

UNIFORM PRINCIPAL AND INCOME ACT (EXCERPT)
Act 159 of 2004

555.905 Tax payments.

Sec. 505.

- (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 must be paid as follows:
 - (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.
 - (d) From principal to the extent that the tax exceeds the total receipts from the entity.
- (4) After applying subsections (1) to (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.

History: 2004, Act 159, Eff. Sept. 1, 2004 ;-- Am. 2012, Act 302, Eff. Mar. 28, 2013