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# Estate & Gift Taxes

## The New Form 706





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# New Form 706

Form **706**  
(Rev. August 2012)

Department of the Treasury  
Internal Revenue Service

**United States Estate (and Generation-Skipping Transfer)  
Tax Return**

▶ Estate of a citizen or resident of the United States (see instructions). To be filed for decedents dying **after December 31, 2011, and before January 1, 2013.**

▶ Information about Form 706 and its separate instructions is at [www.irs.gov/form706](http://www.irs.gov/form706).

OMB No. 1545-0015

<b>1a</b> Decedent's first name and middle initial (and maiden name, if any)	<b>1b</b> Decedent's last name	<b>2</b> Decedent's social security no.
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New Form 706 was released in August 2012

- There are a number of changes:
  - Computation of applicable credit (old “unified credit”)
  - Portability
  - Protective Claims





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# Page 1, Part 1 General Information

Internal Revenue Service		▶ Information about Form 706 and its separate instructions is at <a href="http://www.irs.gov/form706">www.irs.gov/form706</a> .						
Part 1 Decedent and Executor	1a	Decedent's first name and middle initial (and maiden name, if any)	1b	Decedent's last name	2	Decedent's social security no.		
	3a	County, state, and ZIP or foreign country and postal code, of legal residence (domicile) at time of death	3b	Year domicile established	4	Date of birth	5	Date of death
	6a	Name of executor (see instructions)	6b				Executor's address (number and street including apartment or suite no.; city, town, or post office; state; country; and ZIP or postal code) and phone no.	
	6c	Executor's social security number (see instructions)	Phone no.					
	6d	If there are multiple executors, check here <input type="checkbox"/> and attach a list showing the names, addresses, telephone numbers, and SSNs of the additional executors.						
	7a	Name and location of court where will was probated or estate administered				7b	Case number	
	8	If decedent died testate, check here <input type="checkbox"/> and attach a certified copy of the will.		9			If you extended the time to file this Form 706, check here <input type="checkbox"/>	
	10	If Schedule R-1 is attached, check here <input type="checkbox"/>		11				If you are estimating the value of assets included in the gross estate on line 1 pursuant to the special rule of Reg. section 20.2010-2T(a) (7)(ii), check here <input type="checkbox"/>

- Ensure all SSNs and addresses are correct
- Include all personal representatives
- Item 11 — Portability Returns





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# Page 1, Part 2 Applicable Credit

Part 2 – Tax Computation	8	Gross estate tax (subtract line 7 from line 6)				8		
	9a	Basic exclusion amount	9a					
	9b	Deceased spousal unused exclusion (DSUE) amount from predeceased spouse(s), if any (from Section D, Part 6—Portability of Deceased Spousal Unused Exclusion)	9b					
	9c	Applicable exclusion amount (add lines 9a and 9b)	9c					
	9d	Applicable credit amount (tentative tax on the amount in 9c from Table A in the instructions)	9d					
	10	Adjustment to applicable credit amount (May not exceed \$6,000. See instructions.)	10					
	11	Allowable applicable credit amount (subtract line 10 from line 9d)					11	
	12	Subtract line 11 from line 8 (but do not enter less than zero)					12	

- Former “applicable exclusion amount” is now “basic exclusion amount”
- “Applicable credit” (old “unified credit”) must be computed





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# Page 2, Part 3 Elections

Estate of: \_\_\_\_\_

**Part 3 – Elections by the Executor**

Note. For information on electing portability of the decedent's DSUE amount, including how to opt out of the election, see Part 6—Portability of Deceased Spousal Unused Exclusion.

Note. Some of the following elections may require the posting of bonds or liens.

Please check "Yes" or "No" box for each question (see instructions).

		Yes	No
1	Do you elect alternate valuation? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
2	Do you elect special-use valuation? If "Yes," you must complete and attach Schedule A-1 . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
3	Do you elect to pay the taxes in installments as described in section 6166? . . . . . If "Yes," you must attach the additional information described in the instructions. Note. By electing section 6166 installment payments, you may be required to provide security for estate tax deferred under section 6166 and interest in the form of a surety bond or a section 6324A lien.	<input type="checkbox"/>	<input type="checkbox"/>
4	Do you elect to postpone the part of the taxes due to a reversionary or remainder interest as described in section 6163? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>

- Information on the portability election is in Part 6 on page 4
- If the executor elects to pay using §6166 installments, be prepared to provide security





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# Page 3, Part 5 Recapitulation

**Part 5—Recapitulation. Note.** If estimating the value of one or more assets pursuant to the special rule of Reg. section 20.2010-2T(a)(7)(ii), enter on both lines 10 and 23 the amount noted in the instructions for the corresponding range of values. (See instructions for details.)

Item no.	Gross estate		Alternate value	Value at date of death
1	Schedule A—Real Estate . . . . .	1		
2	Schedule B—Stocks and Bonds . . . . .	2		
3	Schedule C—Mortgages, Notes, and Cash . . . . .	3		
4	Schedule D—Insurance on the Decedent’s Life (attach Form(s) 712) . . . . .	4		
5	Schedule E—Jointly Owned Property (attach Form(s) 712 for life insurance) . . . . .	5		
6	Schedule F—Other Miscellaneous Property (attach Form(s) 712 for life insurance) . . . . .	6		
7	Schedule G—Transfers During Decedent’s Life (att. Form(s) 712 for life insurance) . . . . .	7		
8	Schedule H—Powers of Appointment . . . . .	8		
9	Schedule I—Annuities . . . . .	9		
10	Estimated value of assets subject to the special rule of Reg. section 20.2010-2T(a)(7)(ii)	10		
11	Total gross estate (add items 1 through 10) . . . . .	11		
12	Schedule U—Qualified Conservation Easement Exclusion . . . . .	12		
13	Total gross estate less exclusion (subtract item 12 from item 11). Enter here and on line 1 of Part 2—Tax Computation . . . . .	13		

- Line 10 allows the executor to report the estimated value of the assets when the return is filed for portability purposes
- Treas. Reg. §20.2010-2T(a)(7)(ii)





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# Page 3, Part 5

## Recapitulation

Item no.	Deductions	Amount
14	Schedule J—Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims . . . . .	14
15	Schedule K—Debts of the Decedent . . . . .	15
16	Schedule K—Mortgages and Liens . . . . .	16
17	Total of items 14 through 16 . . . . .	17
18	Allowable amount of deductions from item 17 (see the instructions for item 18 of the Recapitulation) . . . . .	18
19	Schedule L—Net Losses During Administration . . . . .	19
20	Schedule L—Expenses Incurred in Administering Property Not Subject to Claims . . . . .	20
21	Schedule M—Bequests, etc., to Surviving Spouse . . . . .	21
22	Schedule O—Charitable, Public, and Similar Gifts and Bequests . . . . .	22
23	Estimated value of deductible assets subject to the special rule of Reg. section 20.2010-2T(a)(7)(ii) . . . . .	23
24	Tentative total allowable deductions (add items 18 through 23). Enter here and on line 2 of the Tax Computation	24

- Line 23 allows the executor to report the estimated value of deductible assets when the return is filed for portability purposes
- Treas. Reg. §20.2010-2T(a)(7)(ii)





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# Page 4, Part 6

## Portability of Deceased Spouse Unused Exclusion (“DSUE”)

### Part 6—Portability of Deceased Spousal Unused Exclusion (DSUE)

#### Portability Election

A decedent with a surviving spouse elects portability of the deceased spousal unused exclusion (DSUE) amount, if any, by completing and timely-filing this return. No further action is required to elect portability of the DSUE amount to allow the surviving spouse to use the decedent's DSUE amount.

#### Section A. Opting Out of Portability

The estate of a decedent with a surviving spouse may opt out of electing portability of the DSUE amount. Check here and do not complete Sections B and C of Part 6 only if the estate opts **NOT** to elect portability of the DSUE amount.  ←

#### Section B. QDOT

Are any assets of the estate being transferred to a qualified domestic trust (QDOT)? . . . . . 

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If “Yes,” the DSUE amount portable to a surviving spouse (calculated in Section C, below) is preliminary and shall be redetermined at the time of the final distribution or other taxable event imposing estate tax under section 2056A. See instructions for more details.

- To elect portability, the executor must timely file the Form 706
- The executor may opt out of portability by checking the box in Section A or by not timely filing a Form 706
- Transfers to QDOTs must be reported in Section B





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# Page 4, Part 6

## Portability of DSUE

### Section C. DSUE Amount Portable to the Surviving Spouse (To be completed by the estate of a decedent making a portability election.)

Complete the following calculation to determine the DSUE amount that can be transferred to the surviving spouse.

- 1 Enter amount from line 9c, Part 2—Tax Computation . . . . .
- 2 Enter amount from line 7, Part 2—Tax Computation . . . . .
- 3 Divide amount on line 2 by 35% (0.35). (do not enter less than zero) . . . . .
- 4 Add lines 1 and 3 . . . . .
- 5 Enter the amount from line 5, Part 2—Tax Computation . . . . .
- 6 Subtract line 5 from line 4 (do not enter less than zero) . . . . .
- 7 DSUE amount portable to the surviving spouse (Enter the lesser of line 6 or line 9a, Part 2—Tax Computation)

1		
2		
3		
4		
5		
6		
7		

- The amount portable to the surviving spouse is computed in Section C







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# New Schedule PC

Schedule **PC**

(Rev. August 2012)

Department of the Treasury  
Internal Revenue Service

## Protective Claim for Refund

► To be used for decedents dying after December 31, 2011. File 2 copies of this schedule with Form 706 for each pending claim or expense under section 2053.

OMB No. 1545-0015

- Timely filing a protective claim for refund preserves the estate's right to claim a refund based on the amount of an unresolved claim or expense that may not become deductible under section 2053 until after the limitation period ends.
- Schedule PC can be used to file a protective claim for refund and, once the claim or expense becomes deductible, Schedule PC can be used to notify the IRS that a refund is being claimed.
- Schedule PC can be used by the estate of a decedent dying after 2011.
- Schedule PC must be filed with Form 706 and cannot be filed separately. (To file a protective claim for refund or notify the IRS that a refund is being claimed in a form separate from the Form 706, instead use Form 843, Claim for Refund and Request for Abatement.)
- Each separate claim or expense requires a separate Schedule PC (or Form 843, if not filed with Form 706).
- Schedule PC must be filed in duplicate (two copies) for each separate claim or expense.

- Rev. Proc. 2011-48 (October 17, 2011)





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# Schedule PC

## Part 1 General Information

### Part 1. General Information

1. Name of decedent	2. Decedent's social security number
3. Name of fiduciary	4. Date of death
5a. Address (number, street, and room or suite no.)	5b. Room or suite no.
5c. City or town, state, and ZIP or postal code	6. Daytime telephone number

7. **Number of Claims.** Enter number of Schedules PC being filed with Form 706.    
 If the number is greater than one OR if another Schedule PC or Form 843 was previously filed by or on behalf of the estate, complete Part 3 of this Schedule PC.

8. **Fiduciary**  Check here if this Schedule PC is being filed with the original Form 706 or is being filed by the same fiduciary who filed the original Form 706 for decedent's estate. **If a different fiduciary is filing this Schedule PC, see instructions for establishing the legal authority to pursue the claim for refund on behalf of the estate.**

- Separate Schedule PC for each claim
- Must establish legal authority to file the claim
  - For example, new letters of administration





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# Estate & Gift Tax

## IRS.gov

### key words: "Estate and Gift"

The screenshot shows the IRS.gov website interface. At the top, there are navigation links for Subscriptions, Language, and Information For... A search bar is present with the word 'Search' and a magnifying glass icon. Below the search bar is a horizontal menu with categories: Filing, Payments, Refunds, Credits & Deductions, News & Events, Forms & Pubs, Help & Resources, and for Tax Pros. The main content area is titled 'Estate and Gift Taxes' and includes sections for Estate Tax, Gift Tax, and frequently asked questions. A sidebar on the left lists various categories like Corporations, Partnerships, and Small Business/Self-Employed. At the bottom right, there is a page footer indicating the last reviewed or updated date as 06-Mar-2013.

Subscriptions Language Information For...  
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Corporations  
 Partnerships  
 International Businesses  
 Small Businesses & Self Employed

**Small Business/Self-Employed**

- Industries/Professions
- International Taxpayers
- Self-Employed
- Small Business/Self-Employed Home

**Small Business/Self-Employed Topics**

- A-Z Index for Business
- Forms & Pubs
- Starting a Business
- Deducting Expenses
- Businesses with Employees
- Filing/Paying Taxes
- Post-Filing Issues
- Changing Your Business

**Estate and Gift Taxes**

[Estate Tax](#)  
 The estate tax is a tax on your right to transfer property at your death. It consists of an accounting of everything you own or have certain interests in at the date of death.

[Frequently Asked Questions on Estate Taxes](#)  
 Find some of the more common questions dealing with basic estate tax issues.

[Gift Tax](#)  
 If you give someone money or property during your life, you may be subject to federal gift tax.

[Frequently Asked Questions on Gift Taxes](#)  
 Find some of the more common questions dealing with gift tax issues as well as some examples of how different types of gifts are treated.

[Filing Estate and Gift Tax Returns](#)  
 Learn when to file estate and gift taxes, where to send your returns, and get contact information if you need help.

[What's New - Estate and Gift Tax](#)  
 Stay up to date with the tax law changes related to estate and gift taxes.

**References/Related Topics**

- [Estate and Gift Tax Treaties \(International\)](#)
- [Forms and Publications - Estate and Gift Tax](#)
- [Publication 950](#)

Page Last Reviewed or Updated: 06-Mar-2013



# What's New on IRS.gov

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Topic	Search Word(s)
Electronic newsletters (payroll providers, small businesses and tax professionals)	e-news
Multimedia center (audio, video and text)	multimedia
Social media (iTunes, podcasts, Twitter, widgets, YouTube and IRS2Go mobile app) *Follow IRS on Twitter @IRSTaxpros	social media
Video portal <ul style="list-style-type: none"><li>- Small business tax compliance priorities</li><li>- Audit techniques guides</li><li>- Referring tax avoidance schemes</li></ul>	video portal
Basic tools for tax professionals	basic tools
E-Services – Online tools for tax pros	eservice
Tax information for tax professionals	Tax pros
Continuing education for tax professionals	

