

## **SPENDTHRIFT TRUST TAX PREPARATION AND TIMELINE:**

**IT IS CRITICAL THAT YOUR BENEFICIAL TRUST AND BUSINESS TRUST FINANCIAL DATA (INCOME AND EXPENSES) BE KEPT UP TO DATE ON A MONTHLY BASIS SO AFTER RECEIPT OF THE TRUST'S DECEMBER BANK STATEMENT A RECONCILIATION CAN BE COMPLETED IN EARLY JANUARY AND THEN THE COMPLETED DATA CAN BE SENT TO US BY FEBRUARY 15<sup>TH</sup>.**

**As a reminder to all our clients, IFS relies on receiving up-to-date and accurate data. So, please review all the instructions and examples in the client portal before sending your data to us. You, as Trustee, are responsible for the accuracy and completeness of your data. You, as Trustee, are also responsible to ensure that your Trust document allows for the Income and Expenses you list on the DER or QB P&L.**

Included in the attached package are several forms to help you get ready for the upcoming tax season. These forms are included in this zip file.

1. Chart of Accounts Beneficial Trust and Business Trust with explanations.
2. Purchase of Assets and Liabilities with explanations and examples
3. Deposit and Expense Register with explanations and examples
4. Sale of Assets Worksheet
5. Sale of Assets Worksheet Example
6. Annual Trustee Declaration Form
7. Our Privacy Policy.

**Form #1 Chart of Accounts** includes the account numbers that must be recorded for each income and expense entry made on the Deposit Expense Register or in QuickBooks. Any missing COA numbers on the sheets sent to us will require us to return the sheets to you to complete these entries and will delay the filing of your Trust's Tax Return. It is critical that you use these **3-digit chart of account numbers** since they will import directly into my financial and tax programs. Do not make any text entries in this column. **ONLY THE 3-DIGIT COA# CAN BE USED.** Do not use any other entries in this column since our automated system will not recognize these entries and an invalid set of financials may result.

**Form #2 Purchase of Assets and Liabilities Form** in Excel format must be completed by all non-QuickBooks users to report to us any personal assets or liabilities sold to the trust that tax year. QuickBooks users must ensure that all assets and liabilities sold to the trust are properly recorded on the Balance Sheet.

**Form #3 Deposit Expense Register.** We need this form from all non-QuickBooks users in Excel since it automatically imports into our Trust Financials and Tax Return Program. If you are using QuickBooks, Form #3 is not needed. QuickBooks users need to provide us the Standard Income Statement and Standard Balance Sheet. **Each of these must be in Excel Format.** All users must use the chart of account numbers

listing, explanations, and examples to see how entries need to be made for various types of expenses, purchase of assets, and sales of assets are to be properly posted.

**#4 Sale of Assets Worksheet** must be completed by all Trusts that sold any assets from the trust that tax year. This is the data needed to complete the Capital Gains Form Sch D of the Tax Return.

**Our goal at IFS is to provide 100% support, assistance, accounting, and tax preparation for IFS trust clients.**

**WEBSITE.** Our website, <https://trustifs.net>, provides access to a platform that provides detail information about the Spendthrift Trusts and how this type of Trust can benefit you and your family. It also has a Client Portal where clients can obtain Assistance, Instructions, Forms, view our ever expanding list of Training Webinars, and even make direct payments to IFS.

#### **TIMELINE FOR TAX PREPARATION:**

##### **JANUARY 15:**

Invoices for the new **Calendar Year Professional Assistance Fee** will be sent out to the e-mail address in our Database. If you do not see it in your inbox, be sure to look in the spam folder. This invoice is sent from our website with the e-mail address of [info@trustifs.net](mailto:info@trustifs.net). If you are not seeing the invoice by January 20<sup>th</sup>, call the office to verify your e-mail address.

##### **JANUARY 31:**

The new year **Calendar Year Professional Assistance Fee** is due. The Fee is \$2,000.00 for a Beneficial Trust and \$3,000 for a Business Trust. Payment can be made by (1) completing the payment portion of the Invoice you received in Mid-January or (2) calling the office and making an ACH payment by phone or (3) going to our website, <https://trustifs.net>, and make the payment there. **Failure to pay the Fee by January 31<sup>st</sup> and return the signed Trustee Declaration Form will result in (1) receiving no trust assistance in the new calendar year, (2) not being included in our monthly training webinars and (3) inability to access the Client Portal of the website after February 1<sup>st</sup>, and (4) having your Trust account deleted from our active list on February 1<sup>st</sup>.**

The signed **Annual Trustee Declaration of Understanding Form** is due. This signed form along with the Calendar Year Professional Assistance Fee is required to enable the Trustee to have access to the Client Portal on the IFS Website beginning on February 1<sup>st</sup> and to remain on our active list.

Form 1041 K-1 will be issued to a Trustee or Beneficiary for taxable payments made directly to the Trustee or Beneficiaries that were not authorized by the

Trust and were not Principal Draws from their Note Payable Account. Interest Payments on the accrued Interest in their Note Payable Account will also be sent to the Trustee or Beneficiary on a Form 1041 K-1.

### **FEBRUARY 15:**

Complete #2 - **PURCHASE OF ASSETS AND LIABILITIES FORM**. This form is due by Feb 15<sup>th</sup> for any **personal** assets and liabilities personal sold to the trust **that tax year only**. Return it to us in **Excel Format** so we can update your Trust Financials with new assets and liabilities that were personally sold to the Trust that year. This is necessary so that the Trustee(s) and or Beneficiaries, can take tax free principal draws from the Trust to pay for personal expenses. If using QuickBooks, this form is not needed but be sure all assets and liabilities on the Balance Sheet reflect the correct 12/31 balances.

**Complete #3 - DEPOSIT AND EXPENSE REGISTER**. This form is due by Feb 15<sup>th</sup> so that we can meet the April 15<sup>th</sup> IRS Filing Deadline. Throughout the tax year you should be filling out this form monthly as the Trust has deposits and expenses (like a check register) and **return the completed form to us no later than Feb 15<sup>th</sup>**. Send us this form in **Excel Format**. This is the form we will use to complete your Trust Financials and Tax Return. **Failure to provide us this completed form by Feb 15<sup>th</sup> will result in us filing an extension for your Trust by Mar 15<sup>th</sup> and competing your trust tax return after the April 15<sup>th</sup> deadline.**

QuickBooks users. Your Standard Income Statement and Standard Balance Sheet are due. Send us these forms in **Excel Format**. This is the form we will use to complete your Trust Financials and Tax Return. **Failure to provide us these completed forms by Feb 15<sup>th</sup> will result in us filing an extension for your Trust by Mar 15<sup>th</sup> and competing your trust tax return after the April 15<sup>th</sup> deadline.** If using QB-On-Line, invite us as the **accountant** using my E-Mail address: [richard@trustifs.net](mailto:richard@trustifs.net). Then let us know when all tax year data has been entered so we can enter the on-line file directly and extract the data we need for the Tax Return

### **ALL TRUST CLIENTS:**

**Compete #4 – SALE OF ASSET WORKSHEET**. Include on this form each asset sold from the Trust during the tax year and return the completed form to us no later than Feb 15<sup>th</sup>. Send us the form in **Excel Format**. This form is used to complete the Sch D on the Tax Return.

If your Beneficial Trust is receiving Equipment and IP Lease Payments from a Business Trust or other business entity, you **MUST** provide us a copy of the signed and notarized **Equipment and Intellectual Lease Agreement** signed and notarized at the beginning of the tax period. If these payments are coming from an outside business (Sole-Proprietor, LLC, S-Corp, or C-Corp), you must also provide us a copy of the P&L that was used to determine the Monthly Lease Payments no later than Feb 15<sup>th</sup>.

If; your Business Trust is receiving Contracted Professional Service Fees from an outside business (Sole-Proprietor, LLC, S-Corp, or C-Corp), you **MUST** provide us a copy of the signed and notarized **Trust Independent Contact Agreement** for professional services provided by the Business Trust no later than Feb 15<sup>th</sup>.

**Also provide us:**

- a. 12/31 note balances and total interest paid on all notes held by the Trust, 12/31 balance of any outstanding Accounts Receivable, and the 12/31 balance of any outstanding Accounts Payable.
- b. Copies of any tax forms received, i.e.: 1099's, K-1's, etc.

**Failure to have the tax data to us by February 15<sup>th</sup> will result in an extension being filed for that Trust and the return not being filed by the April 15th deadline. All tax returns are completed in the order received.**

**MARCH 15:**

A draft Financial Statement will be sent to you for approval. The P&L that you receive is the exact data that will appear on the final Tax Return, so review the data carefully and let us know of any changes that need to be made before the Return is filed. Along with the Financials will be two forms that must be signed by the Trustee and returned to us prior to our firm completing your Trust's Tax Return:

1. TRUSTEE'S STATEMENT. This Statement must be filled out, dated and signed by the Trustee and returned to us. **Without this form, we cannot file your Trust Tax Return.**
2. E-FILE AUTHORIZATION FORM. This form must be dated and signed by the Trustee and returned to us. **This form is required by the IRS.**

Both above forms should be completed and returned to us by March 20th so the Tax Return can be e-filed on time by April 15<sup>th</sup>. If not completed by March 20<sup>th</sup>, an extension will be filed for your Trust and the return will not be e-filed by the April 15th deadline.

**BY APRIL 15:**

1. The Trust Tax Return or Extension will be filed with the IRS.

2. If the Tax Return was filed, and not an Extension, a complete package including Financials and Tax Return will be emailed to you for your records.
3. If an Extension was filed, the Return will be filed not later than September 30<sup>th</sup> and then a package will be emailed to you at that time.
4. If the Trust has Extraordinary Dividends, a Declaration of Extraordinary Dividends will be emailed to the Trustee to sign and maintained in the Trust's Records.

**JUNE 30 (for those with Extensions):**

1. Tax data for the Trust Tax Return with extension due September 30<sup>th</sup> is due us by June 30<sup>th</sup>
2. Failure to provide us with the tax data by this date will incur a late penalty fee of \$200 per month until the data is received.
3. **Failure to meet this deadline will also result in the Return not being filed by the September 30<sup>th</sup> deadline.**

If you have any questions, please get in touch with us at any of the contacts listed below.

Richard C. Stimson, Trustee  
Independent Financial Services Trust  
9233 CR 1236  
Cleburne, TX 76033-8317  
[richard@trustifs.net](mailto:richard@trustifs.net)  
817-517-7145  
FAX 817-394-4881