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**From:** [REDACTED]  
**Sent:** Thursday, May 30, 2019 10:31:42 AM  
**To:** [REDACTED]  
**Cc:**  
**Bcc:**  
**Subject:** RE: 2032 Question

Hello ,

It seems to me that the rule of § 2032(c) controls. This means that alternate valuation date values can only be used if it results in a lower gross estate and a lower combined estate and GST tax. If, for whatever reason, that is not the case, the taxpayer must use date of death values, even though the 2032 election remains completely valid.

In your situation, the taxpayer made the election with the assumption that based on the values that he reported, the taxes at alternate valuation date would be less than the taxes at date of death. However, after taking into account your examination and adjustments, the date of death value actually results in the lower value of combined estate and GST taxes. The date of death value must be used.

To some extent, this is analogous to the situation in Treas. Reg. § 20.2032-1 which mentions protective elections. There, an executor can make a protective election to use the alternate valuation date, even though the date of death value produces the lower combined taxes. The purpose of the protective election is to allow for the alternate valuation date to be used if it is subsequently determined that the combined taxes will be lower based on the alternate valuation date than based on the date of death. This certainly contemplates lower values that result after an IRS examination.