

Article - Estates and Trusts

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§15-525.

(a) In this section, “depreciation” means a reduction in value due to wear, tear, decay, corrosion, or gradual obsolescence of a fixed asset having a useful life of more than 1 year.

(b) A trustee may transfer to principal a reasonable amount of the net cash receipts from a principal asset that is subject to depreciation, but may not transfer any amount for depreciation:

(1) Of that portion of real property used or available for use by a beneficiary as a residence or of tangible personal property held or made available for the personal use or enjoyment of a beneficiary;

(2) During the administration of a decedent’s estate; or

(3) Under this section if the trustee is accounting under § 15-510 of this subtitle for the business or activity in which the asset is used.

(c) An amount transferred to principal need not be held as a separate fund.

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