

(B) 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.

(C) A TAX REQUIRED TO BE PAID BY A TRUSTEE ON THE TRUST'S SHARE OF AN ENTITY'S TAXABLE INCOME SHALL BE PAID PROPORTIONATELY:

(1) FROM INCOME TO THE EXTENT THAT RECEIPTS FROM THE ENTITY ARE ALLOCATED TO INCOME; AND

(2) FROM PRINCIPAL TO THE EXTENT THAT:

(I) RECEIPTS FROM THE ENTITY ARE ALLOCATED TO PRINCIPAL;  
AND

(II) THE TRUST'S SHARE OF THE ENTITY'S TAXABLE INCOME EXCEEDS THE TOTAL RECEIPTS DESCRIBED IN PARAGRAPHS (1) AND (2)(I) OF THIS SUBSECTION.

(D) FOR PURPOSES OF THIS SECTION, RECEIPTS ALLOCATED TO PRINCIPAL OR INCOME MUST BE REDUCED BY THE AMOUNT DISTRIBUTED TO A BENEFICIARY FROM PRINCIPAL OR INCOME FOR WHICH THE TRUST RECEIVES A DEDUCTION IN CALCULATING THE TAX.

15-528. ADJUSTMENTS BETWEEN PRINCIPAL AND INCOME BECAUSE OF TAXES.

(A) A FIDUCIARY MAY MAKE ADJUSTMENTS BETWEEN PRINCIPAL AND INCOME TO OFFSET THE SHIFTING OF ECONOMIC INTERESTS OR TAX BENEFITS BETWEEN INCOME BENEFICIARIES AND REMAINDER BENEFICIARIES WHICH ARISE FROM:

(1) ELECTIONS AND DECISIONS, OTHER THAN THOSE DESCRIBED IN SUBSECTION (B) OF THIS SECTION, THAT THE FIDUCIARY MAKES FROM TIME TO TIME REGARDING TAX MATTERS;

(2) AN INCOME TAX OR ANY OTHER TAX THAT IS IMPOSED UPON THE FIDUCIARY OR A BENEFICIARY AS A RESULT OF A TRANSACTION INVOLVING OR A DISTRIBUTION FROM THE ESTATE OR TRUST; OR

(3) THE OWNERSHIP BY AN ESTATE OR TRUST OF AN INTEREST IN AN ENTITY WHOSE TAXABLE INCOME, WHETHER OR NOT DISTRIBUTED, IS INCLUDABLE IN THE TAXABLE INCOME OF THE ESTATE, TRUST, OR A BENEFICIARY.

(B) IF THE AMOUNT OF AN ESTATE TAX MARITAL DEDUCTION OR CHARITABLE CONTRIBUTION DEDUCTION IS REDUCED BECAUSE A FIDUCIARY DEDUCTS AN AMOUNT PAID FROM PRINCIPAL FOR INCOME TAX PURPOSES INSTEAD OF DEDUCTING IT FOR ESTATE TAX PURPOSES, AND AS A RESULT ESTATE TAXES PAID FROM PRINCIPAL ARE INCREASED AND INCOME TAXES PAID BY AN ESTATE, TRUST, OR BENEFICIARY ARE DECREASED, EACH ESTATE, TRUST, OR BENEFICIARY THAT BENEFITS FROM THE DECREASE IN INCOME TAX SHALL REIMBURSE THE PRINCIPAL FROM WHICH THE INCREASE IN ESTATE TAX IS PAID. THE TOTAL REIMBURSEMENT MUST EQUAL THE INCREASE IN THE ESTATE TAX TO THE EXTENT