Recent Developments in Estate & Gift
<table>
<thead>
<tr>
<th>Year</th>
<th>Form 706 and Form 709 Basic Exclusions</th>
<th>Form 709 Annual Exclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$5,340,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>2015</td>
<td>$5,430,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>2016</td>
<td>$5,450,000</td>
<td>$14,000</td>
</tr>
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</table>
Portability of Deceased Spousal Unused Exclusion (DSUE)

• Portability election must be made on a timely filed (including extensions) Form 706

• Election is irrevocable after the due date

• Executor can make election or opt out

• Compute DSUE amount on Form 706
Portability of Deceased Spousal Unused Exclusion (DSUE)

• Final regulations effective June 12, 2015

• At IRS.gov, use keyword “TD 9725”

• These regulations supersede previously issued temporary and proposed versions
Form 706 - Estate Tax Return

<table>
<thead>
<tr>
<th>Executor</th>
<th>1a Decedent’s first name and middle initial (and maiden name, if any)</th>
<th>1b Decedent’s last name</th>
<th>2 Decedent’s social security no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a City, town, or post office; county; state or province; country; and ZIP or foreign postal code.</td>
<td>3b Year domicile established</td>
<td>4 Date of birth</td>
<td>5 Date of death</td>
</tr>
</tbody>
</table>

6b Executor’s address (number and street including apartment or suite no.; city, town, or post office; state or province; country; and ZIP or foreign postal code)

7 and attach a certified copy of the will. 9 If you extended the time to file this Form 706, check here

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)(i), check here
Deceased Spousal 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

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.

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 the amount from line 9c, Part 2—Tax Computation
2. Reserved
3. Enter the value of the cumulative lifetime gifts on which tax was paid or payable (see instructions)
4. Add lines 1 and 3
5. Enter amount from line 10, Part 2—Tax Computation
6. Divide amount on line 5 by 40% (0.40) (do not enter less than zero)
7. Subtract line 6 from line 4
8. Enter the amount from line 5, Part 2—Tax Computation
9. Subtract line 8 from line 7 (do not enter less than zero)
10. DSUE amount portable to surviving spouse (Enter lesser of line 9 or line 9a, Part 2—Tax Computation)
### Section D. DSUE Amount Received from Predeceased Spouse(s) (To be completed by the estate of a deceased surviving spouse with DSUE amount from predeceased spouse(s))

Provide the following information to determine the DSUE amount received from deceased spouses.

<table>
<thead>
<tr>
<th>A Name of Deceased Spouse (dates of death after December 31, 2010, only)</th>
<th>B Date of Death (enter as mm/dd/yy)</th>
<th>C Portability Election Made?</th>
<th>D If “Yes,” DSUE Amount Received from Spouse</th>
<th>E DSUE Amount Applied by Decedent to Lifetime Gifts</th>
<th>F Year of Form 709 Reporting Use of DSUE Amount Listed in col E</th>
<th>G Remaining DSUE Amount, if any (subtract col. E from col. D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Part 1 — DSUE RECEIVED FROM LAST DECEASED SPOUSE**

**Part 2 — DSUE RECEIVED FROM OTHER PREDECEASED SPOUSE(S) AND USED BY DECEDENT**

**Total (for all DSUE amounts from predeceased spouse(s) applied)**

Add the amount from Part 1, column D and the total from Part 2, column E. Enter the result on line 9b, Part 2—Tax Computation.
Form 709 – Gift Tax Return

Gift Tax annual exclusion is $14,000 per donee for tax years 2014 – 2016

Spouses may gift $28,000 to each donee

Must apply DSUE amount to taxable gifts
Form 709 – Schedule C

**SCHEDULE C** Deceased Spousal Unused Exclusion (DSUE) Amount

Provide the following information to determine the DSUE amount and applicable credit received from prior spouses. Complete Schedule A before beginning Schedule C.

| A | Name of Deceased Spouse (dates of death after December 31, 2010 only) |
| B | Date of Death |
| C | Portability Election Made? |
|   | Yes | No |

| D | If “Yes,” DSUE Amount Received from Spouse |

| E | DSUE Amount Applied by Donor to Lifetime Gifts (list current and prior gifts) |

| F | Date of Gift(s) (enter as mm/dd/yyyy for Part 1 and as yyyy for Part 2) |

**Part 1—DSUE RECEIVED FROM LAST DECEASED SPOUSE**

**Part 2—DSUE RECEIVED FROM PREDECEASED SPOUSE(S)**
Get Gift Tax Account Information For Unknown Years

- If tax periods for filed Forms 709 are unknown:
  - Written request may be made
  - Request the range of unknown years
  - Use page 2 of Form 4506-T for correct IRS address
  - No fee applies

- Once specific years are known, use Form 4506-T to request account transcripts for each tax period, or

- Form 4506 to request a copy of a specific gift tax return
Get Gift Tax Account Information Using Form 4506-T

• Use Form 4506-T to request account transcripts for tax periods where Forms 709 are known to have been filed

• Check the box at Line 6b and list specific years on Line 9

• Use “Chart for all other transcripts” on Page 2 to mail or fax to correct IRS office
Get a Copy of a Filed Form 709 Using Form 4506

• Use **Form 4506** to request a copy of a specific previously filed tax return with all attachments

• **$50 fee per tax return** applies

• Follow instructions for Form 4506 closely
Marital Deduction for Same-Sex Married Couples

• Unlimited marital deduction for same-sex married couples on estate & gift returns
• Revenue Ruling 2013-17
• Portability Elections
• May amend returns if within statute
• Gift-splitting
Consistency of Basis Requirement

New law effective July 31, 2015, requires estates must report:

• To both the IRS and beneficiaries receiving property from the estate,
• **Using Form 8971 and Schedule A of that form,**
• The estate tax value of each asset included in the gross estate
• Within 30 days of the due date or actual filing date of Form 706, whichever is earlier
Estate Tax Closing Letters

- Estates that filed before January 1, 2015, will receive a closing letter

- The IRS has changed its policy on the issuance of closing letters for estate tax returns filed after January 1, 2015

- At IRS.gov, use keyword search “frequently asked questions on estate tax”
Estate Tax Closing Letter, Estates Filed on or after June 1, 2015

- Closing letters will be issued only upon request by the taxpayer
- To request a closing letter, call 866-699-4083
  – See IRS.gov for required information
- The closing letter will be prepared and issued to the executor at the address of record
Is There an Alternative to a Closing Letter?

• Yes!
• Account transcripts may be a good substitute for the estate tax closing letter
• On IRS.gov, use:
  – Transcript Delivery System (for registered tax professionals), or
  – Form 4506-T (authorized representatives)
Online Transcripts at IRS.gov

• Specific instructions are available for requesting Online Transcripts using TDS or Hardcopy Transcripts using Form 4506-T
How to Use the Resulting Transcript

- Following a successful request, an Account Transcript will display on the screen.
- At the Transactions section, Code 421 indicates
  - Accepted as filed, or
  - The examination is complete.
- The transcript may be printed for your records.
IRS.gov Tax Help

• Visit IRS.gov and type keywords “estate and gift” to find out:
  - What’s New
  - FAQs
  - Pub 559, Survivors, Executors and Administrators
  - Filing Information

• For questions about the status of return, estate tax closing letters, return accounts, lien discharges, and extensions only, call:
  866-699-4083
<table>
<thead>
<tr>
<th>Hot Topics on IRS.gov</th>
<th>Search Word(s)</th>
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<tbody>
<tr>
<td>IRS Future State</td>
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<tr>
<td>Tax scams/consumer alerts</td>
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<td>Annual Filing Season Program</td>
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<td>Continuing education for tax pros</td>
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