

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2014-002 Date April 3, 2014**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Central Tax Services at (603) 230-5920.

Interest and Dividends Tax (Trusts and Trust Beneficiaries)

The purpose of this Technical information Release (TIR) is to provide taxpayers and tax practitioners with a reminder of the 2012 statutory changes to the Interest and Dividends Tax affecting the taxation of trusts and trust beneficiaries for tax period ending on or after December 31, 2013. (See TIR #2012-002 issued July 10, 2012). It also serves to notify taxpayers and tax practitioners of modification of the application of certain calculations under the Department's administrative rules necessary to effectuate the statutory changes, until such time as the rules are amended. This TIR is not intended to be relied on as full and complete text or as a substitute for actual state law. Please refer to the applicable statute and rules to determine how this information applies to specific persons or situations.

The N.H. Laws of 2012, Chapter 286:3 through 286:8 eliminated the taxation of trusts under the Interest and Dividends Tax, RSA Chp. 77, effective for taxable periods ending on or after December 31, 2013. Under this law, interest and dividends received by estates held by trustees treated as grantor trusts under section 671 of the United States Internal Revenue Code shall be included in the returns of their grantors, to the extent that the grantors are inhabitants or residents of New Hampshire. Income reported by, and taxed federally as interest or dividends to a trust beneficiary, who is an individual inhabitant or resident of New Hampshire with respect to distributions from a trust that is not treated as a grantor trust under section 671 of the United States Internal Revenue Code, shall be included as interest or dividends in the return of such beneficiary and subject to taxation in accordance with the provisions of RSA Chp. 77.

For tax periods ending on or after December 31, 2013, deductions used in the computation of distributive net income to trust beneficiaries shall not be required to be added back in the calculation of the taxable portion of the distribution. This modification is necessary to ensure that the state is taxing only that portion of the distribution that represents interest and dividend income to the beneficiary.

Individuals who need auxiliary aids for effective communication in programs and services of the N.H. Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.