

2010 MICHIGAN Adjustments of Capital Gains and Losses

Issued under authority of Public Act 281 of 1967.

Attach this form to your fiduciary income tax return MI-1041. **Round all money items to whole dollars. Type or print in blue or black ink.**

For 2010 or taxable year beginning _____, 2010 and ending _____, _____.

Name of Estate or Trust	Federal Employer Identification Number (FEIN)
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PART 1: SHORT-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD 1 YEAR OR LESS

A Property Description (Example, 100 shares, 7% preferred, of "Z" Co.)	B Date acquired (MM-DD-YYYY)	C Date sold (MM-DD-YYYY)	D Federal Gain/Loss From column f of U.S. <i>Schedule D</i>	E Gain/loss from federal column d subject to Michigan income tax
1a.				
b.				
c.				
d.				
e.				
f.				
g.				
2. Short-term capital gain/loss from U.S. Forms 4684, 6252, 6781 and 8824.....		2.		
3. Enter net short-term gain/loss from partnerships, S corporations and other estates or trusts.....		3.		
4. Short-term capital loss carryover.....		4.	()	()
5. Net short-term gain/loss. Combine lines 1 through 4 in columns D and E. Enter here and on line 14, column A..		5.		

PART 2: LONG-TERM CAPITAL GAINS AND LOSSES - ASSETS HELD MORE THAN 1 YEAR

6a.				
b.				
c.				
d.				
e.				
f.				
g.				
7. Long-term capital gain/loss from U.S. Forms 2439, 4684, 6252, 6781 and 8824.....		7.		
8. Enter net long-term gain/loss from partnerships, S corporations and other estates or trusts.....		8.		
9. Capital gain distributions		9.		
10. Enter gain, if applicable, from U.S. Form 4797.....		10.		
11. Net gain/loss. Combine lines 6 through 10.....		11.		
12. Long-term capital loss carryover		12.	()	()
13. Net long-term gain/loss. Combine lines 11 and 12. Enter here and on line 15, column A.....		13.		

PART 3: SUMMARY OF PARTS 1 AND 2

	A. Gain/Loss		B. Fiduciary		C. Beneficiary	
	Federal	Michigan	Federal	Michigan	Federal	Michigan
14. Net short-term gain/loss from line 5.....						
15. Net long-term gain/loss from line 13.....						
16. Total net gain/loss. Combine lines 14 and 15.....						

If line 16, column A is a net gain, (1) for resident estates and trusts complete Part 5; or (2) for nonresident estates and trusts carry line 16, column B, Michigan column, to Form MI-1041, Schedule 4, line 79. **If line 16, column A is a net loss, complete Part 4.**

PART 4: COMPUTATION OF CAPITAL LOSS LIMITATION

	Federal	Michigan
17. If line 16, column A, shows a net loss, enter the smaller of: (a) the fiduciary's share of net loss on line 16, column B; or (b) \$3,000 17.		
(Note: When figuring whether 17a or 17b is smaller, treat both numbers as if they were positive.)		

For resident estates and trusts complete Part 5. For nonresident estates and trusts carry line 17, Michigan column, to Form MI-1041, Schedule 4, line 79.

If the net loss on line 16, column A, is more than \$3,000, or if the taxable income on U.S. Form 1041, page 1, line 22, is zero or less, complete Part 6 to determine the loss carryover.

PART 5: COMPUTATION OF CAPITAL ADJUSTMENT - FOR RESIDENT ESTATES OR TRUSTS

Gains

18. Enter the fiduciary's share of net gain from line 16, column B, federal column, as a negative number. If no gain shows or there is a loss, enter zero "0"..... 18.	()
19. Enter the fiduciary's share of net gain from line 16, column B, Michigan column, as a positive number. If no gain shows or there is a loss, enter zero "0" 19.		

Losses

20. Enter loss from line 17, federal column, as a positive number. If no loss shows, enter zero "0" 20.		
21. Enter loss from line 17, Michigan column, as a negative number. If no loss shows, enter zero "0" 21.	()

Adjustment

22. Combine lines 18 through 21. Enter the total here and on MI-1041 page 1, line 11 22.		
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PART 6: COMPUTATION OF CAPITAL LOSS CARRYOVERS FROM 2010 TO 2011

Section A. Carryover Limit

	Federal	Michigan
23. Enter taxable income/loss from 2010 U.S. Form 1041, line 22, or U.S. Form 990-T 23.		
24. Enter the loss from line 17 as a positive amount..... 24.		
25. Enter the amount from U.S. Form 1041, line 20, or U.S. Form 990-T..... 25.		
26. Adjusted taxable income. Combine lines 23, 24 and 25. If less than zero, enter "0" 26.		
27. Enter the smaller of line 24 or 26..... 27.		

Section B. Short-Term Capital Loss Carryover

(Complete this section only if there is a loss shown on line 5 and line 16, column A).

28. Enter the loss shown on Part 1, line 5 as a positive amount..... 28.		
29. Enter the gain, if any, from line 13. (If that line is blank or shows a loss, enter "0") 29.		
30. Enter the amount from line 27, above 30.		
31. Add lines 29 and 30..... 31.		
32. Subtract line 31 from line 28. If less than zero, enter "0"..... 32.		

This is the fiduciary's short-term capital loss carryover from 2010 to 2011.

Section C. Long-Term Capital Loss Carryover

(Complete this section only if there is a loss shown on line 13 and line 16, column A.)

33. Enter the loss shown on Part 2, line 13 as a positive amount..... 33.		
34. Enter the gain, if any, from line 5. (If that line is blank or shows a loss, enter "0") 34.		
35. Enter the amount from line 27, above 35.		
36. Enter the amount, if any, shown on line 28..... 36.		
37. Subtract line 36 from line 35. If less than zero, enter "0"..... 37.		
38. Add lines 34 and 37 38.		
39. Subtract line 38 from line 33. If less than zero, enter "0"..... 39.		

This is the fiduciary's long-term capital loss carryover from 2010 to 2011.

Instructions for Form MI-1041D Adjustments of Capital Gains and Losses

When To File

Use this form to adjust your Michigan taxable income if the estate or trust has capital gains or losses that are attributable to:

1. Gains or losses from certain types of property located outside of Michigan or from business property subject to allocation and/or apportionment.
2. Periods before October 1, 1967 (Section 271 adjustment). If you file U.S. Forms *1041D* or *4797*, and you elect to adjust under Section 271 of the Michigan Income Tax Act, you must file the equivalent Michigan forms (MI-1041D or MI-4797). You must include all items of gain or loss realized during the tax year.
3. Gains or losses from the sale or exchange of U.S. obligations that cannot be taxed by Michigan.

Form MI-1041D must be attached to your *Michigan Fiduciary Income Tax Return* (MI-1041).

General Information

Page 1 of Form MI-1041D follows the pattern of page 1 of the U.S. Form *1041D* and all the information necessary for completing it should be taken from the U.S. Form *1041D*. Each transaction listed on the U.S. Form *1041D* should be transferred to the corresponding line on the MI-1041D and entered in federal column D.

Rounding Off

Show money items as whole dollar amounts. Round down amounts less than 50 cents. Round up amounts of 50 through 99 cents.

Identification

Enter the name of the estate or trust and the Federal Employer Identification Number (FEIN) at the top of the MI-1041D.

Parts 1 and 2: U.S. Information

Complete columns A, B, C and D from corresponding columns on the U.S. Form *1041D*. Enter the date acquired, date sold and gains/losses realized in the appropriate columns. If the U.S. Form *1041D* discloses capital assets reported under Sections 1245 and 1250, these assets must be reported on line 1 or line 6. Also, if capital assets are allocated to another state, they are excluded from the portion subject to Michigan income tax. A capital loss carryover from preceding years is entered as a short-term loss on line 4 or as a long-term loss on line 12.

Michigan Gain or Loss

Section 271. To apportion under Section 271, multiply the gain/loss in column E by the number of months the property was held after September 30, 1967. Divide the result by the total number of months held. Enter the result in Michigan column E. For the purpose of this computation, the first month is excluded if acquisition took place after the 15th, and

the last month is excluded if disposal took place on or before the 15th.

Gains from installment sales made before October 1, 1967, must show the federal gain in federal column D and zero in Michigan column E. Gains or losses from installment sales made after October 1, 1967, are subject to Michigan tax but may be apportioned under Section 271.

Distributions from employee's pension, stock bonus or profit-sharing trust plans that are considered to be long-term capital gains (under Section 402 of the Internal Revenue Code) and capital gains distributions are not eligible for Section 271 treatment. Enter the total gain in both the federal and state columns.

U.S. Obligations. Gains from the sale or exchange of some U.S. obligations are not subject to tax and losses are not deductible. Enter a zero in the Michigan column for gains or losses realized from the sale of these non-taxable U.S. obligations.

Note: Any interest expense and other expenses incurred in the production of income from U.S. obligations should be entered on MI-1041, line 36. (See MI-1041 book instructions for line 36 on page 5.)

Capital gains or losses from the sale or exchange of municipal bonds are taxable for Michigan residents.

Out-of-State Property. Gains from the sale of property located in another state are not subject to Michigan tax, and losses are not deductible. Enter in the Michigan column the gain or loss from the sale or exchange of (1) real property located in Michigan, or (2) tangible personal property located in Michigan at the time of the sale or if the taxpayer was a Michigan resident, or (3) intangible personal property sold by a Michigan resident.

Part 3: Lines 14, 15, and 16

Column A. Enter the corresponding net short-term or long-term gain/loss from column D (federal) and column E (Michigan) in the appropriate boxes. Combine lines 14 and 15, and enter the result on line 16.

Column B. Enter the share of short-term and long-term gains and losses retained by the fiduciary. **Follow the instructions on the form for resident and nonresident estates and trusts.**

Column C. Enter the share of short-term and long-term gains/losses distributed to the beneficiaries. Totals on line 16 should equal the totals on Form MI-1041, Schedule 5, line 80.

Part 6

If the net loss on line 16, column A, is more than \$3,000, or if the taxable income on U.S. Form *1041*, page 1, line 22 or U.S. Form *990-T*, Unrelated Business Taxable Income is zero or less, complete this section to determine the capital loss carryover.