

**UNIFORM PRINCIPAL AND INCOME ACT (EXCERPT)**  
**Act 159 of 2004**

**555.803 Separate accounting for business or other activity.**

Sec. 403. (1) If a trustee who conducts a business or other activity determines that it is in the best interest of all the beneficiaries to account separately for the business or activity instead of accounting for it as part of the trust's general accounting records, the trustee may maintain separate accounting records for its transactions, whether or not its assets are segregated from other trust assets.

(2) A trustee who accounts separately for a business or other activity may determine the extent to which its net cash receipts shall be retained for working capital, the acquisition or replacement of fixed assets, and other reasonably foreseeable needs of the business or activity, and the extent to which the remaining net cash receipts are accounted for as principal or income in the trust's general accounting records. If a trustee sells assets of the business or other activity, other than in the ordinary course of the business or activity, the trustee shall account for the net amount received as principal in the trust's general accounting records to the extent the trustee determines that the amount received is no longer required in the conduct of business.

(3) A business or other activity for which a trustee may maintain separate accounting records include all of the following:

- (a) A retail, manufacturing, service, and other traditional business activity.
- (b) Farming.
- (c) Raising and selling livestock and other animals.
- (d) Management of rental property.
- (e) Extraction of minerals and other natural resources.
- (f) A timber operation.
- (g) An activity to which section 414 applies.

**History:** 2004, Act 159, Eff. Sept. 1, 2004.