

DIES OR AN INCOME INTEREST BEGINS SHALL BE ALLOCATED TO PRINCIPAL AND THE BALANCE SHALL BE ALLOCATED TO INCOME.

(C) AN ITEM OF INCOME OR AN OBLIGATION IS DUE ON THE DATE THE PAYER IS REQUIRED TO MAKE A PAYMENT. IF A PAYMENT DATE IS NOT STATED, THERE IS NO DUE DATE FOR THE PURPOSES OF THIS SUBTITLE. DISTRIBUTIONS TO SHAREHOLDERS OR OTHER OWNERS FROM AN ENTITY TO WHICH § 15-508 OF THIS SUBTITLE APPLIES ARE DEEMED TO BE DUE ON THE DATE FIXED BY THE ENTITY FOR DETERMINING WHO IS ENTITLED TO RECEIVE THE DISTRIBUTION OR, IF NO DATE IS FIXED, ON THE DECLARATION DATE FOR THE DISTRIBUTION. A DUE DATE IS PERIODIC FOR RECEIPTS OR DISBURSEMENTS THAT MUST BE PAID AT REGULAR INTERVALS UNDER A LEASE OR AN OBLIGATION TO PAY INTEREST OR IF AN ENTITY CUSTOMARILY MAKES DISTRIBUTIONS AT REGULAR INTERVALS.

15-507. APPORTIONMENT WHEN INCOME INTEREST ENDS.

(A) (1) IN THIS SECTION, "UNDISTRIBUTED INCOME" MEANS NET INCOME RECEIVED BEFORE THE DATE ON WHICH AN INCOME INTEREST ENDS.

(2) "UNDISTRIBUTED INCOME" DOES NOT INCLUDE AN ITEM OF INCOME OR EXPENSE THAT IS DUE OR ACCRUED OR NET INCOME THAT HAS BEEN ADDED OR IS REQUIRED TO BE ADDED TO PRINCIPAL UNDER THE TERMS OF THE TRUST.

(B) WHEN A MANDATORY INCOME INTEREST ENDS, THE TRUSTEE SHALL PAY TO A MANDATORY INCOME BENEFICIARY WHO SURVIVES THAT DATE, OR THE ESTATE OF A DECEASED MANDATORY INCOME BENEFICIARY WHOSE DEATH CAUSES THE INTEREST TO END, THE BENEFICIARY'S SHARE OF THE UNDISTRIBUTED INCOME THAT IS NOT DISPOSED OF UNDER THE TERMS OF THE TRUST UNLESS THE BENEFICIARY HAS AN UNQUALIFIED POWER TO REVOKE MORE THAN 5 PERCENT OF THE TRUST IMMEDIATELY BEFORE THE INCOME INTEREST ENDS. IN THE LATTER CASE, THE UNDISTRIBUTED INCOME FROM THE PORTION OF THE TRUST THAT MAY BE REVOKED MUST BE ADDED TO PRINCIPAL.

(C) WHEN A TRUSTEE'S OBLIGATION TO PAY A FIXED ANNUITY OR A FIXED FRACTION OF THE VALUE OF THE TRUST'S ASSETS ENDS, THE TRUSTEE SHALL PRORATE THE FINAL PAYMENT IF AND TO THE EXTENT REQUIRED BY APPLICABLE LAW TO ACCOMPLISH A PURPOSE OF THE TRUST OR ITS SETTLOR RELATING TO INCOME, GIFT, ESTATE, OR OTHER TAX REQUIREMENTS.

PART IV. ALLOCATION OF RECEIPTS DURING ADMINISTRATION OF TRUST.

SUBPART A. RECEIPTS FROM ENTITIES.

15-508. CHARACTER OF RECEIPTS.

(A) IN THIS SECTION, "ENTITY" MEANS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, REGULATED INVESTMENT COMPANY, REAL ESTATE INVESTMENT TRUST, COMMON TRUST FUND, OR ANY OTHER ORGANIZATION IN WHICH A TRUSTEE HAS AN INTEREST OTHER THAN A TRUST OR ESTATE TO WHICH § 15-509 OF THIS SUBTITLE APPLIES, A BUSINESS OR ACTIVITY TO WHICH § 15-510 OF THIS SUBTITLE APPLIES, OR AN ASSET-BACKED SECURITY TO WHICH § 15-522 OF THIS SUBTITLE APPLIES.