

2011

IRS Nationwide
TAX FORUM



Basics of New Estate Tax Law

2011

IRS Nationwide
TAXFORUM

Estate Tax Reinstated

TRA 2010 retroactively reinstates the estate tax and the GST tax for 2010

TRA 2010 also retroactively repeals the EGTRRA carryover basis rules for 2010 estates

The gift tax is still effective for 2010



2011

TAXFORUM
IRS Nationwide

Special Election for 2010 Estates

TRA 2010 provides a special election for estates of 2010 decedents

Executor may elect to apply the estate tax repeal and carryover provisions of EGTRRA

Election is irrevocable, except by consent of the Secretary of Treasury



2011

IRS Nationwide
TAXFORUM

Extensions of Time

Due date of 9/19/2011 for deaths between 12/31/2009 and 12/17/2010:

- Filing of Form 706 (and making any elections)
- Payment of estate tax
- Making any disclaimers under IRC § 2518(b)

Due date for filing a GST return for a generation-skipping transfer between 12/31/2009 and 12/17/2010 is 9/19/2011

2011

IRS Nationwide
TAX FORUM

Estate Tax Changes

\$5 million applicable exclusion

Applicable exclusion to be inflation adjusted
after calendar year 2011

35 percent maximum estate tax rate



2011

IRS Nationwide
TAX FORUM

Gift Tax Changes

Estate and gift tax applicable exclusion and maximum rate are reunified after 2010

Applicable exclusion is:

\$1 million for 2010

\$5 million for 2011 and 2012

Applicable exclusion to be inflation adjusted after calendar year 2011

35 percent maximum gift tax rate

2011

IRS Nationwide
TAX FORUM

GST Tax Changes

\$5 million applicable exclusion

Applicable exclusion to be inflation adjusted
after calendar year 2011

Applicable tax rate for generation-skipping
transfers is:

- Zero percent for 2010
- 35 percent for 2011 and 2012

2011

TAX FORUM

IRS Nationwide



Portability of Unused Exclusion

Amends definition of “applicable exclusion amount” in IRC §2010(c) to be the sum of:

- Basic exclusion amount (\$5 million) &
- Unused exclusion amount of a deceased spouse (“DSUEA”)

The effect is to increase the applicable exclusion of a surviving spouse by any unused exclusion of a predeceased spouse

2011

TAXFORUM

IRS Nationwide

Portability of Unused Exclusion Election Requirement

Executor of the first spouse must elect portability

Election must be made on a timely filed return (including extensions)

Election is irrevocable

Effective for estates after 12/31/2010



2011

TAXFORUM

IRS Nationwide

Portability of Unused Exclusion Limitations Period

If the executor elects to increase the applicable exclusion amount, then the limitations period on the predeceased spouse's return will be opened

Limitations period is opened only for purposes of making a determination of the unused exclusion amount



2011

IRS Nationwide
TAXFORUM

Sunset

Section 901 of EGTRRA (the “Sunset” provision) applies to all of the amendments made by Title 3 of the 2010 Tax Relief Act.

Transfers after December 31, 2012

- Exemption of \$1 million
- Top Rate of 55 percent
- Additional 5 percent surtax on certain large estates
- State Death Tax Credit/Deduction
- QFOBI Deduction



2011

TAXFORUM
IRS Nationwide



What's New on IRS.gov

Topic	Search Word(s)
Electronic Newsletters (payroll providers, small businesses and tax professionals)	e-news subscribe
Multimedia Center (audio, video and text)	multimedia center
Social Media (iTunes, podcasts, Twitter, widgets, YouTube and IRS2Go mobile app) *Follow IRS on Twitter @IRSTaxpros	new media
Video Portal - Your Guide to an IRS Audit - Virtual Small Business Tax Workshop	www.irsvideos.gov
Basic Tools for Tax Professionals	basic tools
E-Services – Online Tools for Tax Pros	Eservice
Tax Information for Tax Professionals	information for tax professionals