

2025



Instructions for Form 1041-QFT

U.S. Income Tax Return for Qualified Funeral Trusts

General Instructions

Section references are to the Internal Revenue Code.

Future Developments

For the latest information about developments related to Form 1041-QFT and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1041QFT](https://www.irs.gov/Form1041QFT).

What's New

Tax rate schedule for trusts and estates. The tax rates have changed for 2025. See [Line 12—Tax](#), later.

Change in Form 1041-QFT accounting period designation. This form now requires the filer to fill in the calendar year for which it is filed. See [Accounting Period](#), later.

Electronic payments. The U.S. Government is transitioning from paper-based payments (including checks and money orders) to and from the federal government to electronic payments to improve efficiency and prevent delays, risks of fraud, lost payments, and theft.

Making a payment. If there is a balance due on Part II, line 19, go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information on how to make a payment. See [Line 19—Tax Due](#) under Part II, later, for more details.

Direct deposit. We have added direct deposit fields on lines 21b–21d. If there is an overpayment on Part II, line 20, enter your direct deposit information on Part II, lines 21b, 21c, and 21d. See [Line 20—Overpayment](#) under Part II, later, for more information.

Reminders

Global intangible low-taxed income (GILTI). The Tax Cuts and Jobs Act of 2017 (TCJA) (P.L. 115-97) requires a U.S. shareholder of any controlled foreign corporation to include in gross income its GILTI. For more information, see [Line 4—Other Income](#), later.

Miscellaneous itemized deductions subject to the 2% floor. Expenses that qualify as miscellaneous itemized deductions subject to the 2% floor are no longer deductible.

Net investment income tax (NIIT). An estate or trust may be subject to NIIT. NIIT is a 3.8% tax on the lesser of an estate's or trust's undistributed net investment income or the excess of the estate's or trust's adjusted gross income over a specified threshold amount. NIIT may need to be included when figuring estimated tax. In addition, there are special rules when figuring NIIT for a composite return. See [Composite Return](#), later.

Purpose of Form

The trustee of a trust that has elected to be taxed as a qualified funeral trust (QFT) files Form 1041-QFT to report

the income, deductions, gains, losses, and tax liability of the QFT. The trustee can use the form to report information for a single QFT or for multiple QFTs having the same trustee. If filing Form 1041-QFT for multiple QFTs, please see the rules discussed under [Composite Return](#), later.

Pre-need funeral trusts that don't qualify as QFTs should see the Instructions for Form 1041, U.S. Income Tax Return for Estates and Trusts, for their filing requirements.

Qualified Funeral Trust (QFT)

A QFT is a domestic trust that meets all of the following requirements.

- The trust arose as a result of a contract with a person engaged in the trade or business of providing funeral or burial services or property to provide such services.
- The sole purpose of the trust is to hold, invest, and reinvest funds in the trust and to use those funds solely to pay for funeral or burial services or property to provide such services for the benefit of the beneficiaries of the trust.
- The only beneficiaries of the trust are individuals for whom such services or property are to be provided at their death under the contracts described above.
- The only contributions to the trust are contributions by or for such beneficiaries' benefit.
- The trustee makes or previously had made the election to treat the trust as a QFT.
- The trust would've been treated as owned by the purchasers of the contracts under the grantor trust provisions of the Code if the QFT election hadn't been made.

Note: A trust that isn't treated as owned by the purchaser solely because of the death of an individual will be treated as meeting this requirement during the 60-day period beginning on the date of that individual's death.

If a QFT has multiple beneficiaries, each beneficiary's separate interest under a contract is treated as a separate QFT for the purpose of figuring the tax and filing this return. Each beneficiary's share of the trust's income is determined in accordance with the beneficiary's interest in the trust. A beneficiary's interest in a trust may be determined under any reasonable method.

Whenever these instructions refer to a trust or QFT, it includes such separate interests that are treated as separate QFTs.

Making the Election

The trustee makes the election to treat a trust as a QFT by filing Form 1041-QFT for the trust by the due date (including extensions).

You may elect QFT status for a trust's first eligible year or for any subsequent year. Once made, the election can't be revoked without the consent of the IRS.

Composite Return

A trustee may file a single, composite Form 1041-QFT for some or all QFTs of which they are the trustee, including QFTs that had a short tax year.

You must attach a statement to a composite Form 1041-QFT that includes the following information for each QFT (or separate interest treated as a separate QFT).

- The name of the owner or the beneficiary. If you list the name of the owner and that trust has more than one beneficiary, you must separate the trust into shares held by the separate beneficiaries.
- The type and gross amount of each type of income earned by the QFT for the tax year. For capital gains, identify separately the amount of (a) net short-term capital gain, (b) net long-term capital gain, (c) 28% rate gain, and (d) unrecaptured section 1250 gain.
- The type and amount of each deduction and credit allocable to the QFT.
- The tax and payments made for each QFT.
- The termination date for each QFT that was terminated during the year.

Note: When calculating NIIT for a composite return, treat each beneficiary's interest in each QFT (within the meaning of section 685) as a separate trust.

When To File

File Form 1041-QFT by April 15, 2026. The due date for a composite return is also April 15, 2026, even if the return includes QFTs that terminated during the year. If you are filing for a short year, file Form 1041-QFT by the 15th day of the 4th month following the close of the short year. If the due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Private Delivery Services (PDSs)

You can use certain PDSs designated by the IRS to meet the "timely mailing as timely filing" rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of designated services.

The PDSs can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSStreetAddresses](https://www.irs.gov/PDSStreetAddresses).

Caution: PDS can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Extension of Time To File

Use Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, to get an extension of time to file. An extension of time to file a return doesn't extend the time to pay the tax.

Where To File

File Form 1041-QFT at the following address.

Department of Treasury
Internal Revenue Service
Kansas City, MO 64999

Who Must Sign

Trustee

The trustee, or an authorized representative, must sign Form 1041-QFT.

Paid Preparer

Generally, anyone who is paid to prepare a tax return must sign the return and fill in the other blanks in the Paid Preparer Use Only section of the return. The person required to sign the return must:

- Complete the required preparer information,
- Sign it in the space provided for the preparer's signature, and
- Give you a copy of the return in addition to the copy to be filed with the IRS.

Anyone who is paid to prepare the trust's return must enter their preparer tax identification number (PTIN) in the Paid Preparer Use Only section. The PTIN entered must have been issued after September 27, 2010. For information, see Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal.

Paid Preparer Authorization

If the trustee wants to allow the IRS to discuss the QFT's 2025 tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the Paid Preparer Use Only section of the QFT's return. It doesn't apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the trustee is authorizing the IRS to call the paid preparer to answer any questions that may arise during the processing of the QFT's return. The trustee is also authorizing the paid preparer to:

- Give the IRS any information that's missing from the QFT's return;
- Call the IRS for information about the processing of the QFT's return or the status of its refund or payment(s); and
- Respond to certain IRS notices that the trustee has shared with the preparer about math errors, offsets, and return preparation.

The trustee isn't authorizing the paid preparer to receive any refund check, bind the QFT to anything (including any additional tax liability), or otherwise represent the QFT before the IRS.

The authorization will automatically end no later than the due date (without regard to extensions) for filing the QFT's 2025 tax return. If the trustee wants to expand the paid preparer's authorization or revoke the authorization before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

Accounting Methods

Figure taxable income using the method of accounting regularly used in keeping the QFT's books and records. Generally, permissible methods include the cash method, the accrual method, or any other method authorized by the Internal Revenue Code. In all cases, the method used must clearly reflect income.

Generally, the QFT may change its accounting method (for income as a whole or for any material item) only by getting consent on Form 3115, Application for Change in Accounting Method. For more information, see Pub. 538, Accounting Periods and Methods.

Accounting Period

All QFTs must use a calendar year as their accounting period.

At the top of the form, after “calendar year,” enter the 4-digit year. If the return is for less than a full calendar year, fill in the spaces provided for “beginning” and “ending” at the top of the form.

Rounding Off to Whole Dollars

You may round off cents to whole dollars on the estate's or trust's return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

If you are entering amounts that include cents, make sure to include the decimal point. There is no cents column on the form.

Estimated Tax

Generally, a QFT must pay estimated income tax for 2025 if it expects to owe, after subtracting withholding and credits, at least \$1,000 in tax. Estimated tax liability is figured for the individual QFT, and not for a composite return taken as a whole. For details and exceptions, see Form 1041-ES, Estimated Income Tax for Estates and Trusts.

Interest and Penalties

Interest

Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on the failure-to-pay penalty, the failure-to-file penalty, the accuracy-related penalty, and the fraud penalty. The interest charge is figured at a rate determined under section 6621.

Late Filing of Return

Section 6651 provides for penalties for late filing unless there is a reasonable cause for the delay. The law also provides for penalties for willful attempts to evade payment of tax. The penalty won't be imposed if you can show that the failure to file on time is due to reasonable cause and not due to willful neglect.

If you receive a notice about penalty and interest after you file this return, send us an explanation, and we will determine if you meet reasonable-cause criteria. **Don't** attach an explanation when you file Form 1041-QFT. For more information about penalties for late filing, see *Late Filing of Return* in the Instructions for Form 1041.

Late Payment of Tax

Generally, the penalty for not paying the tax when due is $\frac{1}{2}$ of 1% of the unpaid amount for each month or part of a month

that it remains unpaid. The maximum penalty is 25% of the unpaid amount. The penalty applies to any unpaid tax on the return. Any penalty is in addition to interest charges on late payments.

Underpaid Estimated Tax

If the trustee underpaid estimated tax, use Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, to figure any penalty.

Caution: If you include interest or any of these penalties with your payment, identify and enter these amounts in the bottom margin of Form 1041-QFT. Don't include the interest or penalty amount in the balance of tax due on line 19.

Other Penalties

Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. See Pub. 17, Your Federal Income Tax, for details on these penalties.

Final Form 1041

If you have an existing EIN(s) that you previously used for filing Form 1041 and that you won't use again (that is, for QFTs included in a composite return), you should file Form 1041 and check the “Final return” box.

Specific Instructions

Part I—General Information

Line 1—Name of Trust

Copy the exact name from the Form SS-4, Application for Employer Identification Number, used to apply for the EIN you are using to file Form 1041-QFT.

Line 2—Employer Identification Number (EIN)

If the QFT isn't filing as part of a composite return, use the EIN of the QFT. If the QFT doesn't have an EIN, it must apply for one. Every trustee that elects to file a composite return must apply for an EIN to be used only for filing Form 1041-QFT. A trustee must use a separate EIN for every Form 1041-QFT it files.

A QFT without an EIN can apply for one in the following ways.

- Online—A QFT can receive an EIN by Internet and use it immediately to file a return. Go to [IRS.gov/EIN](https://www.irs.gov/EIN) and click on “Apply for an EIN Online.”
- By mail or fax—Send in a completed Form SS-4. Form SS-4 can be obtained online at [IRS.gov/OrderForms](https://www.irs.gov/OrderForms).

If the QFT hasn't received its EIN by the time the return is due, write “Applied for” in the space for the EIN.

Line 3—Address

Include the suite, room, or other unit number after the street address. If the post office doesn't deliver mail to the street address and you have a P.O. box, show the box number instead of the street address.

If you want a third party (such as an accountant or an attorney) to receive mail for the QFT, enter “C/O” on the street

address line, followed by the third party's name and street address or P.O. box.

If you change your address (including a new “in care of” name and address) after filing Form 1041-QFT, use Form 8822-B, Change of Address or Responsible Party — Business, to notify the IRS.

Line 4—Number of QFTs

If this is a composite return, enter the total number of QFTs (including separate interests treated as separate QFTs) included on the return.

Part II—Tax Computation

Composite Return

Caution: If this is a composite return, enter in Part II the totals for all the QFTs included on the return.

Income

Line 2a—Total Ordinary Dividends

Report all ordinary dividends received during the tax year.

Report capital gain distributions on Schedule D (Form 1041), line 13.

Line 2b—Qualified Dividends

Enter on line 2b the amount reported on line 2a that is a qualified dividend. A qualified dividend is a dividend received during the tax year from (a) a domestic corporation, or (b) a qualified foreign corporation. A qualified dividend doesn't include any dividend from a corporation if the corporation is (or was) exempt from income tax under section 501 or 521 for the tax year during which the distribution was made, any amount allowed as a deduction under section 591, or any dividend described under section 404(k).

Exception. Some dividends may be reported to the trust as qualified dividends but aren't qualified dividends. See the instructions for line 2b(2) in the 2025 Instructions for Form 1041 for more information.

Line 4—Other Income

Enter all other types of income not included on line 1a, 2a, or 3. List the type and amount on an attached statement if the QFT(s) has more than one item.

If you are reporting GILTI, include it on the attached statement. You must also complete and attach Form 8992, U.S. Shareholder Calculation of Global Intangible Low-Taxed Income (GILTI).

Include on line 4 the tax that can be reduced by nonrefundable credits from Form 4255, Part I, line 3, column (q), if applicable. See the Instructions for Form 4255. Write in “Recapture of credit on Form 4255.”

Deductions

Allocation of Deductions for Tax-Exempt Income

Generally, no deduction that would otherwise be allowable is allowed for any expense that is allocable to tax-exempt income, such as interest on state or local bonds.

Exception. State income taxes and business expenses that are allocable to tax-exempt interest are deductible.

Expenses that are directly allocable to tax-exempt income are allocable only to tax-exempt income. A reasonable proportion of expenses indirectly allocable to both tax-exempt income and other income must be allocated to each class of income.

Limitations on Deductions

Generally, the amount a QFT has “at-risk” limits the loss it can deduct in any tax year. Also, section 469 and its regulations generally limit losses from passive activities to the amount of income derived from all passive activities. Similarly, credits from passive activities are generally limited to the tax attributable to such activities.

For details on these and other limitations on deductions, see *Deductions* in the Instructions for Form 1041.

Line 9—Other Deductions

Attach your own statement, listing by type and amount all allowable deductions.

Caution: QFTs aren't allowed a deduction for a personal exemption.

Line 12—Tax

Tax rate schedule. Unless the instructions that follow for Schedule D or a composite return apply, figure the tax using the 2025 Tax Rate Schedule below. Enter the tax on line 12.

2025 Tax Rate Schedule

If taxable income is over—	But not over—	Its tax is:	Of the amount over—
\$0	\$3,150	10%	\$0
3,150	11,450	\$315 + 24%	3,150
11,450	15,650	2,307 + 35%	11,450
15,650	- - -	3,777 + 37%	15,650

Schedule D. If the QFT had both a net capital gain and any taxable income, or any qualified dividends and any taxable income, complete Part V of Schedule D (Form 1041), and then enter the tax from line 45 of Schedule D on line 12.

Composite return. If this is a composite return, check this box and enter on line 12 the total of the tax figured separately for each QFT using either the 2025 Tax Rate Schedule above or Schedule D (Form 1041).

Line 13—Credits

Specify the type of credit being claimed and attach any required credit forms. If you are claiming more than one type of credit, attach a statement listing the type and amount of each credit claimed. See the Instructions for Form 1041 for details on the credits that may be claimed.

Line 15—Net Investment Income Tax

For tax years beginning on or after January 1, 2013, a QFT may be liable for the NIIT enacted under section 1411. To determine if this tax applies, see Form 8960, Net Investment Income Tax—Individuals, Estates, and Trusts, and its instructions.

Line 16—Total Tax

If the QFT owes any additional taxes (for example, alternative minimum tax, recapture taxes, etc.), include these taxes on line 16. To the left of the entry space, write the type and amount of the tax. Also attach to Form 1041-QFT any forms required to figure these taxes (for example, Schedule I (Form 1041)). See the Instructions for Form 1041 for more details on additional taxes that may apply.

Include on line 16 the tax that can't be reduced by nonrefundable credits from Form 4255, Part I, line 3, column (r), if applicable. See the Instructions for Form 4255.

Line 17—Payments

Include on line 17 any of the following.

- Estimated tax payments made.
- Tax paid with a request for an extension of time to file.
- Federal income tax withheld (for example, backup withholding).
- Credit for tax paid on undistributed capital gains. Also attach Copy B of Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains.

Line 18—Elective Payment Election

Enter any elective payment election amount from Form 3800, Part III, line 6, column (j). See the Instructions for Form 3800.

Line 19—Tax Due

If the total of lines 17 and 18 is smaller than line 16, this is the amount you owe.

Payments made to the federal government must be processed electronically. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information on how to make a payment and also see *EFTPS and Same-day Wire* below.

EFTPS. Payment of the tax due may be submitted electronically through the Electronic Federal Tax Payment System (EFTPS). EFTPS is a free service of the Department of the Treasury. Go to [IRS.gov/EFTPS](https://www.irs.gov/EFTPS) and [EFTPS.gov](https://www.eftps.gov) for more information.

Same-day wire. Payment of the tax due may be submitted electronically through same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames. Go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire) for more information.

Paying by check. Make the check payable to "United States Treasury." Write the donor's taxpayer identification number and "Form 1041-QFT" to assist us in posting it to the proper account. Go to [IRS.gov/PayByMail](https://www.irs.gov/PayByMail) for more information.

Paying by cash. You may be able to pay your balance due with cash at a participating retail store. Go to [IRS.gov/PayByCash](https://www.irs.gov/PayByCash) for more information.

Line 20—Overpayment

If you have access to U.S. banking services, you should use direct deposit for any refunds, whenever possible. Go to [IRS.gov/DirectDeposit](https://www.irs.gov/DirectDeposit) for more information.

If there's an overpayment, complete Part II, lines 20b–20d, to enter your banking information and receive your refund by direct deposit.

Line 21a

Credited to Your 2026 Estimated Tax

Enter on line 21a the amount, if any, of the overpayment on line 20 you want applied to your 2026 estimated tax. We will apply this amount to your account unless you include a statement requesting us to apply it to your spouse's account. Include your spouse's social security number in the statement.

Line 21b

Enter the amount of overpayment that you would like to receive as a refund.

Line 21c

The routing number for your financial institution must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead.

Line 21d

Check the appropriate box for the type of account. Don't check more than one box. You must check the correct box to ensure your deposit is accepted.

Line 21e

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Don't include the check number.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. Our legal right to ask for this information is in Internal Revenue Code sections 685, 671, 6011, and 6012, and their associated regulations. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form, or

its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for trusts filing this form is approved under OMB control number 1545-0092 and is included in the estimates shown in the Instructions for Form 1041.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can send your comments to Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send the tax form to this address. Instead, see [Where To File](#), earlier.
