobs are eligible for a credit of up to 80% in the first year and up to 60% in the second through tenth years. Excess general tax credit, if any, may not be carried forward.

In addition to the general tax credit, qualified zone businesses may be eligible for a real property improvement tax credit and an investment tax credit against zone taxable income. A credit of 30% of qualified zone improvements, not to exceed \$125,000, will be available for rehabilitation projects that invest at least \$50,000 and the assessed value of the real property prior to rehabilitation. New construction projects must have an investment of \$250,000 in qualified real property improvements. Businesses that invest \$100 million in real and tangible personal property and create 200 jobs within an enterprise zone may be eligible for a tax credit of up to 5 percent of the investment. The investment credit can be carried forward until the full amount is used.

If the annual tax credit requested for both the general tax credit and the real property tax credit exceeds the annual appropriation, the Virginia Department of Housing and Community Development will issue an amount proportionate to each qualified business firm requesting the credits.

The enterprise zone credit is computed on Virginia Form 301, which must be attached to the income tax return to support the credit claimed. You must also include one copy each of the CERTIFICATION of STATE UNEMPLOYMENT TAX CREDIT from the Virginia Employment Commission and the CERTIFICATES OF QUALIFICATION from the Virginia Department of Housing and Community Development as appropriate. For forms to qualify for this credit and additional information contact: **Virginia Department of Housing and Community Development, The Jackson Center, 501 North Second Street, Richmond VA 23219-1321, (804) 371-7030.**

#### **MAJOR BUSINESS FACILITY JOB TAX CREDIT**

Individuals, estates, trusts, corporations, banks, insurance companies and telecommunications companies may claim a Virginia tax credit if the taxpayer creates at least 100 new full-time jobs in connection with the establishment or expansion of a major business facility, or if the company is engaged in a qualifying industry in Virginia and creates at least 100 new full-time jobs in Virginia. If a taxpayer is located in an enterprise zone or in an economically distressed area (as defined by the Virginia Department of Economic Development), the threshold is reduced from 100 to 50 new full-time jobs.

This nonrefundable credit is equal to \$1,000 per each qualifying new job in excess of the 100 job threshold and is spread over three years. The credit only applies to facilities where an announcement to expand or establish such a facility was made on or after January 1, 1994.

This credit must be claimed ratably over three taxable years, beginning with the taxable year following the year in which the facility is established or expanded, or the new qualifying jobs are added.

Qualifying industries include: (1) manufacturing or mining; (2) agriculture, forestry or fishing; and (3) transportation or communications companies. A major business facility includes a headquarters or portion of such a facility located in Virginia, where the majority of the company's financial, personnel, legal, or planning functions are handled either on a regional or a national basis. A major business facility shall also include facilities located in Virginia that perform a central management or administrative function for other establishments of the same enterprise such as general management, accounting, computing, tabulating, data processing, purchasing, transportation or shipping, engineering and systems planning, advertising, legal, financial and research and development.

Any amount unused this year may be carried forward for the next ten taxable years. Credits will be recaptured proportionately if employment decreases during the five years following the initial credit year. If employment decreases below the threshold, the entire credit will be recaptured. To claim this credit, complete Major Business Facility Job Tax Credit, Form 304, and transfer the computed amount to line 5(g).

#### **COALFIELD EMPLOYMENT ENHANCEMENT TAX CREDIT**

For taxable years beginning on or after January 1, 1996, but before January 1, 2002, a tax credit may be earned by individuals, estates, trusts and corporations who have an economic ownership interest in coal mined in Virginia. The credit is based on the quantity of coal or methane gas produced and employment levels. If the number of coal mining jobs for the year the credit is earned is less than the previous year, the maximum earned credit is reduced by an employment factor. The allowable credit must be computed on Form 306, Coalfield Employment Enhancement Tax Credit, and reported on Form 770 for the tax year in which the credit is earned. Form 306 must be attached to the tax return when filed. The allowable credits may be claimed in taxable years beginning on or after January 1, 1999, and are subject to a specific redemption schedule. This credit may not be claimed for any ton of coal for which the Coal Cogeneration Credit or the Virginia Coal Employment and Production Incentive Tax Credit is claimed. For forms and additional information, see "WHERE TO GET FORMS AND ASSISTANCE" on page 2.

#### **HISTORIC REHABILITATION TAX CREDIT**

Effective for taxable years beginning on and after January 1, 1997, an individual, estate, trust, corporation, bank, insurance company or utility company incurring eligible expenses in the rehabilitation of a certified historic structure is entitled to claim a credit against the tax imposed by Sections 58.1-320, 58.1-360, 58.1-400, 58.1-1200, 58.1-2500 or 58.1-2620. The credit is equal to a designated percentage of actual rehabilitation expenses, as follows: 10% in 1997, 15% in 1998, 20% in 1999, and 25% for 2000 and thereafter. To qualify, the cost of the rehabilitation must equal at least 50% of the assessed value of the building for local real estate tax purposes prior to the rehabilitation; and the rehabilitation work must be certified by the Virginia Department of Historic Resources as consistent with *The Secretary of the Interior's Standards for Rehabilitation*. Certifications of buildings and rehabilitations, so that property owners can claim the credits, are issued by the Virginia Department of Historic Resources. Applications for certification may be obtained from the **Virginia Department of Historic Resources, 2801 Kensington Avenue, Richmond, VA 23221 or call (804) 367-2323.**

#### **LOW - INCOME HOUSING CREDIT**

For taxable years beginning on or after January 1, 1998, a low-income housing credit may be claimed for low-income housing units placed in service on or after January 1, 1998, provided the federal low income housing credit was claimed on the federal fiduciary income tax return filed for the taxable year. The Virginia credit is a percentage of the federal credit. For additional information, contact: **Virginia Department of Taxation, P. O. Box 1115, Richmond, VA 23218-1115, (804) 367-8037.**

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## **IV. OTHER CONSIDERATIONS FOR FIDUCIARIES**

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In addition to the filing of income tax returns, fiduciaries are generally responsible for seeing that all Virginia tax obligations of an estate or trust have been fulfilled. The information in this section provides details on the settlement of accounts and outlines other Virginia taxes for which an estate or trust may be held liable.

#### **SETTLEMENT OF ACCOUNTS**

In connection with the settlement of fiduciary accounts, special attention should be given to the provisions of Section 58.1-22 and Section 58.1-23 of the Code of Virginia, dealing with the collection of taxes and levies upon property under the control of the

fiduciaries and the courts. The sections are set out below.

**Section 58.1-22. Accounts not settled until taxes paid or provided for.** – No commissioner of accounts or assistant commissioner shall, under Section 26-32, file any report of an account of the transactions of any executor, administrator, trustee, receiver or other fiduciary, including trustees in foreclosure actions until it shall be made to appear to the commissioner that all taxes, whether state, or county or city, assessed and chargeable upon the property in the hands of the person for whom such account is settled belonging to the estate concerned in such a settlement have been paid or unless such account shall show that there remains in the hands of such person a sufficient sum, over and above the charges of administration, to pay all taxes charged against such person in his capacity as executor, administrator, trustee, receiver or other fiduciary.

**Section 58.1-23. Inquiries required of fiduciaries.** – Every personal representative, before settling the estate in his hands, shall make inquiry of the treasurer of the county or city wherein the decedent last resided and of the department with respect to any unpaid taxes and levies assessed against his decedent.

**Inquiries made to the Department of Taxation with respect to the provisions of Code Section 58.1-23 should be addressed to the Office of Customer Services, P.O. Box 1115, Richmond, VA 23218-1115.**

### **PROBATE TAX (TAX ON WILLS AND ADMINISTRATIONS)**

A state tax is imposed on the probate of wills and grants of administration not exempt by law. A probate tax return must be filed with the clerk of the court at the time the will is offered for probate, or grant of administration is sought, if the estate exceeds \$10,000 in value at the date of death of the decedent. There is no probate tax on estates valued at \$10,000 or less. For estates exceeding \$10,000 in value, the tax is 10 cents per \$100, or fraction of \$100, including the first \$10,000. In addition, the county or city in which the will is offered for probate, or grant of administration is sought, may also impose a local probate tax equal to one-third of the state tax. **For further information on probate tax, contact the Clerk of the Circuit Court in the appropriate jurisdiction, or the Virginia Department of Taxation at (804) 367-8031.**

### **ESTATE TAX**

The Virginia estate tax is a transfer tax imposed if an estate is subject to the federal estate tax. The tax is imposed on the estates of resident decedents and the estates of nonresident decedents who owned real or tangible personal property in Virginia. Estates of alien decedents who owned real or tangible personal property in Virginia or intangible personal property physically present in Virginia are also subject to the tax. The tax is based on the federal credit for state death taxes from the federal estate tax return, Form 706. The Virginia return, if required, must be filed on Virginia Form EST-80 within nine months from the decedent's date of death. If the estate is not required to file a federal estate tax return, no Virginia tax return is required.

**For further information on the Virginia estate tax, contact the Department of Taxation at (804) 367-8031 or write the Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115.**

### **CONSUMER'S USE TAX**

The Virginia consumer's use tax is the "other half" of the Virginia Sales and Use Tax Act, enacted by the 1966 Virginia General Assembly. As a general rule, the tax is due if you purchase merchandise and do not pay sales tax. This typically happens when merchandise is purchased in another state, through mail order or in person. The tax is imposed on the cost price of the item at the rate of 4.5%. "Cost price" does not include separately stated shipping or delivery charges, but it does include a "shipping and handling" charge when this is listed as a single item on the sales invoice. If you purchased more than \$100 in goods during the taxable year from businesses that did not charge you sales tax, you must pay the consumer's use tax on the total amount of these purchases. However, if your purchases of untaxed goods during the taxable year total \$100 or less, you are not required to pay the consumer's use tax.

If an estate or trust that is not engaged in a trade or business is not charged sales tax on purchases of tangible personal property (other than for resale), it must file a Virginia Consumer's Use Tax Return For Individuals, Form CU-7. Form CU-7 and the tax are due the same day as the income tax return. If filing a tax due 770 return, do not send a single payment to cover both the fiduciary return liability and the consumer's use tax liability. The CU-7 return must be filed separately. If engaged in a trade or business, file a Virginia Consumer's Use Tax Return, Form ST-7. Form ST-7 and the tax are due by the 20th day of the month following the month in which the purchase was made. For further information on the consumer's use tax, contact the **Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115 or (804) 367-8037.**

### **LITTER TAX**

Litter tax is reported on a separate return, Form 200. This tax is imposed on every "person," who on January 1, was engaged in business as a manufacturer, wholesaler, distributor or retailer of the following products: food for human or pet consumption; groceries; cigarettes and tobacco products; soft drinks and carbonated waters; beer and malt beverages; wine; newspapers and magazines; paper products and household paper; glass and metal containers; plastic or fiber containers made of synthetic materials; cleaning agents and toiletries; nondrug drugstore sundry products; distilled spirits; and motor vehicle parts. "Person" means any natural person, corporation, partnership, administrator, fiduciary representative or group of individuals or entities of any kind operating such a business.

Litter tax is computed and filed on a calendar year basis for all filers, regardless of the taxable year used for income tax purposes. The return, Form 200, and payment of the tax are due on May 1 of each year for the preceeding year. Once an initial return is filed, preprinted forms will be mailed automatically for subsequent years. **For further information on litter tax, contact the Department of Taxation at (804) 367-8046. Form 200 may be obtained from the Virginia Department of Taxation Forms Request Unit, P.O. Box 1317, Richmond, VA 23218-1317. Telephone: (804) 236-2760, (804) 236-2761 or 1-888-268-2829 (toll free outside the Richmond area).**

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## **V. LINE BY LINE INSTRUCTIONS**

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### **FORM 770 - PAGE 1**

Complete the information required in the spaces at the top of Form 770. If this return is for a period other than January 1 to December 31 of the taxable year shown on your return, indicate the fiscal beginning and ending dates in the space provided. The taxable period of your Virginia return must be the same as that of your federal return. It is important that the names, address and Federal Employer Identification number (FEIN) are entered correctly. **Do NOT use the decedent's social security number or the preparer's FEIN as the estate's or trust's FEIN.**

If the estate or trust has not received its FEIN, write "Applied For" in the appropriate box and notify the **Department of Taxation in**

**writing at P.O. Box 1115, Richmond, VA 23218-1115 as soon as the FEIN is received.**

### **SCHEDULE 1 - COMPUTATION OF TAXABLE INCOME AND TAX OF FIDUCIARY**

Before completing Schedule 1, complete all applicable schedules on the back of Form 770.

**Line 1: Federal taxable income of the estate or trust.**

*Resident fiduciaries:*

Enter the federal taxable income reported on Form 1041.

**Nonresident fiduciaries:**

Enter the taxable income from Schedule 2, line 8.

**Line 2: Fiduciary's share of Virginia modifications.** Enter on line 2(a) or line 2(b), the net modifications amount from Schedule 3, line 10, on the back of the return.

The instructions for Schedule 3, line 10, explain whether the amount will be entered on line 2(a) or line 2(b).

**Line 3: Virginia taxable income of fiduciary.** Add the amounts reported on lines 1 and 2(a), or subtract the amount on line 2(b) from the amount on line 1, and enter the result on line 3.

**Line 4: Virginia income tax.** Compute the tax on the income reported on line 3, according to the rate schedule shown on the form.

**Line 5: Payments and Credits.** Enter the appropriate amounts on lines 5(a) through 5(i). Enter the total payments and credits claimed on line 5.

**(a) Virginia Income Tax Withheld.** Enter the amount of any Virginia withholding on the wages, salaries or other income of the decedent that was received by the estate. Attach a copy of Forms W-2, W-2G and/or 1099-R to support the amount claimed.

**(b) 1998 Estimated Tax Payments.** Enter the amount of any 1998 Virginia estimated tax payments made by the estate or trust, including any overpayment credit applied from the fiduciary's 1997 return. Do not include payments made on behalf of a decedent for individual income tax purposes.

**(c) Extension Payments Made with Form 760E.** Enter the amount of tentative tax paid with the fiduciary's application for extension of time to file. Attach a copy of Form 760E.

**(d) Credit for Tax Paid to Another State.** Enter the credit computed from Form 770, Schedule 4, line 7. See "Credit For Tax Paid To Another State" in Section III of these instructions to see if you qualify for this credit. *A complete copy of the state fiduciary return of any state for which the credit is claimed must be attached.*

**Lines 5(e), 5(f), 5(g), 5(h) and 5(i).** Complete Schedule 5 on page 2 of Form 770 to determine the allocations between the fiduciary and beneficiaries.

**(e) Neighborhood Assistance Act Credit (NAA).** Complete the worksheet below and enter the allowable credit from line 7 on Form 770, line 5(e). *Attach a copy of the neighborhood assistance tax certificate.*

1. Fiduciary's share of credit from Schedule 5, Column 3, line (e) ..... 1. \_\_\_\_\_
2. Carryover credit from prior year ..... 2. \_\_\_\_\_
3. Subtotal: Add line 1 and line 2 ..... 3. \_\_\_\_\_
4. Tax from Schedule 1, line 4 ..... 4. \_\_\_\_\_
5. Credit for tax paid to another state ..... 5. \_\_\_\_\_
6. Subtract line 5 from line 4 ..... 6. \_\_\_\_\_
7. **Allowable 1998 Credit.** Enter the lesser of line 3 or line 6 here and on Schedule 1, line 5(e) ..... 7. \_\_\_\_\_
8. **Carryover to 1999 Form 770.** If line 3 is larger than line 7, enter the difference ..... 8. \_\_\_\_\_

Excess authorized 1998 Neighborhood Assistance Act credit may be carried forward for up to five years.

**(f) Enterprise Zone Act Credit.** Enter the fiduciary's credit as computed on Form 301 using only the fiduciary's share of qualifying income, Virginia unemployment tax credit, real property investment tax credit and the investment tax credit. *Attach Form 301 and a certificate of qualification from the Virginia Department of Housing and Community Development. When qualifying in more than one Enterprise Zone, complete a separate Form 301 for each zone. Add the totals from each Form 301 and enter the grand total on this line.*

**(g) Major Business Facility Job Tax Credit.** Enter the fiduciary's credit as computed on Form 304. *Attach Form 304.*

**(h) Historic Rehabilitation Tax Credit.** Complete the worksheet below and enter the allowable credit.

1. Fiduciary's share of credit from Schedule 5, Column 10, line (e). Attach certification ..... 1. \_\_\_\_\_
2. Carryover credit from prior year ..... 2. \_\_\_\_\_
3. Subtotal: Add line 1 and line 2 ..... 3. \_\_\_\_\_
4. Tax from Schedule 1, line 4 ..... 4. \_\_\_\_\_
5. Total of other credits claimed ..... 5. \_\_\_\_\_
6. Subtract line 5 from line 4 ..... 6. \_\_\_\_\_
7. **Allowable 1998 Credit.** Enter the lesser of line 3 or line 6 here and on Schedule 1, line 5(h) ..... 7. \_\_\_\_\_
8. **Carryover to 1999 Form 770.** If line 3 is larger than line 7, enter the difference ..... 8. \_\_\_\_\_

**(i) Low Income Housing Credit.** Complete the worksheet below and enter the allowable credit.

1. Fiduciary's share of credit from Schedule 5, Column 11, line (e). Attach certification ..... 1. \_\_\_\_\_
2. Tax from Schedule 1, line 4 ..... 2. \_\_\_\_\_
3. Total of other credits claimed ..... 3. \_\_\_\_\_
4. Subtract line 3 from line 2 ..... 4. \_\_\_\_\_
5. **Allowable 1998 Credit.** Enter the lesser of line 1 or line 4 here and on Schedule 1, line 5(i) ..... 5. \_\_\_\_\_
6. **Carryover to 1999 Form 770.** If line 1 is larger than line 5, enter the difference ..... 6. \_\_\_\_\_

**(j) Refundable Real Property Improvement Tax Credit.**

Check the box on this line if claiming a refundable Real Property Improvement Tax Credit on Form 301. Do not include this amount on Form 770. It will be refunded to you separately. Attach Form 301.

**Line 5: Total payments and credits.** Enter the total of lines 5(a) through 5(i).

**Line 6: Balance due.** If the total credits claimed on line 5 are less than the tax reported on line 4, subtract line 5 from line 4, and enter the result. See Section II of this instruction book for information on when and where to file your return. *A check for the balance due, made payable to the Treasurer of the city or county where the return will be filed, must be attached to the return. A list of the filing addresses and phone numbers is on the back of this instruction book.* No payment is required if the amount is less than \$1.

**Line 7: Overpayment.** If the total payments and credits claimed on line 5 exceed the tax reported on line 4, subtract line 4 from line 5 and enter the result on line 7.

**Line 8: Amount of overpayment to be credited to 1999.** Enter the amount of the overpayment to be credited to the fiduciary's 1999 estimated income tax.

**Line 9: Amount to be refunded.** Subtract line 8 from line 7 and enter the refund amount here. Overpayments of less than \$1 will be refunded only upon written request.

**Line 10: Coalfield Employment Enhancement Tax Credit Earned.** Enter amount from Form 306. Attach Form 306.

**FORM 760C OR FORM 760F**

See "Estimated Tax" in Part II of this instruction booklet to determine if you owe an addition to tax. If exception 1 or 2 was met for all quarters, it is not necessary to complete or attach Form 760C or Form 760F. **If exception 3 or 4 was used to calculate the addition to tax or to determine that you did not owe the addition to tax for any quarter, you must attach Form 760C or Form 760F and the associated worksheet(s) to the return.**

If Form 760C or Form 760F is attached, check the applicable box below line 10 and enter the amount of the addition to tax in the box provided. Attach one check for the TOTAL amount of income tax due and the addition to tax computed on Form 760C or Form 760F. If your return shows a refund on line 9, the addition to tax will be deducted from your refund.

**SCHEDULE 2 - COMPUTATION OF VIRGINIA TAXABLE INCOME OF A NONRESIDENT ESTATE OR TRUST**

**Line 1. Gross income from sources within Virginia.** Enter the gross income from Virginia sources, increased or decreased by any amounts of gain, loss or deduction recognized for federal tax purposes but not included in the computation of distributable net income of the estate or trust.

**Line 2. Expenses attributable to income from sources within Virginia.** Enter the expenses attributable to the gross income reported on line 1 above.

**Line 3. Net Virginia source income.** Subtract the amount reported on line 2 from the gross income reported on line 1 and enter the result here.

**Line 4. Allocation of Virginia source income.** Line 4 is used to report the allocation of income among the fiduciary and the beneficiaries. Income will be allocated to the fiduciary only if income is accumulated during the taxable year and, as in the case of a complex trust, not all income is distributed currently.

Virginia source income must be allocated to each beneficiary based on his or her proportionate share of the federal distributable net income. For example, if 50% of the estate's or trust's federal distributable net income is allocated to a beneficiary from Form 1041 or Schedule K-1, then 50% of the net Virginia source income should be allocated to that beneficiary.

Complete the allocation schedule provided on lines 4(a) through 4(c) or attach a separate schedule of computation if additional spaces are needed.

**Line 5. Deduction for distributions to beneficiaries.** Enter the total Virginia source income allocated to beneficiaries from Column 4, line 4(a), above, or from a separate schedule of computation, if applicable. If a separate schedule is used, it must be attached.

**Line 6. Fiduciary's share of Virginia source income.** Subtract the amount on line 5 from the net Virginia source income on line 3, and enter the result here.

**Line 7. Exemption from federal Form 1041.** Enter the amount of the federal exemption allowed on federal Form 1041.

**Line 8. Income taxable to fiduciary.** Subtract line 7 from line 6. Enter the result here and on Schedule 1, line 1 on front of Form 770.

**SCHEDULE 3 - MODIFICATIONS ADDITIONS TO FEDERAL TAXABLE INCOME**

**Line 1. Interest on obligations of other states.** Enter the amount of interest, less related expenses to the extent not deducted in determining federal taxable income, on obligations of any state other than Virginia, or of a political subdivision of any such state unless created by compact or agreement to which this state is a party.

If the estate or trust received federally exempt *dividend* income from a regulated investment company (mutual fund) that invested in obligations both taxable and exempt for Virginia purposes, the entire income must be reported unless a statement from the fund is attached that:

- details the dividends earned from the fund; and
- summarizes the prorations between exempt and taxable dividends (monthly breakdown preferred).

**EXAMPLE:** A trust receives dividends from a mutual fund that invests in obligations of Virginia and New York. The interest received from all of the obligations is exempt from federal taxation. The fund provides the following statement:

Dividend payments for 1998 ..... \$4,000  
 % of income from NY obligations ..... 60%  
 % of income from VA obligations ..... 40%

Based on this information, the trust may exclude 40% or \$1,600 of the income from Virginia taxable income. Therefore, the trust would

make an addition for only part of its mutual fund income, \$2,400, and attach the above statement to support the partial addition.

**Line 2. Income taxes of this state or any other taxing jurisdiction.** Enter the amount of income tax imposed by this state or any other taxing jurisdiction to the extent such taxes were deducted in computing federal taxable income.

**Line 3. Other additions to federal taxable income.** Enter the following amounts, if applicable, and attach a schedule of computation to the return:

- The amount of a lump sum distribution from a qualified retirement plan, less the minimum distribution allowance, and any amount excluded from federal taxable income solely by virtue of a fiduciary's election to use the averaging provisions under Section 402 of the Internal Revenue Code.
- The amount necessary to prevent the deduction of any item properly deductible by the taxpayer in determining a tax under Virginia law prior to 1972.
- Other income not included in federal taxable income, but subject to Virginia income tax.

**Line 4. Total Additions.** Add lines 1, 2 and 3 and enter the result.

**SUBTRACTIONS FROM FEDERAL TAXABLE INCOME**  
**Line 5. Income (interest, dividends or gains) from obligations or securities of the U.S. exempt from state income taxes, but not from federal income taxes.**

Enter the income derived from obligations or the sale or exchange of obligations of the United States and on obligations or securities of any authority, commission or instrumentality of the United States to the extent such income is exempt from state income taxes. The amount entered here should include, but is not limited to, qualifying stocks, bonds, treasury bills and treasury notes.

Do not include interest on federal tax refunds, equipment purchase contracts and other normal business transactions.

Only income received from direct obligations of the United States is eligible for the subtraction. A partial list of federal organizations and the Virginia tax status of income received from investments in securities issued by those entities is shown below. The list is based on the department's analysis of federal and state law as applicable to selected organizations. For organizations not listed below, additional information must be attached showing that the interest is exempt from Virginia income tax.

<b>ISSUING ORGANIZATION</b>	<b>STATUS</b>
Export-Import Bank of the United States (Export-Import Bank of Washington) .....	Exempt
Federal Home Loan Bank .....	Exempt
Federal Intermediate Credit Bank .....	Exempt
Federal Land Bank .....	Exempt
Student Loan Marketing Association (Sallie Mae) .....	Exempt
United States Treasury bills, notes, bonds and savings bonds (such as Series E, EE, H, HH, etc.) .....	Exempt
Federal Home Loan Mortgage Corporation (Freddie Mac) .....	Taxable
Federal National Mortgage Association (Fannie Mae) .....	Taxable
Government National Mortgage Association (Ginnie Mae) .....	Taxable
Inter-American Development Bank .....	Taxable
International Bank for Reconstruction and Development	Taxable

If the estate or trust received income from a regulated investment company (mutual fund) that invested in obligations both taxable and exempt for Virginia purposes, the entire income must be reported as taxable unless a statement from the fund is attached that:

- details the amount of income earned from the fund; and
- summarizes the prorations between exempt and taxable income (monthly breakdown preferred).

If the estate or trust is provided the information specified above, enter the exempt portion of income. A copy of the statement from the fund must be attached to the return to support the subtraction.

**Line 6. Any state income tax refund or credit reported as "other income" on federal Form 1041.** Enter any state income tax refund or credit included in the estate's or trust's income on Form 1041.

**Line 7. Other subtractions from federal taxable income.**

Enter the following amounts, if applicable, and attach a schedule of computation to the return.

- a. "Gleaning." The wholesale market price not otherwise deducted, of edible agricultural products donated to a nonprofit or charitable organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. "Agricultural product" means any crop. "Wholesale market price" means the lowest wholesale market price of any agricultural product in the nearest regional market during the month in which the contribution is made, without consideration of grade or quality of such product, as if the quality of such product contributed were marketable.
- b. The amount of income on obligations or sales and exchanges of obligations of this state or of any political subdivision or instrumentality of this state included in federal taxable income.
- c. The amount of wages or salaries eligible for the federal work opportunity tax credit which was not deducted for federal purposes on account of the provisions of Section 280C(b) of the Internal Revenue Code of 1986, as amended.
- d. The amount of Tier 2 vested dual benefits and other Railroad Retirement Act benefits and Railroad Unemployment Insurance Act benefits included in federal taxable income.
- e. Any amount included in federal taxable income that is foreign source income and defined as follows:
  1. Interest other than interest derived from sources within the United States;
  2. Dividends other than dividends derived from sources within the United States;
  3. Rents, royalties, license and technical fees from property located or services performed without the United States or from any interest in such property including rents, royalties or fees for the use or the privilege of using without the United States any patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises and other like properties;
  4. Gains, profits or other income from sales of intangible or real property located outside of the United States; and
  5. The amount of an individual's share of net income attributable to a foreign source qualified business unit of an electing small business corporation (S corporation).

In determining the source of income for purposes of sections e.1 through e.4 above, the provisions of Sections 861, 862 and 863 of the Internal Revenue Code will be applied. The term "technical fees" does not include wages, salaries, compensation or other earned income as defined in Section 911(b) of the Internal Revenue Code [Section 58.1 -322(C)(7), Code of Virginia]. For purposes of Section e.5 above, qualified business unit is defined in Internal Revenue Code Section 989 and the source of the income is in accordance with Sections 861, 862, and 987 of the Internal Revenue Code.

- f. Transitional modifications provided in Section 58.1-315, Code of Virginia.
- g. Other income included in federal taxable income, but exempt from Virginia income tax.

**Line 8. Total subtractions.** Add lines 5, 6 and 7 and enter the total here.

**Line 9. Net Virginia modifications.** Subtract line 8 from line 4 and enter the difference.

**Line 10. Net Virginia modifications allocated to the fiduciary.** Multiply line 9 by the fiduciary's percentage of federal distributable net income. *Enter the result here and:*

**If line 4 is larger than line 8,**

*enter the amount from line 10 above on line 2(a) on front of Form 770. This is a net ADDITION.*

**If line 4 is not larger than line 8,**

*enter the amount from line 10 above on line 2(b) on front of Form 770. This is a net SUBTRACTION.*

**Net Virginia modifications allocated to the beneficiaries.**

*Each beneficiary must be provided a statement of income and modifications for use in completing the individual income tax return. See "Allocation of income to beneficiaries" in Section I of this instruction booklet for more information.*

**SCHEDULE 4 - COMPUTATION OF THE CREDIT FOR TAX PAID TO ANOTHER STATE**

If a credit is being claimed for taxes paid by the fiduciary to another state, complete lines 1 through 7 on Form 770 to compute the allowable credit. See "CREDIT FOR TAX PAID TO ANOTHER STATE" in Section III of these instructions for more information. A complete copy of the return filed with any state for which a credit is claimed must be attached.

If a credit is being claimed for taxes paid to more than one other state, a separate computation must be attached for each state (following the format of Form 770, Schedule 4).

**Line 1. Taxable income reported on another state's return.** Enter the taxable income on which the tax in the other state is based. Attach a copy of the return filed in the other state to support the figure claimed.

**Line 2. Virginia taxable income.** Enter the taxable income from Schedule 1, line 3 of Form 770.

**Line 3. Total income tax paid to another state.** Enter the income tax paid to another state. Also enter the name of the other state.

**Line 4. Virginia income tax.** Enter the tax from Schedule 1, line 4, of Form 770.

**Line 5. Allowable percentage for credit.** *Resident Estate or Trust:* Divide line 1 by line 2, and enter the result to one decimal place (example: 10.5%). Do not enter more than 100%. *Nonresident Estate or Trust:* Divide line 2 by line 1, and enter the result to one decimal place (example: 10.5%). Do not enter more than 100%.

**Line 6. Resident estate or trust:** Multiply line 5 by line 4. *Nonresident estate or trust:* Multiply line 5 by line 3.

**Line 7. Allowable credit.** *Resident Estate or Trust:* Enter the smaller amount from line 3 or line 6. *Nonresident Estate or Trust:* Enter the smaller amount from line 4 or line 6. Also enter this amount on Schedule 1, line 5(d) on front of Form 770.

## SCHEDULE 5 - COMPUTATION OF CREDIT TO TAX AND QUALIFYING INCOME

Schedule 5 is used to allocate the Neighborhood Assistance Act Tax Credit, Enterprise Zone Qualifying Income, Enterprise Zone State Unemployment Tax Credit, Enterprise Zone Real Property Investment Tax Credit, Enterprise Zone Investment Tax Credit, the Major Business Facility Job Tax Credit, Coalfield Employment Enhancement Tax Credit, Historic Rehabilitation Tax Credit and Low-Income Housing Credit among the beneficiaries and the fiduciary. Lines (a) through (d) should be used for the beneficiaries, and line (e) should be used for the fiduciary. If you need additional lines, you may attach a supplementary schedule to the return following the format shown on Form 770. The credits and the qualifying income must be allocated according to each person's share of the federal distributable net income, using the percentages from Form 1041 or Schedule K-1.

**Columns 1 and 2. Name and social security number and percentage.** Enter the name and social security number of each beneficiary, and the appropriate distribution percentage.

**Column 3. Allocation of Neighborhood Assistance Act Credit.** Enter the total authorized Neighborhood Assistance Act credit on line (f), Column 3.

Multiply the amount on line (f), Column 3, by the percentages in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line (e)], and enter the results on the appropriate lines in Column 3.

Enter the fiduciary's share of the Neighborhood Assistance Act Credit [Column 3, line (e)] on line 5(e) on front of Form 770.

A copy of the Neighborhood Assistance Tax Certificate(s) must be attached to support the credit claimed.

**Columns 4, 5, 6 and 7. Allocation of the Enterprise Zone Tax Credit.** Form 301 and a copy of the certificate of qualification from the Virginia Department of Housing and Community Development must be attached to support any Enterprise Zone Tax Credit claimed. Compute the fiduciary's Enterprise Zone Credit on Form 301 and enter the result on Form 770, Schedule 1, line 5(f).

**Column 4. Allocation of Enterprise Zone Qualifying Income.** Enter the total Enterprise Zone qualifying income on line (f), Column 4. This is the amount of income derived from a qualified business operating within an enterprise zone.

Multiply the amount on line (f), Column 4, by the percentages shown in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line (e)]. Enter the results on the appropriate lines in Column 4.

The amount of qualifying income attributable to the fiduciary is used to compute the fiduciary's general tax credit portion of the Enterprise Zone Credit on Form 301.

**Column 5. Allocation of Enterprise Zone State Unemployment Tax Credit.** Compute the total Unemployment Tax Credit using the instructions on Form 301 and enter the result on line (f), Column 5.

Multiply the amount on line (f), Column 5, by the percentages shown in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line (e)]. Enter the results on the appropriate lines in Column 5.

The beneficiary will use this credit when computing the State Unemployment Tax Credit portion of the Enterprise Zone Act Credit on Form 301 for their return.

A copy of the Certificate of Unemployment Tax Credit from the Virginia Employment Commission must be attached to support any credit claimed.

**Column 6. Allocation of Enterprise Zone Real Property Investment Tax Credit.** Compute the total Enterprise Zone Real Property Investment Tax Credit using the instructions on Form 301 and enter the result on line (f), Column 6. Multiply the amount on line (f), Column 6, by the percentages shown in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line (e)]. Enter the results on the appropriate lines in Column 6.

The beneficiaries will use this credit when computing the Real Property Investment Tax Credit portion of the Enterprise Zone Act Credit on Form 301 for their return.

**Column 7. Allocation of Enterprise Zone Investment Tax Credit.** Compute the total Enterprise Zone Investment Tax Credit using the instructions on Form 301 and enter the result on line (f), Column 7. Multiply the amount on line (f), Column 7, by the percentages shown in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line (e)]. Enter the results on the appropriate lines in Column 7.

The beneficiaries will use this credit when computing the Investment Tax Credit portion of the Enterprise Zone Act Credit on Form 301 for their return.

**Column 8. Allocation of Major Business Facility Job Tax Credit.** Compute the total Major Business Facility Job Tax Credit as shown on Form 304 and enter on line (f), Column 8. Multiply the amount on line (f), Column 8 by the percentages shown in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line (e)]. Enter the results on the appropriate lines in Column 8. Enter the fiduciary's share of the Major Business Facility Job Tax Credit [Column 8, line (e)] on line 5(g) on front of Form 770.

**Column 9. Allocation of Coalfield Employment Enhancement Tax Credit Earned.** Compute the total Coalfield Employment Enhancement Tax Credit on Form 306 and enter the earned amount on line (f), Column 9. Multiply the amount on line (f) by the percentages shown in Column 2 for each beneficiary and the fiduciary. Enter the results on the appropriate lines in Column 9. Enter the fiduciary's share on line 10 on front of Form 770.

**Column 10. Allocation of Historic Rehabilitation Tax Credit.** Enter the total Historic Rehabilitation Tax Credit allowed on line (f), Column 10. Multiply the amount on line (f), Column 10, by the percentages in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line (e)]. Enter the results in Column 10. Enter the fiduciary's share of Historic Rehabilitation Tax Credit [Column 10, line (e)] on line 5(h) on front. A copy of the credit certificate issued by the Virginia Department of Historic Resources must be attached to the return in order to claim this credit.

**Column 11. Allocation of Low-Income Housing Credit.** Enter the total Low-Income Housing credit allowed on line (f), Column 11. Multiply the amount on line (f), Column 11, by the percentages shown in Column 2 for each beneficiary [lines (a) through (d)] and the fiduciary [line(e)]. Enter the results in the appropriate lines in Column 11. Enter the fiduciary's share [Column 11, line (e)] on line 5(i) on front of Form 770. Attach a certificate of qualification authorizing this credit.

**SIGNATURE:** The return must be signed by the fiduciary or an authorized officer of the organization receiving or having custody or control of the management of the estate or trust. If two or more individuals act jointly as fiduciaries, the return may be signed by any one of those individuals. You have not filed a complete or legal return unless it has been signed.

**TELEPHONE NUMBERS:** Telephone numbers where you can be contacted between the hours of 8:30 a.m. and 5:00 p.m. are requested so we can call you if we have a question about the return.

**WHEN AND WHERE TO FILE AND PAY THE TAX:** See Section II, Filing Information, on page 2 of these instructions for information on when and where to file and pay the tax.

# COMMISSIONERS OF THE REVENUE MAILING ADDRESSES AND TELEPHONE NUMBERS

\* DENOTES DIRECTOR OF FINANCE

\*\* DENOTES DIRECTOR, DEPARTMENT OF TAX ADMINISTRATION

CITY/COUNTY	PHONE No.	ADDRESS	ZIP CODE	CITY/COUNTY	PHONE No.	ADDRESS	ZIP CODE
Accomack County	(757)787-5747	P. O. Box 186, Accomac	23301	King William County	(804)769-4941	P. O. Box 217, King William	23086
Albemarle County *	(804)296-5851	P. O. Box 760, Richmond	23218-0760	Lancaster County	(804)462-7920	P. O. Box 122, Lancaster	22503
Alexandria City *	(703)838-4570	P. O. Box 760, Richmond	23218-0760	Lee County	(540)346-7722	P. O. Box 96, Jonesville	24263
Alleghany County	(540)965-1640	P. O. Box 632, Covington	24426-0632	Lexington City	(540)463-4615	P. O. Box 922, Lexington	24450
Amelia County	(804)561-2158	P. O. Box 269, Amelia	23002	Loudoun County	(703)777-0260	P. O. Box 760, Richmond	23218-0760
Amherst County	(804)946-9310	P. O. Box 719, Amherst	24521	Louisa County	(540)967-3432	P. O. Box 8, Louisa	23093
Appomattox County	(804)352-7450	P. O. Box 125, Appomattox	24522	Lunenburg County	(804)696-2516	11512 Courthouse Rd., Suite 101 Lunenburg	23952
Arlington County	(703)228-3055	P. O. Box 760, Richmond	23218-0760	Lynchburg City	(804)847-1305	P. O. Box 858, Lynchburg	24505-0858
Augusta County	(540)245-5640	P. O. Box 959, Verona	24482	Madison County	(540)948-4421	P. O. Box 56, Madison	22727
Bath County	(540)839-7231	P. O. Box 130, Warm Springs	24484	Manassas City	(703)257-8298	P. O. Box 760, Richmond	23218-0760
Bedford County	(540)586-7621	122 E. Main St., Suite 103, Bedford	24523-2042	Manassas Park City	(703)335-8826	One Park Center Court, Manassas Park	20111-2395
Bedford City	(540)586-7105	P. O. Box 807, Bedford	24523	Martinsville City	(540)656-5131	P. O. Box 1222, Martinsville	24114-1222
Bland County	(540)688-4291	P. O. Box 130, Bland	24315	Mathews County	(804)725-7168	P. O. Box 896, Mathews	23109-0896
Botetourt County	(540)473-8270	P. O. Box 128, Fincastle	24090	Mecklenburg County	(804)738-6191	P. O. Box 360, Boynton	23917
Bristol City	(540)645-7316	497 Cumberland St., Bristol	24201-4391	Middlesex County	(804)758-5331	P. O. Box 148, Saluda	23149-0148
Brunswick County	(804)848-2313	P. O. Box 669, Lawrenceville	23868	Montgomery County	(540)382-5710	P. O. Box 6098, Christiansburg	24068-6098
Buchanan County	(540)935-6542	P. O. Box 1042, Grundy	24614	Nelson County	(804)263-4009	P. O. Box 246, Lovingson	22949
Buckingham County	(804)969-4972	P. O. Box 138, Buckingham	23921	New Kent County	(804)966-9610	P. O. Box 760, Richmond	23218-0760
Buena Vista City	(540)261-8610	2039 Sycamore Ave., Buena Vista	24416-3133	Newport News City	(757)926-8653	2400 Washington Ave., Newport News	23607-4389
Campbell County	(804)332-9518	P. O. Box 66, Rustburg	24588	Norfolk City	(757)441-2277	P. O. Box 2260, Norfolk	23501
Caroline County	(804)633-4054	P. O. Box 531, Bowling Green	22427	Northampton County	(757)678-0448	P. O. Box 65, Eastville	23347
Carroll County	(540)728-2331	P. O. Box 760, Richmond	23218-0760	Northumberland County	(804)580-4600	P. O. Box 309, Heathsville	22473
Charles City County	(804)829-9216	P. O. Box 7, Charles City	23030-0007	Norton City	(540)679-0031	P. O. Box 347, Norton	24273
Charlotte County	(804)542-5546	P. O. Box 308, Charlotte C.H.	23923	Nottoway County	(804)645-9317	P. O. Box 5, Nottoway	23955
Charlottesville City	(804)970-3160	P. O. Box 9031, Charlottesville	22906-9031	Orange County	(540)672-4441	P. O. Box 389, Orange	22960-0227
Chesapeake City	(757)382-6732	P. O. Box 15285, Chesapeake	23328-5285	Page County	(540)743-3840	101 S. Court St., Luray	22835
Chesterfield County	(804)748-1281	P. O. Box 124, Chesterfield	23832-0124	Patrick County	(540)694-7131	P. O. Box 760, Richmond	23218-0760
Clarke County	(540)955-5108	P. O. Box 67, Berryville	22611	Petersburg City	(804)733-2315	135 N. Union St., Petersburg	23803
Clifton Forge City	(540)863-2506	City Hall, 547 E. Main St., Clifton Forge	24422	Pittsylvania County	(804)432-7940	P. O. Box 272, Chatham	24531-0272
Colonial Heights City	(804)520-9280	P. O. Box 3401, Colonial Heights	23834	Poquoson City	(757)868-3020	500 City Hall Ave., Poquoson	23662
Covington City	(540)965-6350	P. O. Drawer 58, Covington	24426	Portsmouth City	(757)393-8740	801 Crawford St., Portsmouth	23704-3870
Craig County	(540)864-6241	P. O. Box 186, New Castle	24127-0186	Powhatan County	(804)598-5616	P. O. Box 40, Powhatan	23139
Culpeper County	(540)727-3443	P. O. Box 1807, Culpeper	22701	Prince Edward County	(804)392-3231	P. O. Box 446, Farmville	23901
Cumberland County	(804)492-4280	P. O. Box 77, Cumberland	23040	Prince George County	(804)733-2626	P. O. Box 155, Prince George	23875-0155
Danville City	(804)799-5145	P. O. Box 480, Danville	24543	Prince William County *	(703)792-6710	P. O. Box 760, Richmond	23218-0760
Dickenson County	(540)926-1646	P. O. Box 1067, Clintwood	24228	Pulaski County	(540)980-7750	52 West Main Street, Suite 200, Pulaski	24301-5016
Dinwiddie County	(804)469-4507	P. O. Box 104, Dinwiddie	23841	Radford City	(540)731-3613	P. O. Box 3606, Radford	24143
Emporia City	(804)634-5405	P. O. Box 956, Emporia	23847	Rappahannock County	(540)675-3513	P. O. Box 115, Washington	22747
Essex County	(804)443-2661	P. O. Box 879, Tappahannock	22560-0879	Richmond County	(804)333-3722	P. O. Box 366, Warsaw	22572
Fairfax County **	(703)324-8234	P. O. Box 760, Richmond	23218-0760	Richmond City *	(804)780-5690	P. O. Box 760, Richmond	23218-0760
Fairfax City	(703)385-7882	10455 Armstrong St., Room 210, City Hall, Fairfax	22030-3649	Roanoke County	(540)772-2049	P. O. Box 21709, Roanoke	24018-0586
Falls Church City	(703)241-5065	300 Park Avenue, Falls Church	22046	Roanoke City	(540)853-2523	P. O. Box 718, Roanoke	24004
Fauquier County	(540)347-8617	P. O. Box 149, Warrenton	20188-0149	Rockbridge County	(540)463-3431	P. O. Box 1160, Lexington	24450-1160
Floyd County	(540)745-9345	100 E. Main St., Room 204, Floyd	24091	Rockingham County	(540)564-3000	20 E. Gay St., Harrisonburg	22802
Fluvanna County	(804)589-8322	P. O. Box 760, Richmond	23218-0760	Russell County	(540)889-8018	P. O. Box 517, Lebanon	24266
Franklin County	(540)483-3083	275 S. Main St., Rocky Mt.	24151	Salem City	(540)375-3019	P. O. Box 869, Salem	24153
Franklin City	(757)562-8547	P. O. Box 389, Franklin	23851-0389	Scott County	(540)386-7692	104 E. Jackson St., Suite 6, Gate City	24251
Frederick County	(540)665-5681	P. O. Box 760, Richmond	23218-0760	Shenandoah County	(540)459-6170	P. O. Box 760, Richmond	23218-0760
Fredericksburg City	(540)372-1004	P. O. Box 644, Fredericksburg	22404-0644	Smyth County	(540)783-7201	P. O. Box 985, Marion	24354
Galax City	(540)236-2528	P. O. Box 760, Richmond	23218-0760	Southampton County	(757)653-3032	P. O. Box 760, Courtland	23837-0760
Giles County	(540)921-3321	130 N. Main St., Pearisburg	24134-1625	Spotsylvania County	(540)582-7046	P. O. Box 175, Spotsylvania	22553-0175
Gloucester County	(804)693-3451	P. O. Box 577, Gloucester	23061-0577	Stafford County	(540)658-4131	P. O. Box 98, Stafford	22555-0098
Goochland County	(804)556-5307	P. O. Box 60, Goochland	23063	Staunton City	(540)332-3829	P. O. Box 4, Staunton	24402-0004
Grayson County	(540)773-2381	P. O. Box 126, Independence	24348	Suffolk City	(757)925-6420	P. O. Box 1459, Suffolk	23439-1459
Greene County	(804)985-5211	P. O. Box 760, Richmond	23218-0760	Surry County	(757)294-5225	P. O. Box 35, Surry	23883
Greensville County	(804)348-4227	1750 East Atlantic St., Rm 216, Emporia	23847	Sussex County	(804)246-5511	P. O. Box 1398, Sussex	23884-0398
Halifax County	(804)476-3314	P. O. Box 1847, Halifax	24558	Tazewell County	(540)988-7541	101 E. Main St., Tazewell	24651
Hampton City	(757)727-6690	P. O. Box 636, Hampton	23669-0636	Virginia Beach City	(757)427-4483	2401 Court House Dr., Virginia Beach	23456-9002
Hanover County	(804)537-6129	P. O. Box 129, Hanover	23069	Warren County	(540)635-2651	P. O. Box 1775, Front Royal	22630-1775
Harrisonburg City	(540)434-2233	P. O. Box 20031, Harrisonburg	22801-7531	Washington County	(540)676-6270	174 E. Main St., Abingdon	24210
Henrico County *	(804)501-5580	P. O. Box 760, Richmond	23218-0760	Waynesboro City	(540)942-6610	P. O. Box 1028, Waynesboro	22980-0748
Henry County	(540)634-4690	P. O. Box 1077, Collinsville	24078	Westmoreland County	(804)493-9052	P. O. Box 68, Montross	22520
Highland County	(540)468-2142	P. O. Box 148, Monterey	24465	Williamsburg City	(757)220-6150	P. O. Box 245, Williamsburg	23187-0245
Hopewell City	(804)541-2237	P. O. Box 1604, Hopewell	23860	Winchester City	(540)667-1815	P. O. Box 706, Rouss City Hall, Winchester	22604
Isle of Wight County	(757)365-6222	P. O. Box 107, Isle of Wight	23397	Wise County	(540)328-3556	P. O. Box 1278, Wise	24293
James City County	(757)253-6695	P. O. Box 283, Williamsburg	23187-0283	Wythe County	(540)223-6015	225 S. 4th St., Room 101, Wytheville	24382-2599
King & Queen County	(804)785-5976	P. O. Box 178, King & Queen Court House	23085	York County	(757)890-3381	P. O. Box 90, Yorktown	23690-0090
King George County	(540)775-4664	P. O. Box 258, King George	22485-0258				