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[Third Party Communication:

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Number: **202515013**

Release Date: 4/11/2025

From: [REDACTED]

Sent: Tuesday, August 27, 2024 8:55:03 AM

To: [REDACTED]

Cc: [REDACTED]

Bcc:

Subject: RE: Gross Valuation Understatement Penalty

Hi [REDACTED],

Section 6662(g) and (h) state that there is a gross valuation understatement if the value of any property claimed on any gift or estate tax return is 40 percent or less of the amount determined to be the correct amount of such valuation. Because the estate claimed the annuity on the estate tax return at a value of \$, this would likely be 40 percent or less of the correct value of the annuity (if it was exchanged for \$ worth of bonds). It would follow that unless there is reasonable cause, the 40% section 6662(h) gross valuation misstatement penalty would apply.

Let us know if you have any further questions.

Thanks,

[REDACTED]

[REDACTED]