

IRS News Release

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2010 Form 8939 is Due Nov. 15; Reporting Option Applies to Many Large Estates

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WASHINGTON – The Internal Revenue Service issued guidance today on the treatment of basis for certain estates of decedents who died in 2010. The guidance assists executors who are making the choice to opt out of the estate tax and have the carryover basis rules apply. Form 8939, the basis allocation form required to be filed by executors opting out of the estate tax, is due Nov. 15, 2011.

Under the guidance issued today, an executor must file Form 8939, Allocation of Increase in Basis for Property Acquired from a Decedent, to opt out of the estate tax and have the new carryover basis rules apply. The IRS expects to issue Form 8939 and the related instructions early this fall.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the estate tax was repealed for persons who died in 2010. However, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reinstated the estate tax for persons who died in 2010. This recent law allows executors of the estates of decedents who died in 2010 to opt out of the estate tax, and instead elect to be governed by the repealed carry-over basis provisions of the 2001 Act. This choice is to be made by filing Form 8939.