

\$348.89

This is an accounting entanglement called a “debt”

EDWARD J. WHITE
ATTORNEY AT LAW
118 SOUTH ROYAL STREET
ALEXANDRIA, VIRGINIA 22314

TELEPHONE 836-5444

May 19, 1992

Mr. Anthony M. O'Connell
c/o Edgar A. Prichard, Esq.
8280 Greensboro Dr.
#900
McLean, Va. 22102

Re: Estate of Jean M. O'Connell

Dear Mr. O'Connell,

In your letter of May 6 to Jean you asked that I communicate with you with regard to the Harold O'Connell Trust.

I am trying to prepare the estate tax, and as usual in these cases, there are problems trying to understand the flow of debts and income.

I do have a few questions which are put forward simply so that the figures on the Trust's tax returns and accounting will agree with the estate's.

1. The K-1 filed by the Trust for 1991 showed income to your mother of \$41,446.00. The Seventh Accounting appears to show a disbursement to her of \$40,000.00 plus first half realty taxes paid by the trust for her and thus a disbursement to her of \$1794.89. If these two disbursements are added the sum is \$41,794.89. This leaves \$348.89 which I cannot figure out. It could well be a disbursement of principal and not taxable.

2. The K-1 filed by the Trust showed a payment of \$816.00 in interest to the estate. You sent a check in the amount of \$1475.97 to the estate. What was the remaining \$659.97? Do I have this confused with the tax debt/credit situation which ran from the Third Accounting?

3. On the Seventh Accounting "Income per 7th Account" is shown as \$5181.71, but I cannot figure that one out either.

I am of the opinion that the estate owes the trust for the second half real estate taxes from September 15, 1991 through December 31, 1991 in the amount of \$1052.35. This is shown on your accounting as disbursed to the heirs. Should this be paid back to the heirs or to the Trust?

I believe that the income received from the savings accounts

Page 2
Ltr to Mr. Anthony M. O'Connell
May 19, 1992

from September 15 to the date the various banks made their next payment to the Trust (9/30 and 9/21) should be split on a per diem basis, since the Trust terminated on her death. This will be a small amount of course.

Are there any other debts which your Mother owed the Trust?

I realize that Jo Ann Barnes prepared this and if you authorize it I can ask her to help me out.

Please understand that I have no problem with the Accounting, I m just trying to match things up. In the long run, since the beneficiaries are the same, the matter is academic.

Please send the bill for the appraisal whenever you receive it. Jean is filing the Fairfax form for re-assessment in her capacity as a co-owner in order to give us a better basis to get this assessment changed and to meet the county's deadline. It will state that the appraisal you have ordered will follow. I think this will be to all of your benefit in the long run.

Sincerely,



Edward J. White

EJW/e
Copy to: Jean M. Nader

SCHEDULE K-1
(Form 1041)

Beneficiary's Share of Income, Deductions, Credits, Etc.

OMB No. 1545-0092

Department of the Treasury
Internal Revenue Service

for the calendar year 1991, or fiscal year
beginning , 1991, ending , 19
▶ Complete a separate Schedule K-1 for each beneficiary.

1991

Name of estate or trust

Trust u/w H.A. O'Connell

Amended K-1
 Final K-1

Beneficiary's identifying number ▶ 230-50-6044

Estate's or trust's employer identification number ▶ 62-6209167

Beneficiary's name, address, and ZIP code

Fiduciary's name, address, and ZIP code

Jean M. O'Connell
c/o Jean O. Nader, Executrix
350 Fourth Avenue
New Kensington, Pennsylvania 15068

Anthony O'Connell, Trustee
6541 Franconia Road
Springfield, Virginia 22150

(a) Allocable share item	(b) Amount	(c) Calendar year 1991 Form 1040 filers enter the amounts in column (b) on:
1 Interest	41,446	Schedule B, Part II, line 1
2 Dividends		Schedule B, Part II, line 5
3a Net short-term capital gain		Schedule D, line 4, column (g)
b Net long-term capital gain		Schedule D, line 11, column (g)
4a Business income and other non-passive income before directly allocable deductions. (see instructions)		Schedule E, Part III
b Depreciation		
c Depletion		
d Amortization		
5a Rental, rental real estate, and other passive income before directly allocable deductions. (see instructions)		
b Depreciation		
c Depletion		
d Amortization		
6 Income for minimum tax purposes	43,546	
7 Income for regular tax purposes (add lines 1 through 5)	41,446	
8 Adjustment for minimum tax purposes (subtract line 7 from line 6)	2,100	Form 6251, line 5r (PTM)
9 Estate tax deduction (including certain generation-skipping transfer taxes) (attach computation)		Schedule A, line 25
10 Foreign taxes (list on a separate sheet)		Form 1116 or Schedule A (Form 1040), line 7
11 Tax preference items (itemize):		
a Accelerated depreciation		
b Depletion		
c Amortization		
d Exclusion items		(include on the applicable line of Form 6251)
12 Distributions in the final year of estate or trust:		1992 Form 8801
a Excess deductions on termination (attach computation)		Schedule A, line 20
b Short-term capital loss carryover		Schedule D, line 5, column (f)
c Long-term capital loss carryover		Schedule D, line 14, column (f)
d Net operating loss (NOL) carryover		Form 1040, line 22
e		(include on the applicable line of appropriate tax form)
f		
13 Other (itemize):		
a Trust payments of estimated taxes credited to you		
b Tax-exempt interest		
c		
d		
e		
f		
g		
h		
		Form 1040, line 55
		Form 1040, line 8b
		(include on the applicable line of appropriate tax form)

State modifications: NONE

IN THE CIRCUIT COURT OF FAIRFAX COUNTY, VIRGINIA

ESTATE OF TRUST U/W OF H.A. O'CONNELLACCOUNT OF Anthony O'Connell, TrusteeFIDUCIARY # 21840Number of this account Seventh AccountCovering period from 1/1/91 to 12/31/91

DESCRIPTION	ASSETS RECEIVED (or On Hand)	DISBURSEMENTS
Balance brought forward		\$ 9,549.96
Purchase of computer program Compass		250.79 ✓ 97.71 ✓
Anthony O'Connell Trustees' fees - Income		2,510.97 ✓
- Principal		<u>6,268.90</u> ✓
<u>TOTAL DISBURSEMENTS</u>		\$ 18,678.33 ✓
<u>DISTRIBUTIONS</u>		
Jean M. O'Connell		
Income distribution 4/22/91		\$ 40,000.00 ✓
Real estate taxes - 1 st half (beneficiary's share - 53.9006%)		1,794.89 ✓
Sheila O'Connell		
Real estate taxes - 2 nd half (heir's share of 53.9006%)		598.30 ✓
Principal distributions 9/30/91	\$ 20,000.00 ✓	
11/14/91	<u>15,000.00</u>	35,000.00 ✓
Jean O'Connell Nader		
Real estate taxes - 2 nd half (heir's share of 53.9006%)		598.30 ✓
Principal distribution 9/30/91	\$ 20,000.00 ✓	
11/14/91	<u>15,000.00</u>	35,000.00 ✓
Anthony O'Connell		
Real estate taxes - 2 nd half (heir's share of 53.9006%)		598.29 ✓
Principal distributions 9/30/91	\$ 20,000.00 ✓	
11/14/91	<u>15,000.00</u>	<u>35,000.00</u> ✓
<u>TOTAL DISTRIBUTIONS</u>		\$ 148,589.78 ✓

DAU489 1767

KELLER BRUNER & COMPANY, P.C.

Certified Public Accountants • Management Consultants

February 12, 1993

Mr. Anthony O'Connell
6541 Franconia Road
Springfield, Virginia 22150

Re: Trust u/w of H. A. O'Connell

Dear Mr. O'Connell:

Joanne Barnes has asked me to respond to your letter of January 21, 1993 concerning the differences in the "Total distributions" from the court accounting and the fiduciary return. I will also try to answer the other questions in your letter.

The amount on Page 2, Line 12 of Form 1041 in the amount of \$146,795 is the figure on a workpaper which I previously gave to you (copy attached). Listed below, again in another format, is how that \$146,795 was arrived at:

Mrs. Jean M. O'Connell	
Check #230	\$ 40,000.00
Check #251 (R E taxes)	
(\$3,330 x 53.9006%)	1,794.89
Sheila O'Connell	
Check #268	20,000.00
Check #276	15,000.00
Jean Nader	
Check #267	20,000.00
Check #277	15,000.00
Anthony O'Connell	
Check #269	20,000.00
Check #278	<u>15,000.00</u>
Total amount of checks	<u>\$ 146,794.89</u>

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(703) 549-7800 FAX (703) 836-5591

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Mr. Anthony O'Connell
February 12, 1993

Page 2

The \$146,794.89 or \$146,795 was the total amount of cash **distributed** to the beneficiaries or heirs of this trust during the calendar year 1991.


The \$1,794.89 of real estate taxes which you as Trustee paid on behalf of the three heirs (Shelia O'Connell, Jean Nader and Anthony O'Connell) was an obligation owed directly by the three heirs as your mother's interest in this real estate passed directly to each of you at her death. When you received the K-1's for 1991, attached was a schedule for each of you to report 1/3rd of these real estate taxes on your individual income tax returns.

The final point in your letter is in regards how to treat the \$1,475.97 of cash which was paid to your mother's estate in 1992. This is just a cash transfer to cure a cash deficiency as of the date of death and **NOTHING** else. On page 4 of the Seventh Account, your mother owed the Trust at the end of the Sixth Account \$3,705.74 but you had underdistributed \$5,181.71 of cash through her date of death. The \$1,475.97 just completes what was due her. The transfer to her estate has no tax effect for either 1991 or 1992.

I hope that the foregoing has answered your various questions. I am also returning to you, the letter which you sent with your letter of January 21, 1993. I have made a copy of it for our files.

Very truly yours,

KELLER BRUNER & COMPANY, P.C.



Forest N. Balderson

FNB/hoc
Enclosures

SCHEDULE K-1
(Form 1041)

Beneficiary's Share of Income, Deductions, Credits, Etc.

OMB No. 1545-0092

Department of the Treasury
Internal Revenue Service

for the calendar year 1991, or fiscal year
beginning, 1991, ending, 19

1991

▶ **Complete a separate Schedule K-1 for each beneficiary.**

Name of estate or trust

Trust u/w H.A. O'Connell

Amended K-1
 Final K-1

Beneficiary's identifying number ▶ 225-50-9052

Estate's or trust's employer identification number ▶ 62-6209167

Beneficiary's name, address, and ZIP code

Jean O'Connell Nader
350 Fourth Avenue
New Kensington, Pennsylvania 15068

Fiduciary's name, address, and ZIP code

Anthony O'Connell, Trustee
6541 Franconia Road
Springfield, Virginia 22150

(a) Allocable share item	(b) Amount	(c) Calendar year 1991 Form 1040 filers enter the amounts in column (b) on:
1 Interest		Schedule B, Part I, line 1
2 Dividends		Schedule B, Part II, line 5
3a Net short-term capital gain		Schedule D, line 4, column (g)
b Net long-term capital gain	32,673	Schedule D, line 11, column (g)
4a Business income and other non-passive income before directly allocable deductions. (see instructions)		Schedule E, Part III
b Depreciation		
c Depletion		
d Amortization		
5a Rental, rental real estate, and other passive income before directly allocable deductions. (see instructions)		
b Depreciation		
c Depletion		
d Amortization		
6 Income for minimum tax purposes	34,018	
7 Income for regular tax purposes (add lines 1 through 5)	32,673	
8 Adjustment for minimum tax purposes (subtract line 7 from line 6)	1,345	
9 Estate tax deduction (including certain generation-skipping transfer taxes) (attach computation)		Schedule A, line 25
10 Foreign taxes (list on a separate sheet)		Form 1116 or Schedule A (Form 1040), line 7
11 Tax preference items (itemize):		
a Accelerated depreciation		
b Depletion		
c Amortization		
d Exclusion items		
(Include on the applicable line of Form 6251)		1992 Form 8801
12 Distributions in the final year of estate or trust:		
a Excess deductions on termination (attach computation)		
b Short-term capital loss carryover		
c Long-term capital loss carryover		
d Net operating loss (NOL) carryover		
e		
f		(Include on the applicable line of appropriate tax form)
13 Other (itemize):		
a Trust payments of estimated taxes credited to you		
b Tax-exempt interest		
c		
d		
e		
f		
g		
h		Form 1040, line 55
		Form 1040, line 8b
		(Include on the applicable line of appropriate tax form)

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 1041. Cat. No. 11380D Schedule K-1 (Form 1041) 1991

State modifications: \$833 State income tax-addition

NAME Trust w/ H. A. O'Connell
 ADDRESS Anthony O'Connell, Trustee
 6541 Franconia Road
 Springfield, Virginia 22150

YEAR ENDING 12/31/91
 SOCIAL SECURITY NO. _____
 OR
 FEDERAL IDENTIFICATION NO. 62-6209167

Schedule K-1 (Form 1041)			
7/1/91 - 12/31/92			
9/16/91 to 12/31/91 to heir's			
Real estate taxes paid ^{NO 900670} 5 ^{of 3,550}		1795	
(53.9006%)			
- Heir's 1/3rd share			599
Attach to K-1 do not attach to return			

**SCHEDULE K-1
(Form 1041)**

Beneficiary's Share of Income, Deductions, Credits, Etc.

OMB No. 1545-0092

for the calendar year 1991, or fiscal year

beginning , 1991, ending , 19

▶ Complete a separate Schedule K-1 for each beneficiary.

1991

Department of the Treasury
Internal Revenue Service

Name of estate or trust

Trust u/w H.A. O'Connell

Amended K-1
 Final K-1

Beneficiary's identifying number ▶ 224-54-7273

Estate's or trust's employer identification number ▶ 62-6209167

Beneficiary's name, address, and ZIP code

Sheila O'Connell
44 Carleton Street
Portland, Maine 04102

Fiduciary's name, address, and ZIP code

Anthony O'Connell, Trustee
6541 Franconia Road
Springfield, Virginia 22150

(a) Allocable share item	(b) Amount	(c) Calendar year 1991 Form 1040 filers enter the amounts in column (b) on:
1 Interest		Schedule B, Part I, line 1
2 Dividends		Schedule B, Part II, line 5
3a Net short-term capital gain		Schedule D, line 4, column (g)
b Net long-term capital gain	32,673	Schedule D, line 11, column (g)
4a Business income and other non-passive income before directly allocable deductions. (see instructions)		Schedule E, Part III
b Depreciation		
c Depletion		
d Amortization		
5a Rental, rental real estate, and other passive income before directly allocable deductions. (see instructions)		
b Depreciation		
c Depletion		
d Amortization		
6 Income for minimum tax purposes	34,018	
7 Income for regular tax purposes (add lines 1 through 5)	32,673	
8 Adjustment for minimum tax purposes (subtract line 7 from line 6)	1,345	
9 Estate tax deduction (including certain generation-skipping transfer taxes) (attach computation)		
10 Foreign taxes (list on a separate sheet)		Form 1116 or Schedule A (Form 1040), line 7
11 Tax preference items (itemize):		
a Accelerated depreciation		
b Depletion		
c Amortization		
d Exclusion items		1992 Form 8801
12 Distributions in the final year of estate or trust:		
a Excess deductions on termination (attach computation)		
b Short-term capital loss carryover		
c Long-term capital loss carryover		
d Net operating loss (NOL) carryover		
e		
f		(include on the applicable line) of appropriate tax form
13 Other (itemize):		
a Trust payments of estimated taxes credited to you		
b Tax-exempt interest		
c		
d		
e		
f		
g		
h		(include on the applicable line) of appropriate tax form

State modifications: \$833 State income tax-addition

**SCHEDULE K-1
(Form 1041)**

Beneficiary's Share of Income, Deductions, Credits, Etc.

OMB No. 1545-0092

Department of the Treasury
Internal Revenue Service

for the calendar year 1991, or fiscal year
beginning , 1991, ending , 19
▶ Complete a separate Schedule K-1 for each beneficiary.

1991

Name of estate or trust

Trust u/w H.A. O'Connell

Amended K-1
 Final K-1

Beneficiary's identifying number ▶ 225-52-7637

Estate's or trust's employer identification number ▶ 62-6209167

Beneficiary's name, address, and ZIP code

Anthony O'Connell
6541 Franconia Road
Springfield, Virginia 22150

Fiduciary's name, address, and ZIP code

Anthony O'Connell, Trustee
6541 Franconia Road
Springfield, Virginia 22150

(a) Allocable share item	(b) Amount	(c) Calendar year 1991 Form 1040 filers enter the amounts in column (b) on:
1 Interest		Schedule B, Part I, line 1
2 Dividends		Schedule B, Part II, line 5
3a Net short-term capital gain		Schedule D, line 4, column (g)
b Net long-term capital gain	32,673	Schedule D, line 11, column (g)
4a Business income and other non-passive income before directly allocable deductions. (see instructions)		Schedule E, Part III
b Depreciation		
c Depletion		
d Amortization		
5a Rental, rental real estate, and other passive income before directly allocable deductions. (see instructions)		
b Depreciation		
c Depletion		
d Amortization		
6 Income for minimum tax purposes	34,018	
7 Income for regular tax purposes (add lines 1 through 5)	32,673	
8 Adjustment for minimum tax purposes (subtract line 7 from line 6)	1,345	Form 6251, line 5r
9 Estate tax deduction (including certain generation-skipping transfer taxes) (attach computation)		Schedule A, line 25
10 Foreign taxes (list on a separate sheet)		Form 1116 or Schedule A (Form 1040), line 7
11 Tax preference items (itemize):		
a Accelerated depreciation		
b Depletion		
c Amortization		
d Exclusion items		
		(Include on the applicable line of Form 6251)
		1992 Form 8801
12 Distributions in the final year of estate or trust:		
a Excess deductions on termination (attach computation)		Schedule A, line 20
b Short-term capital loss carryover		Schedule D, line 5, column (f)
c Long-term capital loss carryover		Schedule D, line 14, column (f)
d Net operating loss (NOL) carryover		Form 1040, line 22
e		(Include on the applicable line of appropriate tax form)
f		
13 Other (itemize):		
a Trust payments of estimated taxes credited to you		Form 1040, line 55
b Tax-exempt interest		Form 1040, line 8b
c		
d		
e		
f		
g		
h		
		(Include on the applicable line of appropriate tax form)

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 1041. Cat. No. 113800 Schedule K-1 (Form 1041) 1991

State modifications: \$834 State income tax-addition

599
235-45 = 705

*PI FORGET TO ADD YETTS #834
on my VA-760
I should do
a credit
1/2 hour.*

