

22-3-505 Income taxes.

- (1) A tax required to be paid by a trustee based on receipts allocated to income shall be paid from income.
- (2) A tax required to be paid by a trustee based on receipts allocated to principal shall 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 shall be paid:
 - (a) from income to the extent that receipts from the entity are allocated only to income;
 - (b) from principal to the extent that receipts from the entity are allocated only to principal;
 - (c) proportionately from principal and income to the extent that receipts from the entity are allocated to both income and principal; and
 - (d) from principal to the extent that the tax exceeds the total receipts from the entity.
- (4) After applying Subsections (1) through (3), the trustee shall adjust income or principal receipts to the extent that the trust's taxes are reduced because the trust receives a deduction for payments made to a beneficiary.

Amended by Chapter 297, 2011 General Session