

Sec. 12-701(a)(10)-1. Definition of Connecticut fiduciary adjustment

(a) The “Connecticut fiduciary adjustment” is the net amount of the modifications described in §§ 12-701(a)(10)-2 and 12-701(a)(10)-3 of this Part which relate to items of income, gain, loss or deduction of the trust or estate.

(b) *Example:* A resident trust has the following modifications for 1992:

Additions:

(1) Interest income received on bonds of the State of California	\$1000
(2) Exempt interest dividends (as defined in section 852(b)(5) of the Internal Revenue Code) on obligations issued by the State of California. . . .	<u>350</u>
Total additions:	\$1350

Subtractions:

(3) Interest income received on U.S. government bonds	\$ 600
(4) Exempt dividends paid by a regulated investment company	<u>400</u>
Total subtractions	<u>\$1000</u>
Connecticut fiduciary adjustment	\$ 350

Since the total of the items to be added to federal taxable income is more than the total of the items to be subtracted, the share of the trust in the fiduciary adjustment is added to its federal taxable income, and the share of its beneficiaries in the fiduciary adjustment shall be added to their federal adjusted gross incomes. If the total of the items to be added to federal taxable income were less than the total of items to be subtracted, the share of the trust would be subtracted from its federal taxable income and the share of its beneficiaries in the fiduciary adjustment would be subtracted from their federal adjusted gross incomes.

(c) While this section pertains to Section 12-701(a)(10) of the general statutes, for purposes of supplementary interpretation, as the phrase is used in Section 12-2 of the general statutes, the adoption of this section is authorized by Section 12-740(a) of the general statutes.

(Effective November 18, 1994)