MEMORANDUM FOR ESTATE AND GIFT TAX EXAMINATION EMPLOYEES

FROM: Wanda R. Griffin
Directing, Specialty Exam Policy

SUBJECT: Interim Guidance on the preparation of Form 6111, IRC 2032A Special Election Referral Package Checklist

This memorandum issues guidance on the preparation of Form 6111, IRC 2032A Election Referral Package Checklist, until IRM 4.25.11.2 is published. Please ensure that this information is distributed to all affected employees within your organization.

Purpose: This IGM revises the Form 6111 list of required documentation outlined in IRM 4.25.11.2 paragraph (3).

Background/Source(s) of Authority: Per IRC 2032A(d)(3), if the election, as filed, does not contain all required information, the examiner must give the estate a reasonable time to provide the necessary documents. The examiner must ensure that all required signatures and documents are secured prior to allowing the election and referring the case to Advisory Collections.

Procedural Change: See attached draft revised IRM 4.25.11.2, IRC 2032A Special Use Valuation Election Referrals to Advisory Collections Estate Tax Lien Group

Effect on Other Documents: This guidance will be incorporated into IRM 4.25.11, Special Examination Procedures by May 2, 2024.

Effective Date: May 2, 2022.

Contact: Lisa M. Piehl, Estate and Gift Policy Program Manager

Attachment: See attached draft IRM revision.

Distribution: IRS.gov (http://www.IRS.gov)
The following changes are hereby effective 05/02/2022 for IRM 4.25.11

4.25.11.2 (05/02/2022)
IRC 2032A Special Use Valuation Election

(1) This section pertains to special procedures required to process a valid IRC 2032A special valuation election for certain farms and closely held family business real property if the qualified heirs decide to continue operating the farm or business for at least 10 years. Because the property is valued at less than its fair market value, less estate tax is due. The examiner should first examine the estate’s IRC 2032A election for eligibility, timeliness, accuracy, and completeness. For issue examination guidance, see IRM 4.25.5.2.3, Schedule A-1, Section 2032A Valuation Lead Sheet.

Note: See IRM 4.25.3.4.4.3, IRC section 2032A Elections Accepted as Filed, for procedures involving IRC 2032A cases that were accepted as filed during classification.

(2) Upon receipt of an IRC 2032A case, the estate tax group must confirm that the appropriate ERCS project code was applied to the return. See Document 6209.

(3) If the examiner determines that the estate is eligible for special use valuation under IRC 2032A, the examiner will prepare and send an encrypted e-mail containing the special use valuation election referral package to Technical Services and the Advisory Estate Tax Lien Group. See IRM 5.5.8.4.1, Processing Lien Form 668-H. Contact information for the Advisory Estate Tax Lien Group Estate Tax Group is available on the Estate and Gift SharePoint in the 2032A procedures folder. A checklist of the required referral package documents is also available on the Estate and Gift SharePoint. The special use valuation election referral package must contain the following information and forms:
<table>
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<tr>
<th>Form 6111 Requirements</th>
<th>Instructions</th>
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| Schedule A-1 to include the following | Completed and signed Schedule A-1, Section 2032A Valuation, from Form 706  
- Identify IRC 2032A Qualifying real property: Schedule and item number where the IRC 2032A qualifying real property is listed on the Form 706  
- Qualified Heir’s Information: Names of all qualified heirs, their addresses, social security numbers, relationship to decedent, and value of the IRC 2032A qualifying assets each qualified heir received  
- Designated Agent information: Name, signature, and address of the Designated Agent  
- Signatures of the Qualified Heirs: Signatures of all heirs that received the IRC 2032A qualifying property  
- Signatures of Other Interested Parties: Signatures of all other parties with an interest in the qualifying property. If the interest is held by a corporation, partnership, LLC, or trust, the agreement must be signed by individuals with authority to encumber the property on behalf of the entity. |
| Form 6111 | Items #1 through 9: Identification of the estate, date of death, etc. |
| Form 706 | Copy of the first three pages of Form 706, schedules where the IRC 2032A qualifying property is reported and Schedule K, for any date of death encumbrances on the qualifying property. |
| Legal Descriptions | Complete legal descriptions of property to be shown on the lien. |
| Corporation, Partnership, LLC & Trust Documents | If the property is held by a corporation, partnership, LLC or trust, provide a copy of the document to confirm signature authority on behalf of the entity (e.g. Articles of Incorporation, partnership or LLC agreement and/or trust document). |
| Examination Report | Copy of Form 1273, Report of Examination Changes, and signed Form 890, with the recapture tax calculation and any adjustments to the tax. |
| POA Information | Copy of Form 2848, Power of Attorney and Declaration of Representative, if applicable |
| Latest Deed(s) to Property | Latest deed(s) the property to determine how the property is titled to ensure all interested parties signed Schedule A-1. |
| Form 3210 | Form 3210 addressed to Advisory |
Note: Where the estate made an election for special use valuation under IRC 2032A and an election for installment election treatment under IRC 6166 the examiner must send the 2032A and 6166 lien information packages together via encrypted e-mail so that the Advisory Estate Tax Lien Group has all of the required information necessary to establish the lien and monitor the installment election.

(4) If the election, as filed, does not contain all required information, the executor will be given reasonable time (not to exceed 90 days after notification) to provide the necessary information, or the election will be denied.

(5) The Advisory Estate Tax Lien Group is responsible for recording the special lien based upon the material provided by the Estate and Gift field group. Any discrepancies concerning supporting documentation should be resolved by contacting the appropriate Estate and Gift field examiner or group manager.

(6) Lien files are maintained by the Advisory Estate Tax Lien Group and monitored to facilitate timely release. Lien releases or discharges are handled by the Advisory Estate Tax Lien Group.

(7) Notify the Advisory Estate Tax Lien Group when there is a disposition or cessation of qualified use of the property under IRC 2032A. Recapture tax returns are processed by Advisory to facilitate timely release of liens. Advisory may request assistance from Estate and Gift to verify recapture tax returns are prepared correctly to collect the correct amount of tax prior to releasing the Government's interest by making a referral through the SRS system.