

NONRESIDENT ALIEN ESTATE TAX RETURN

All amounts must be expressed in United States dollars.

The return must under certain circumstances be filed on Form 706 instead of this form. For details see section 2 of instructions.

Decedent's name _____

Date of death _____

Residence (domicile) at time of death _____

Citizenship (nationality) at time of death _____ Business or occupation _____

| Names of persons filing return | Designations (Executor, administrator, beneficiary, custodian, trustee) | Mailing address (Number, street, city, zone, State) |
|--------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|
| | | |
| | | |
| | | |

If the answer to question 6, 7, or 8 is "Yes," use of this form is inappropriate, and the return should be made on Form 706.

- 1a. Did the decedent die testate? YES NO
 - b. Were letters testamentary or of administration granted for the estate? YES NO
 - If granted to persons other than those filing the return, supply names and addresses.
 - 2. Did the decedent, at the time of his death, own any—
 - a. Real property located in the United States? YES NO
 - b. Stocks of United States corporations? YES NO
 - c. Bonds, certificates, checks, bills, or notes physically located in the United States? YES NO
 - d. Debts owing by persons resident in the United States or by United States corporations? YES NO
 - e. Other property situated in the United States? YES NO
 - 3. Was the decedent engaged in business in the United States at date of death? YES NO
 - 4. Did the decedent and spouse own, at the time of death, any **community property** situated in the United States? YES NO
 - 5. Did the decedent, at the time of his death, own any property situated in the United States as a **joint tenant** or as a **tenant by the entirety** with right of survivorship? YES NO
 - 6. Did the decedent make any transfer within 3 years before his death of a value of \$1,000 or more, or any transfer during his lifetime of a value of \$5,000 or more, without an adequate and full consideration in money or money's worth, any part of which was situated in the United States either at the time of transfer or at the time of the decedent's death? YES NO
 - 7. Were there in existence at the time of the decedent's death any trusts created by him during his lifetime, any part of the property of which was situated in the United States either when the trust was created or at the time of the decedent's death? YES NO
 - 8a. Did the decedent, at the time of his death, possess a general power of appointment over property any part of which was situated in the United States? YES NO
 - b. Or, at any time, exercise or release such a power? YES NO
- (NOTE.—A general power of appointment means any power of appointment exercisable in favor of the decedent, his estate, his creditors, or the creditors of his estate, and includes the right of a beneficiary to appropriate or consume the principal of a trust. See Estate Tax Regulations for complete definition.)

Computation of tax (see sections 10, 11, and 12 of instructions)

| | |
|-------------------------------------------------------------------------------------------------|----------|
| 1. Taxable estate (item 8, schedule B) | \$ _____ |
| 2. Gross tax on taxable estate (use "Table for computing estate tax," but see section 10) | \$ _____ |
| 3. Credit for State death taxes | _____ |
| 4. Net estate tax payable (item 2 minus item 3) | \$ _____ |

DECLARATION

We/I declare under the penalties of perjury that this return including the additional sheets attached, if any, has been examined by us/me, and to the best of our/my knowledge and belief, is a true, correct, and complete return. It is understood that a complete return requires the listing herein of all the property constituting the part of the decedent's gross estate (as defined by the Statute) situated in the United States.

Date _____

Date _____

Date _____
(Signatures of person(s) filing return)

(Signature of person preparing return)

Date _____
(Address of person preparing return)

SCHEDULE A—Gross Estate in the United States (see sections 3, 4, 5, 6, and 7 of instructions)

Is election hereby made to have the gross estate of this decedent valued in accordance with values as of a date or dates subsequent to the decedent's death as authorized by section 2032 of the Internal Revenue Code? YES NO (This election cannot be exercised unless it is shown upon the return and the return is timely filed. The information in columns (c) and (d) should not be furnished unless the reply to this question is "Yes.")

| (a) Item No. | (b) Description of property | (c) Subsequent valuation date | (d) Alternate value | (e) Value at date of death |
|------------------------------------------------------------------|--------------------------------|----------------------------------|------------------------|-------------------------------|
| | | | \$ | \$ |
| (If more space is needed, attach additional sheets of same size) | | | | |
| Total | | | \$ | \$ |

SCHEDULE B—Taxable Estate (see sections 8, 9, and 10 of instructions)

If adequate proof in support of items 2 and 4 is not submitted, deduction at item 4 will not be allowed. If adequate proof in support of item 2 is not submitted, deduction at item 6 will be limited to \$2,000. See section 9 of instructions for circumstances under which "prorated exemption" will be allowed. **If decedent was domiciled in Canada and died after December 31, 1958, see section 10 of instructions regarding special exemption and tax computation.** If prorated exemption is claimed under Japanese treaty, the numerator of the fraction set forth in item 6 is the value of the property situated in the United States and the subject of tax by both the United States and Japan.

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 1. Gross estate in the United States (total, schedule A) | \$----- |
| 2. Gross estate outside the United States, not including real property | _____ |
| 3. Total gross estate wherever situated (item 1 plus item 2) | \$----- |
| 4. Amount of funeral expenses, administration expenses, debts of decedent, mortgages and liens, and losses during administration (attach itemized schedule) | \$----- |
| 5. Deduction of expenses, claims, etc. (that proportion of item 4 that item 1 bears to item 3) | \$----- |
| 6. Exemption of \$2,000 (in estates qualifying for "prorated exemption," use \$2,000 or $\frac{\text{item 1}}{\text{item 3}} \times \$60,000$, whichever is the greater) | _____ |
| 7. Total deductions (item 5 plus item 6) | \$----- |
| 8. Taxable estate (item 1 minus item 7) | \$----- |

GENERAL INFORMATION

a. Time and place for filing return.—The return is due 15 months after the date of the decedent's death. The return must be filed with the Director of International Operations, Internal Revenue Service, Washington 25, D. C.

b. Payment of tax.—The tax is due 15 months after the date of the decedent's death, and must be paid within such period unless an extension of time for payment thereof has been granted by the Director. Check or money order in payment of the tax should be made payable to "Internal Revenue Service."

c. Penalties.—Severe penalties are provided by law for willful failure to make and file a return and for willful attempt to evade or defeat payment of tax.

TABLE FOR COMPUTING ESTATE TAX
(For rates of tax on taxable estates exceeding \$500,000, see the Estate Tax Regulations.)

| (A) Taxable estate equaling— | (B) Taxable estate not exceeding— | Tax on amount in column (A) | Rate of tax on excess over amount in column (A) |
|------------------------------------|-----------------------------------------|--------------------------------|----------------------------------------------------------|
| | | | Percent |
| ----- | ----- | ----- | ----- |
| \$5,000 | \$5,000 | \$150 | 3 |
| 10,000 | 10,000 | 500 | 7 |
| 20,000 | 20,000 | 1,600 | 11 |
| 30,000 | 30,000 | 3,000 | 14 |
| 40,000 | 40,000 | 4,800 | 18 |
| 50,000 | 50,000 | 7,000 | 22 |
| 60,000 | 60,000 | 9,500 | 25 |
| 100,000 | 100,000 | 20,700 | 28 |
| 250,000 | 250,000 | 65,700 | 30 |
| | 500,000 | | 32 |

Instructions for United States Nonresident Alien Estate Tax Return Form 706NA

1. General.—The United States estate tax is imposed by chapter 11 of the Internal Revenue Code. It is imposed upon the transfer of the taxable estate of the decedent and not upon the receipt of any particular legacy, devise, or distributive share.

The first step in the determination of tax liability in the case of a nonresident alien is to ascertain the **entire gross estate wherever situated** (see section 3 hereof). The second step is to determine the **part of such gross estate situated in the United States**, which should be set forth in schedule A (see sections 4, 5, 6, and 7 hereof). The third step is to determine the amount of the deductions authorized, the total of which should be entered as item 7 of schedule B and subtracted from the **part of the gross estate situated in the United States** in order to arrive at the **taxable estate** (see sections 8 and 9 hereof). The fourth step is to compute the tax and any allowable credit (see sections 10, 11, and 12 hereof).

Reference herein to the deceased person's **residence** generally means the deceased person's **domicile**, and the expression **nonresident alien** refers to a decedent who at the time of his death was neither domiciled in nor a citizen of the United States and to a decedent who acquired United States citizenship solely by reason of his connection with a United States possession.

2. Requirement of return.—An estate tax return must be filed for the estate of a nonresident alien if the part of his gross estate (as defined by the Estate Tax Statute) situated in the United States exceeded a value of \$2,000 **at the date of death**.

If there is no executor or administrator appointed, qualified, and acting in the United States, every person in actual or constructive possession of any property of the decedent is liable for the filing of the return. If two or more persons are liable for the filing of the return, it is preferable for all to join in the filing of one complete return, but if they are unable to join in making one complete return, each is required to file a return disclosing all the information he has in the case, including the name of every person holding an interest in the property and a full description of such property.

This form (Form 706NA) should, except as hereinafter provided, be used in making the return. However, the return must be made on Form 706 instead of this form under any of the following circumstances:

(a) If the decedent made any transfer within 3 years before his death of a value of \$1,000 or more, or any transfer during his lifetime of a value of \$5,000 or more, without an adequate and full consideration in money or money's worth, any part of which was situated in the United States either at the time of the transfer or at the time of death;

(b) If there were in existence at the time of the decedent's death any trusts created by him during his lifetime, any part of the property of which was situated in the United States either at the time the trust was created or at the time of death;

(c) If the decedent, at the time of his death, possessed a general power of appointment over property situated in the United States or, at any time, by will or otherwise, exercised or released such a power. For definition of a general power of appointment, see Estate Tax Regulations;

(d) If a deduction is taken for the value of property of the gross estate transferred by the decedent for public, religious, charitable, scientific, literary, or educational purposes to corporations or associations created or organized in the United States or to trustees for use within the United States;

(e) If credit is taken for United States gift tax paid by or on behalf of the decedent in respect of property included in the part of the gross estate situated within the United States;

(f) If credit is taken for United States estate tax paid in connection with the transfer of property to the decedent from a transferor who died within a period of 10 years before or 2 years after the decedent; and

(g) If the decedent was domiciled in France or a subject of or domiciled in Greece and a prorated allowance authorized by treaty extends beyond the exemption, such as a prorated deduction for a bequest to a foreign charity.

3. Entire gross estate wherever situated.—The entire gross estate wherever situated (as defined by the Estate Tax Statute) does not include real property situated outside the United States. With this one exception, the gross estate embraces not only all property beneficially owned by the decedent, but also includes:

(a) All property in which the decedent had at the time of his death an interest either as a **joint tenant** or as a **tenant by the entirety**, with right of survivorship. (The full value of the property must be included in the gross estate, unless it can be shown that a part of the property originally belonged to the other tenant or tenants and was never received or acquired by the other tenant or tenants from the decedent for less than an adequate and full consideration in money or money's worth);

(b) Property held by the decedent and surviving spouse as

community property to the extent of the decedent's interest in such property under the applicable law of the State, or possession of the United States, or of the foreign country;

(c) Dower or curtesy of the surviving spouse and all interests created by statute in lieu thereof;

(d) Proceeds of insurance on the decedent's life, including, with some exceptions, proceeds receivable by beneficiaries other than the estate;

(e) Several classes of transfers made by the decedent prior to his death, without an adequate, and full consideration in money or money's worth;

(f) Property with respect to which the decedent (1) possessed a general power of appointment at the time of his death or (2) exercised or released (in a specified manner) a general power of appointment during his lifetime; and

(g) Certain annuities received by a beneficiary by reason of surviving the decedent.

In the case of a nonresident alien decedent who was not engaged in business in the United States at the time of his death, obligations of the United States issued before March 1, 1941, are not to be included in that part of the gross estate which is listed in schedule A. However, such obligations of the United States are included in the entire gross estate wherever situated.

Further information concerning annuities, life insurance, transfers during life, and general powers of appointment is set forth in the Estate Tax Regulations and in the instructions on Form 706.

4. Property situated in the United States.—The part of the gross estate situated within the United States should be listed in schedule A. The term "United States," when used in a geographical sense, includes only the fifty States, and the District of Columbia. Property transferred during the decedent's life, and includible in the entire gross estate wherever situated, is deemed situated within the United States if such property was so situated either at the time of the transfer or at the time of death.

Except as provided otherwise by treaty (see list below), the following rules are applicable in determining whether property is situated in the United States:

(a) Real estate and tangible personal property are within the United States if physically located therein.

(b) Irrespective of where the stock certificates are physically located, (1) stocks of corporations organized in or under the laws of the United States constitute property within the United States, and (2) stocks of all other corporations constitute property outside the United States.

(c) Other written evidences of intangible property which are treated as being the property itself, such as corporate or other bonds, are property situated in the United States if physically located therein.

(d) Intangible personal property, the written evidence of which is **not treated as being the property itself**, such as a simple debt or open account, constitutes property within the United States if consisting of a property right issuing from or enforceable against a resident of the United States or a domestic corporation (public or private).

(e) Proceeds of insurance on the life of a nonresident alien decedent are not situated within the United States.

(f) Moneys deposited with any person carrying on the banking business, by or for a nonresident alien decedent who was not engaged in business in the United States at the time of his death, are not situated within the United States.

(g) For situs of works of art, owned by a nonresident alien, which were imported into the United States for exhibition purposes, see Estate Tax Regulations.

5. Death duty conventions are in effect with each of the countries listed below. The provisions of a convention apply in the case of a decedent dying on or after the effective date shown.

| Country | Effective Date |
|---------------------------------|----------------------------------------|
| Australia | January 7, 1954 |
| Canada (Present) | January 1, 1959 |
| Canada (Prior) | June 14, 1941 through Dec. 31, 1958 |
| Finland | December 18, 1952 |
| France | October 17, 1949 |
| Greece | December 30, 1953 |
| Ireland | December 20, 1951 |
| Italy | October 26, 1956 |
| Japan | April 1, 1955 |
| Norway | December 11, 1951 |
| Switzerland | September 17, 1952 |
| Union of South Africa | July 15, 1952 |
| United Kingdom | July 25, 1946 |

6. Description of property.—The description of property under schedule A should be such that the property may be readily identified. Descriptions of stocks should include number of shares, whether common or preferred, and, if preferred, what issue thereof, par value, quotation at which returned, exact name of corporation, and, if the stock is unlisted, the post office address of the principal business office, the State in which incorporated and the date of incorporation. If a listed security, state principal exchange upon which sold. Descriptions of bonds should include number, principal amount, name of obligor, date of maturity, rate of interest, date or dates on which interest is payable, series number where there is more than one issue, the exchange upon which listed, or the principal business office of the corporation, if unlisted.

Jointly owned property and property held as **tenant by the entirety** should be identified as such, and the entire value thereof should be disclosed in the column of schedule A headed "Description of property." The right to include less than the full value of the entire property for purposes of the tax must be supported by proof. See subparagraph (a) of section 3 of these instructions.

7. Date of valuation of property.—Unless election is properly made at the time the return is filed, to adopt the alternate valuation authorized by section 2032 of the Code, all property must be valued as of the date of the decedent's death. In such case the information indicated by the columns of schedule A headed "Subsequent valuation date" and "Alternate value" should not be shown, and the space in such columns may be utilized for descriptive matter.

If the person filing the return elects to adopt the valuation authorized by section 2032 of the Code, such election must be expressly indicated in the space provided under schedule A, and the return must be timely filed. If such election is made, (1) any property distributed, sold, exchanged, or otherwise disposed of within 1 year after the decedent's death must be valued as of the date of such distribution, sale, exchange, or other disposition, whichever first occurs, and (2) any property not distributed, sold, exchanged, or otherwise disposed of within such 1-year period must be valued as of the date 1 year after the date of the decedent's death. The election, if exercised, must be applied to all property included in the gross estate on the date of the decedent's death. In such case all columns of schedule A should be filled in.

8. Deduction of administration expenses, claims, etc.—Deduction may be taken of the proportion of the following expenses, claims, etc., that the value of the part of the gross estate situated in the United States bears to the value of the entire gross estate wherever situated: (1) Funeral expenses; (2) administration expenses; (3) claims against the estate; (4) unpaid mortgages and other liens; and (5) losses incurred during the settlement of the estate arising from fires, storms, shipwrecks, or other casualties, or from theft, if such losses are not compensated for by insurance or otherwise.

It is immaterial whether the amounts to be deducted were incurred or expended within or without the United States. **However, no deduction whatever may be taken unless the value of the entire gross estate wherever situated, as described in section 3 of these instructions, is entered at item 3 of schedule B.** The entire gross estate must be valued as of the date of the decedent's death; or, if the alternate valuation is adopted under schedule A, such alternate valuation must be applied to the entire gross estate. **Adequate proof in support of items 3 and 4 of schedule B must be submitted; otherwise, this deduction will be disallowed. For this purpose there should be submitted a certified copy of the foreign death tax return; or, if no such return was filed, a certified copy of the inventory of the estate, together with the schedule of debts and charges, filed in conjunction with the administration proceedings of the estate or with the foreign court of probate jurisdiction.** Additional proof may be required in specific cases.

The total amount of expenses, claims, etc., should be entered as item 4 of schedule B, **which entry must be supported by an itemized schedule.** Such schedule should show the exact nature and amount of each expense or claim as well as the name of the creditor. Other deductions must be fully described and, if relating to particular property, the property must be identified. Death taxes, taxes on income received after death, and property taxes not accrued prior to death are not to any extent deductible. If a claim against the estate or a mortgage is founded upon a promise or agreement, the amount included in item 4 must be limited to the extent to which the liability was contracted bona fide and for an adequate and full consideration in money or money's worth. Deduction may be taken for a mortgage only if the value of the property undiminished by the amount of indebtedness secured by the mortgage is included in the entire gross estate wherever situated. Except as otherwise provided in section 2053 of the Code, the amount of deductions entered in item 4 must not exceed the value of the property included in the entire gross estate wherever situated, which is subject to claims.

9. Exemption.—Except as otherwise stated herein, an exemption of \$2,000 is authorized for the purpose of determining the taxable estate, and should be entered at item 6 of schedule B. An increased exemption, referred to as the "prorated exemption" is allowable (a) in the case of a decedent who was a citizen of the United States and who was a resident of a United States possession, as referred to in the last sentence of instruction 1, and (b) in cases where the provisions of a death tax convention apply to the estate of a decedent who was a **citizen of or domiciled in Australia, Norway or Switzerland, a resident of Finland, was domiciled in France, was a subject of or domiciled in Greece, was a national of or domiciled in Italy, or in a case where a beneficiary was domiciled in Japan.** The prorated exemption is computed at item 6 of schedule B. **This increased exemption will be disallowed unless the value of the entire gross estate wherever situated is entered at item 3 of schedule B and supported by adequate proof,** as explained in the second paragraph of section 8 of these instructions. If the decedent was domiciled in Canada, see section 10.

10. Convention with Canada.—Our present convention with Canada exempts from Federal estate tax certain estates of nonresident alien decedents who were domiciled in Canada and died after December 31, 1958. The convention also contains a provision preventing the estate tax from reducing below \$15,000 the value of the estate of such a decedent which is subject to tax. If the value of the taxable estate, before allowance of the specific exemption of \$2,000, does not exceed \$15,000, the estate is exempt from estate tax. If the value, before allowance of the specific exemption is less than \$15,932.59, the gross tax (item 2, page 1) is equal to the amount in excess of \$15,000. For example, if the value is \$15,500, the gross tax on the taxable estate is \$500. If the value of the taxable estate before allowance of the specific exemption is more than \$15,932.58, the estate tax is to be calculated by the use of the "Table for computing estate tax" after allowance of the specific exemption. The prorated exemption (item 6, schedule B) is not allowable under our present convention with Canada, but may be allowable in cases where the prior convention is applicable.

11. Computation of tax.—Except as provided in section 10 relating to Canada, the taxable estate, as shown at item 8 of schedule B, should be carried forward to item 1 of the "Computation of tax." The person filing the return should compute the tax on the taxable estate in accordance with the "Table for computing estate tax," and should enter such amount of tax at item 2 and, unless credit is claimed, also at item 4. This latter amount should be paid to the director.

12. Credit for estate, inheritance, legacy, or succession taxes paid to a State, or the District of Columbia.—The States and the District of Columbia generally impose inheritance or other death taxes. If such taxes are paid in respect of property included in schedule A, credit therefor may be taken at item 3 of the "Computation of tax." No credit is allowed where the taxable estate does not exceed \$40,000. If the taxable estate exceeds \$40,000 but does not exceed \$90,000, the credit is limited to eight-tenths of one percent (.008) of the amount by which the taxable estate exceeds \$40,000. If the taxable estate exceeds \$90,000 but does not exceed \$140,000, the credit is \$400 plus one and six-tenths percent (.016) of that portion of the taxable estate in excess of \$90,000 but not in excess of \$140,000. For computation of the credit in case the taxable estate exceeds \$140,000, see Estate Tax Regulations. The credit is also limited to such taxes as were actually paid and credit therefor claimed within 4 years after the filing of the return, except as otherwise provided under special circumstances. For allowance of the credit, a certificate of the proper officer of the taxing State, showing the information required by the Estate Tax Regulations, must be submitted. If practicable such certificate should be filed with the return, but if that is not convenient or possible, then it should be submitted as soon thereafter as practicable.

13. Supplemental documents.—If the decedent died testate, a certified copy of the will must be filed. In the case of closely held or inactive stock of a corporation, there must be submitted balance sheets, particularly the one nearest the valuation date, and statements of the net earnings or operating results and dividends paid for each of the five preceding years. Any other documents, such as appraisal lists, required for an adequate explanation should be filed with the return. Other supplemental documents may be required as explained in sections 8 and 9 of these instructions.

14. Declarations.—If there is more than one executor or administrator, all should verify and sign the return. In addition to the declaration of the person filing the return, if the return was prepared by another, the declaration also should be signed by the person preparing the return.