

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:PSI:B04  
PLR-114438-24

Date:  
December 23, 2024

In Re:

LEGEND

Decedent =  
Date 1 =  
Niece 1 =  
Niece 2 =  
Firm =  
Date 2 =  
Date 3 =  
Date 4 =

Dear \_\_\_\_\_ :

This letter responds to your authorized representative's letter dated August 9, 2024, and subsequent correspondence, requesting an extension of time under §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to make an alternate valuation election under § 2032 of the Internal Revenue Code (Code).

The facts and representations submitted are summarized as follows. Decedent died on Date 1. Niece 1 and Niece 2 are the personal representatives of the Decedent's estate. The personal representatives retained Firm to prepare Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, and to assist in retaining third-party appraisers for certain estate assets. At the time of filing the Form 706, Firm had not received appraisals for Decedent's estate's assets because the appraisers had not yet completed the appraisals.

On Date 2, Decedent's estate timely filed Form 706 without making the election for alternate valuation under § 2032 or the protective alternate valuation election under § 20.2032-1(b)(2) of the Estate Tax Regulations. As of Date 2, the personal representatives were not aware of the need to make, and Firm had not advised the personal representatives of the ability to make, the election for alternate valuation under § 2032 or the protective alternate valuation election under § 20.2032-1(b)(2). On or about Date 3, Firm received appraisals for the estate's assets and advised the personal representatives of the ability to make the alternate valuation election under § 2032.

On Date 4, Decedent's estate filed a supplemental Form 706, attaching the required appraisals and electing alternate valuation under § 2032. As reflected on the supplemental Form 706, the alternate valuation election results in a decrease in the value of the gross estate and the amount of federal estate tax due.

Decedent's estate requests an extension of time to Date 4, the date the supplemental Form 706 was filed, to make an alternate valuation election under § 2032. Date 4 is less than one year after the time prescribed by law (including extensions) for filing the estate tax return.

#### LAW AND ANALYSIS

Section 2032(a) provides, in part, that the value of the gross estate may be determined, if the executor so elects, by valuing all the property included in the gross estate as follows:

- (1) In the case of property distributed, sold, exchanged, or otherwise disposed of, within 6 months after the decedent's death such property shall be valued as of the date of distribution, sale, exchange, or other disposition.
- (2) In the case of property not distributed, sold, exchanged, or otherwise disposed of, within 6 months after the decedent's death such property shall be valued as of the date 6 months after the decedent's death.

Section 2032(c) provides that no election may be made under § 2032 with respect to an estate unless the election will decrease: (1) the value of the gross estate; and (2) the sum of the federal estate tax and the generation-skipping transfer tax imposed on the estate with respect to property includible in the decedent's gross estate (reduced by credits allowable against such taxes).

Section 2032(d)(1) provides that an election under § 2032 shall be made by the executor on the return of tax imposed by § 2001. Under § 2032(d)(2), no election may be made under § 2032 if the return is filed more than 1 year after the time prescribed by law (including extensions) for filing the return.

Section 20.2032-1(b)(2) provides that if, based on the return of tax as filed, use of the alternate valuation method would not result in a decrease in both the value of the gross estate and the sum (reduced by allowable credits) of the estate tax and the generation-skipping transfer tax liability payable by reason of the decedent's death with respect to the property includible in the decedent's gross estate, a protective election may be made to use the alternate valuation method if it is subsequently determined that such a decrease would occur. A protective election is made on the return of tax imposed by § 2001. The protective election is irrevocable as of the due date of the return (including extensions of time actually granted). The protective election becomes effective on the date on which it is determined that use of the alternate valuation method would result in a decrease in both the value of the gross estate and in the sum (reduced by allowable credits) of the estate tax and generation-skipping transfer tax liability payable by reason of the decedent's death with respect to the property includible in the decedent's gross estate.

Section 20.2032-1(b)(3) of the Estate Tax Regulations provides that a request for an extension of time to make the election or protective election pursuant to §§ 301.9100-1 and 301.9100-3 will not be granted unless the estate tax return is filed no later than 1 year after the due date of the return (including extensions actually granted).

Under § 301.9100-1(c), the Commissioner may grant a reasonable extension of time to make a regulatory election, or statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H, and I, if the taxpayer demonstrates to the satisfaction of the Commissioner that the taxpayer has acted reasonably and in good faith, and granting relief will not prejudice the interests of the government.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election.

Section 301.9100-2 provides an automatic extension of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(b)(1)(ii) provides that a taxpayer is deemed to have acted reasonably and in good faith if the taxpayer failed to make the election because of intervening events beyond the taxpayer's control.

Section 301.9100-3(b)(1)(v) provides that a taxpayer is deemed to have acted reasonably and in good faith if the taxpayer reasonably relied on a qualified tax professional, including a tax professional employed by the taxpayer, and the tax professional failed to make, or advise the taxpayer to make, the election.

Based on the facts submitted and the representations made, we conclude that the standards of §§ 301.9100-1 and 301.9100-3 have been satisfied. Therefore, the personal representatives are granted an extension of time to Date 4, the date the supplemental Form 706 was filed, to make the alternate valuation election under § 2032. A copy of this letter along with a copy of the filed supplemental Form 706 should be forwarded to the Internal Revenue Service Center, at the following address: Department of the Treasury, Internal Revenue Service Center, ATTN: E&G, Stop 824G, 7940 Kentucky Drive, Florence, KY 41042-2915.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, we express no opinion concerning whether Decedent's estate is entitled to value Decedent's assets on the alternate valuation date (such conclusion depending, in part, on those factors listed in § 2032(c)). Similarly, we express no opinion concerning the value of Decedent's assets on the alternate valuation date (such conclusion depending upon those factors listed in § 2032(a)).

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

This ruling is directed only to the taxpayer requesting it. Section 6100(k)(3) provides that it may not be used or cited as precedent. In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Associate Chief Counsel  
Passthroughs and Special Industries

*Melissa C. Liquerman*

By: Melissa C. Liquerman  
Senior Counsel, Branch 4  
Office of the Associate Chief Counsel  
(Passthroughs and Special Industries)

Enclosure:

Copy for § 6110 purposes

cc: