If you acquired property from a decedent who died in 2010, special rules may apply in determining tax items including basis, gain, loss, holding period, and character for the property. Section 301(c) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, P.L 111-312, allows the executor of the estate of any decedent who died in 2010 to elect <u>not</u> to have the estate tax rules apply and instead to have a modified basis carryover regime apply. This election could impact the amount of tax you owe. The rules governing how to make this election and the effect of making an election are under development and will be issued at a later date. Once these special rules have been developed, Publication 4895, Tax Treatment of Property Acquired From a Decedent Dying in 2010, will be issued.

As of April 18, 2011, you may not know whether the executor for the estate of the decedent will elect not to have the estate tax rules apply to the decedent's estate. As a result, if you acquired property from a decedent who died in 2010 and you sold the property in 2010, you may need to file, by April 18, 2011, an extension to file your income tax return, estimate the gain or loss from such a sale, and make any other estimates for the acquired property necessary to compute tax. Under these circumstances, if you owe additional tax because the estimate turns out to be incorrect, penalty relief will be available if the estimate was based on a reasonable interpretation of the law. Interest, however, will accrue. You should consult with your tax advisor if you have any questions about how to estimate these amounts, or about filing extensions and computing any tax due with the request for extension.