

United States Estate (and Generation-Skipping Transfer) Tax Return

**Estate of a citizen or resident of the United States (see separate instructions). To be
 filed for decedents dying after December 31, 1992. For Paperwork Reduction Act
 Notice, see page 1 of the instructions.**

OMB No. 1545-0015
 Expires 12-31-95

| | | | | | |
|--------------------------------------|---|---|--|------------------------|--|
| Part 1.—Decedent and Executor | 1a Decedent's first name and middle initial (and maiden name, if any) | 1b Decedent's last name | 2 Decedent's social security no. | | |
| | 3a Domicile at time of death (county and state, or foreign country) | 3b Year domicile established | 4 Date of birth | 5 Date of death | |
| | 6a Name of executor (see instructions) | 6b Executor's address (number and street including apartment or suite no. or rural route; city, town, or post office; state; and ZIP code) | | | |
| | 6c Executor's social security number (see instructions) | | | | |
| | 7a Name and location of court where will was probated or estate administered | | | 7b Case number | |
| | 8 If decedent died testate, check here <input type="checkbox"/> and attach a certified copy of the will. | | 9 If Form 4768 is attached, check here <input type="checkbox"/> | | |
| | 10 If Schedule R-1 is attached, check here <input type="checkbox"/> | | | | |

| | | | | |
|--|---|-----------|---------|----|
| Part 2.—Tax Computation | 1 Total gross estate (from Part 5, Recapitulation, page 3, item 10) | 1 | | |
| | 2 Total allowable deductions (from Part 5, Recapitulation, page 3, item 20) | 2 | | |
| | 3 Taxable estate (subtract line 2 from line 1) | 3 | | |
| | 4 Adjusted taxable gifts (total taxable gifts (within the meaning of section 2503) made by the decedent after December 31, 1976, other than gifts that are includible in decedent's gross estate (section 2001(b)) | 4 | | |
| | 5 Add lines 3 and 4 | 5 | | |
| | 6 Tentative tax on the amount on line 5 from Table A in the instructions | 6 | | |
| | 7a If line 5 exceeds \$10,000,000, enter the lesser of line 5 or \$18,340,000. If line 5 is \$10,000,000 or less, skip lines 7a and 7b and enter -0- on line 7c. | 7a | | |
| | b Subtract \$10,000,000 from line 7a | 7b | | |
| | c Enter 5% (.05) of line 7b | 7c | | |
| | 8 Total tentative tax (add lines 6 and 7c) | 8 | | |
| | 9 Total gift tax payable with respect to gifts made by the decedent after December 31, 1976. Include gift taxes by the decedent's spouse for such spouse's share of split gifts (section 2513) only if the decedent was the donor of these gifts and they are includible in the decedent's gross estate (see instructions) | 9 | | |
| | 10 Gross estate tax (subtract line 9 from line 8) | 10 | | |
| | 11 Maximum unified credit against estate tax | 11 | 192,800 | 00 |
| | 12 Adjustment to unified credit. (This adjustment may not exceed \$6,000. See page 6 of the instructions.) | 12 | | |
| | 13 Allowable unified credit (subtract line 12 from line 11) | 13 | | |
| | 14 Subtract line 13 from line 10 (but do not enter less than zero) | 14 | | |
| | 15 Credit for state death taxes. Do not enter more than line 14. Compute the credit by using the amount on line 3 less \$60,000. See Table B in the instructions and attach credit evidence (see instructions) | 15 | | |
| | 16 Subtract line 15 from line 14 | 16 | | |
| | 17 Credit for Federal gift taxes on pre-1977 gifts (section 2012) (attach computation) | 17 | | |
| | 18 Credit for foreign death taxes (from Schedule(s) P). (Attach Form(s) 706CE) | 18 | | |
| 19 Credit for tax on prior transfers (from Schedule Q) | 19 | | | |
| 20 Total (add lines 17, 18, and 19) | 20 | | | |
| 21 Net estate tax (subtract line 20 from line 16) | 21 | | | |
| 22 Generation-skipping transfer taxes (from Schedule R, Part 2, line 10) | 22 | | | |
| 23 Section 4980A increased estate tax (from Schedule S, Part I, line 17) (see instructions) | 23 | | | |
| 24 Total transfer taxes (add lines 21, 22, and 23) | 24 | | | |
| 25 Prior payments. Explain in an attached statement | 25 | | | |
| 26 United States Treasury bonds redeemed in payment of estate tax | 26 | | | |
| 27 Total (add lines 25 and 26) | 27 | | | |
| 28 Balance due (or overpayment) (subtract line 27 from line 24) | 28 | | | |

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer other than the executor is based on all information of which preparer has any knowledge.

Signature(s) of executor(s) _____ Date _____

Signature of preparer other than executor _____ Address (and ZIP code) _____ Date _____

Estate of:

Part 3.—Elections by the Executor

| <i>Please check the "Yes" or "No" box for each question.</i> | | Yes | No |
|--|--|-----|----|
| 1 | Do you elect alternate valuation? | | |
| 2 | Do you elect special use valuation? If "Yes," you must complete and attach Schedule A-1 | | |
| 3 | Do you elect to pay the taxes in installments as described in section 6166? If "Yes," you must attach the additional information described in the instructions. | | |
| 4 | Do you elect to postpone the part of the taxes attributable to a reversionary or remainder interest as described in section 6163? | | |

Part 4.—General Information (Note: Please attach the necessary supplemental documents. You must attach the death certificate.)

Authorization to receive confidential tax information under Regulations section 601.502(c)(3)(ii), to act as the estate's representative before the Internal Revenue Service, and to make written or oral presentations on behalf of the estate if return prepared by an attorney, accountant, or enrolled agent for the executor:

| | | | |
|--|-------|--|--|
| Name of representative (print or type) | State | Address (number, street, and room or suite no., city, state, and ZIP code) | |
|--|-------|--|--|

I declare that I am the attorney/ accountant/ enrolled agent (you must check the applicable box) for the executor and prepared this return for the executor. I am not under suspension or disbarment from practice before the Internal Revenue Service and am qualified to practice in the state shown above.

| | | | |
|-----------|------------|------|------------------|
| Signature | CAF number | Date | Telephone number |
|-----------|------------|------|------------------|

1 Death certificate number and issuing authority (attach a copy of the death certificate to this return).

2 Decedent's business or occupation. If retired, check here and state decedent's former business or occupation.

3 Marital status of the decedent at time of death:

- Married
- Widow or widower—Name, SSN, and date of death of deceased spouse ►
- Single
- Legally separated
- Divorced—Date divorce decree became final ►

| | | |
|----------------------------|---------------------------|---------------------------------------|
| 4a Surviving spouse's name | 4b Social security number | 4c Amount received (see instructions) |
|----------------------------|---------------------------|---------------------------------------|

5 Individuals (other than the surviving spouse), trusts, or other estates who receive benefits from the estate (do not include charitable beneficiaries shown in Schedule O) (see instructions). For Privacy Act Notice (applicable to individual beneficiaries only), see the Instructions for Form 1040.

| Name of individual, trust, or estate receiving \$5,000 or more | Identifying number | Relationship to decedent | Amount (see instructions) |
|---|--------------------|--------------------------|---------------------------|
| All unascertainable beneficiaries and those who receive less than \$5,000 ► | | | |

Total

Part 4.—General Information (continued)

| <i>Please check the "Yes" or "No" box for each question.</i> | | Yes | No |
|---|---|-----|----|
| 6 | Does the gross estate contain any section 2044 property (qualified terminable interest property (QTIP) from a prior gift or estate) (see page 5 of the instructions)? | | |
| 7a | Have Federal gift tax returns ever been filed? If "Yes," please attach copies of the returns, if available, and furnish the following information: | | |
| 7b | Period(s) covered | | |
| 7c | Internal Revenue office(s) where filed | | |
| If you answer "Yes" to any of questions 8–16, you must attach additional information as described in the instructions. | | | |
| 8a | Was there any insurance on the decedent's life that is not included on the return as part of the gross estate? | | |
| b | Did the decedent own any insurance on the life of another that is not included in the gross estate? | | |
| 9 | Did the decedent at the time of death own any property as a joint tenant with right of survivorship in which (a) one or more of the other joint tenants was someone other than the decedent's spouse, and (b) less than the full value of the property is included on the return as part of the gross estate? If "Yes," you must complete and attach Schedule E | | |
| 10 | Did the decedent, at the time of death, own any interest in a partnership or unincorporated business or any stock in an inactive or closely held corporation? | | |
| 11 | Did the decedent make any transfer described in section 2035, 2036, 2037, or 2038 (see the instructions for Schedule G)? If "Yes," you must complete and attach Schedule G | | |
| 12 | Were there in existence at the time of the decedent's death: | | |
| a | Any trusts created by the decedent during his or her lifetime? | | |
| b | Any trusts not created by the decedent under which the decedent possessed any power, beneficial interest, or trusteeship? | | |
| 13 | Did the decedent ever possess, exercise, or release any general power of appointment? If "Yes," you must complete and attach Schedule H | | |
| 14 | Was the marital deduction computed under the transitional rule of Public Law 97-34, section 403(e)(3) (Economic Recovery Tax Act of 1981)? If "Yes," attach a separate computation of the marital deduction, enter the amount on item 18 of the Recapitulation, and note on item 18 "computation attached." | | |
| 15 | Was the decedent, immediately before death, receiving an annuity described in the "General" paragraph of the instructions for Schedule I? If "Yes," you must complete and attach Schedule I | | |
| 16 | Did the decedent have a total "excess retirement accumulation" (as defined in section 4980A(d)) in qualified employer plans and individual retirement plans? If "Yes," you must complete and attach Schedule S | | |

Part 5.—Recapitulation

| Item number | Gross estate | Alternate value | Value at date of death |
|-------------|---|-----------------|------------------------|
| 1 | Schedule A—Real Estate | | |
| 2 | Schedule B—Stocks and Bonds | | |
| 3 | Schedule C—Mortgages, Notes, and Cash | | |
| 4 | Schedule D—Insurance on the Decedent's Life (attach Form(s) 712) | | |
| 5 | Schedule E—Jointly Owned Property (attach Form(s) 712 for life insurance) | | |
| 6 | Schedule F—Other Miscellaneous Property (attach Form(s) 712 for life insurance) | | |
| 7 | Schedule G—Transfers During Decedent's Life (attach Form(s) 712 for life insurance) | | |
| 8 | Schedule H—Powers of Appointment | | |
| 9 | Schedule I—Annuities | | |
| 10 | Total gross estate (add items 1 through 9). Enter here and on line 1 of the Tax Computation | | |
| Item number | Deductions | Amount | |
| 11 | Schedule J—Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims | | |
| 12 | Schedule K—Debts of the Decedent | | |
| 13 | Schedule K—Mortgages and Liens | | |
| 14 | Total of items 11 through 13 | | |
| 15 | Allowable amount of deductions from item 14 (see the instructions for item 15 of the Recapitulation) | | |
| 16 | Schedule L—Net Losses During Administration | | |
| 17 | Schedule L—Expenses Incurred in Administering Property Not Subject to Claims | | |
| 18 | Schedule M—Bequests, etc., to Surviving Spouse | | |
| 19 | Schedule O—Charitable, Public, and Similar Gifts and Bequests | | |
| 20 | Total allowable deductions (add items 15 through 19). Enter here and on line 2 of the Tax Computation | | |

Estate of: _____

SCHEDULE A—Real Estate

(For jointly owned property that must be disclosed on Schedule E, see the instructions for Schedule E.)

(Real estate that is part of a sole proprietorship should be shown on Schedule F. Real estate that is included in the gross estate under section 2035, 2036, 2037, or 2038 should be shown on Schedule G. Real estate that is included in the gross estate under section 2041 should be shown on Schedule H.)

(If you elect section 2032A valuation, you must complete Schedule A and Schedule A-1.)

| Item number | Description | Alternate valuation date | Alternate value | Value at date of death |
|--|-------------|--------------------------|-----------------|------------------------|
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule . . . | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 1.) | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (See the instructions on the reverse side.)

Instructions for Schedule A—Real Estate

If the total gross estate contains any real estate, you must complete Schedule A and file it with the return. On Schedule A list real estate the decedent owned or had contracted to purchase. Number each parcel in the left-hand column.

Describe the real estate in enough detail so that the IRS can easily locate it for inspection and valuation. For each parcel of real estate, report the area and, if the parcel is improved, describe the improvements. For city or town property, report the street and number, ward, subdivision, block and lot, etc. For rural property, report the township, range, landmarks, etc.

If any item of real estate is subject to a mortgage for which the decedent's estate is liable, that is, if the indebtedness may be charged against other property of the estate that is not subject to that mortgage, or if the decedent was personally liable for that mortgage, you must report the full value of the property in the value column.

Enter the amount of the mortgage under "Description" on this schedule. The unpaid amount of the mortgage may be deducted on Schedule K. If the decedent's estate is NOT liable for the amount of the mortgage, report only the value of the equity of redemption (or value of the property less the indebtedness) in the value column as part of the gross estate. Do not enter any amount less than zero. Do not deduct the amount of indebtedness on Schedule K.

Also list on Schedule A real property the decedent contracted to purchase. Report the full value of the property and not the equity in the value column. Deduct the unpaid part of the purchase price on Schedule K.

Report the value of real estate without reducing it for homestead or other exemption, or the value of dower, curtesy, or a statutory estate created instead of dower or curtesy.

Explain how the reported values were determined and attach copies of any appraisals.

Schedule A Examples

In this example, the alternate valuation is not adopted; the date of death is January 1, 1993.

| Item number | Description | Alternate valuation date | Alternate value | Value at date of death |
|-------------|---|--------------------------|-----------------|------------------------|
| 1 | House and lot, 1921 William Street NW, Washington, DC (lot 6, square 481). Rent of \$2,700 due at end of each quarter, February 1, May 1, August 1, and November 1. Value based on appraisal, copy of which is attached | | | 108,000 |
| | Rent due on item 1 for quarter ending November 1, 1992, but not collected at date of death | | | 2,700 |
| | Rent accrued on item 1 for November and December 1992 | | | 1,800 |
| 2 | House and lot, 304 Jefferson Street, Alexandria, VA (lot 18, square 40). Rent of \$600 payable monthly. Value based on appraisal, copy of which is attached | | | 96,000 |
| | Rent due on item 2 for December 1992, but not collected at date of death | | | 600 |

In this example, alternate valuation is adopted; the date of death is January 1, 1993.

| Item number | Description | Alternate valuation date | Alternate value | Value at date of death |
|-------------|--|--------------------------|-----------------|------------------------|
| 1 | House and lot, 1921 William Street NW, Washington, DC (lot 6, square 481). Rent of \$2,700 due at end of each quarter, February 1, May 1, August 1, and November 1. Value based on appraisal, copy of which is attached. Not disposed of within 6 months following death | 7/1/93 | 90,000 | 108,000 |
| | Rent due on item 1 for quarter ending November 1, 1992, but not collected until February 1, 1993 | 2/1/93 | 2,700 | 2,700 |
| | Rent accrued on item 1 for November and December 1992, collected on February 1, 1993 | 2/1/93 | 1,800 | 1,800 |
| 2 | House and lot, 304 Jefferson Street, Alexandria, VA (lot 18, square 40). Rent of \$600 payable monthly. Value based on appraisal, copy of which is attached. Property exchanged for farm on May 1, 1993 | 5/1/93 | 90,000 | 96,000 |
| | Rent due on item 2 for December 1992, but not collected until February 1, 1993 | 2/1/93 | 600 | 600 |

Instructions for Schedule A-1.—Section 2032A Valuation

The election to value certain farm and closely held business property at its special use value is made by checking "Yes" to line 2 of Part 3, Elections by the Executor, Form 706. Schedule A-1 is used to report the additional information that must be submitted to support this election. In order to make a valid election, you must complete Schedule A-1 and attach all of the required statements and appraisals.

For definitions and additional information concerning special use valuation, see section 2032A and the related regulations.

Part 1.—Type of Election

Estate and GST Tax Elections.—If you elect special use valuation for the estate tax, you must also elect special use valuation for the GST tax and vice versa.

You must value each specific property interest at the same value for GST tax purposes that you value it at for estate tax purposes.

Protective Election.—To make the protective election described in the separate instructions for line 2 of Part 3, Elections by the Executor, you must check this box, enter the decedent's name and social security number in the spaces provided at the top of Schedule A-1, and complete line 1 and column A of lines 3 and 4 of Part 2. For purposes of the protective election, list on line 3 all of the real property that passes to the qualified heirs even though some of the property will be shown on line 2 when the additional notice of election is subsequently filed. You need not complete columns B–D of lines 3 and 4. You need not complete any other line entries on Schedule A-1. Completing Schedule A-1 as described above constitutes a Notice of Protective Election as described in Regulations section 20.2032A-8(b).

Part 2.—Notice of Election

Line 10.—Because the special use valuation election creates a potential tax liability for the recapture tax of section 2032A(c), you must list each person who receives an interest in the specially valued property on Schedule A-1. If there are more than eight persons who receive interests, use an additional sheet that follows the format of line 10. In the columns "Fair market value" and "Special use value," you should enter the total respective values of all the specially valued property interests received by each person.

GST Tax Savings

To compute the additional GST tax due upon disposition (or cessation of qualified use) of the property, each "skip person" (as defined in the instructions to Schedule R) who receives an interest in the specially valued property must know the total GST tax savings on all of the interests in specially valued property received. This GST tax savings is the difference between the total GST tax that was imposed on all of the interests in specially valued property received by the skip person valued at their special use value and the total GST tax that would have been imposed on the same interests received by the skip person had they been valued at their fair market value.

Because the GST tax depends on the executor's allocation of the GST exemption and the grandchild exclusion, the skip person who receives the interests is unable to compute this GST tax savings. Therefore, for each skip person who receives an interest in specially valued property, you must attach worksheets showing the total GST tax savings attributable to all of that person's interests in specially valued property.

How To Compute the GST Tax Savings.—Before computing each skip person's GST tax savings, you must complete Schedules R and R-1 for the entire estate (using the special use values).

For each skip person, you must complete two Schedules R (Parts 2 and 3 only) as worksheets, one showing the interests in specially valued property received by the skip person at their special use value and one showing the same interests at their fair market value.

If the skip person received interests in specially valued property that were shown on Schedule R-1, show these interests on the Schedule R, Parts 2 and 3 worksheets, as appropriate. Do not use Schedule R-1 as a worksheet.

Completing the Special Use Value Worksheets.—On lines 2–4 and 6, enter -0-.

Completing the Fair Market Value Worksheets.—*Lines 2 and 3, fixed taxes and other charges.*—If valuing the interests at their fair market value (instead of special use value) causes any of these taxes and charges to increase, enter the increased amount (only) on these lines and attach an explanation of the increase. Otherwise, enter -0-.

Line 6—GST exemption.—If you completed line 10 of Schedule R, Part 1, enter on line 6 the amount shown for the skip person on the *line 10 special use allocation schedule* you attached to Schedule R. If you did not complete line 10 of Schedule R, Part 1, enter -0- on line 6.

Total GST Tax Savings.—For each skip person, subtract the tax amount on line 10, Part 2 of the special use value worksheet from the tax amount on line 10, Part 2 of the fair market value worksheet. This difference is the skip person's total GST tax savings.

Part 3.—Agreement to Special Valuation Under Section 2032A

The agreement to special valuation by persons with an interest in property is required under section 2032A(a)(1)(B) and (d)(2) and must be signed by all parties who have any interest in the property being valued based on its qualified use as of the date of the decedent's death.

An interest in property is an interest that, as of the date of the decedent's death, can be asserted under applicable local law so as to affect the disposition of the specially valued property by the estate. Any person who at the decedent's death has any such interest in the property, whether present or future, or vested or contingent, must enter into the agreement. Included are owners of remainder and executory interests; the holders of general or special powers of appointment; beneficiaries of a gift over in default of exercise of any such power; joint tenants and holders of similar undivided interests when the decedent held only a joint or undivided interest in the property or when only an undivided interest is specially valued; and trustees of trusts and representatives of other entities holding title to, or holding any interests in the property. An heir who has the power under local law to caveat (challenge) a will and thereby affect disposition of the property is not, however, considered to be a person with an interest in property under section 2032A solely by reason of that right. Likewise, creditors of an estate are not such persons solely by reason of their status as creditors.

If any person required to enter into the agreement either desires that an agent act for him or her or cannot legally bind himself or herself due to infancy or other incompetency, or due to death before the election under section 2032A is timely exercised, a representative authorized by local law to bind the person in an agreement of this nature may sign the agreement on his or her behalf.

The Internal Revenue Service will contact the agent designated in the agreement on all matters relating to continued qualification under section 2032A of the specially valued real property and on all matters relating to the special lien arising under section 6324B. It is the duty of the agent as attorney-in-fact for the parties with interests in the specially valued property to furnish the IRS with any requested information and to notify the IRS of any disposition or cessation of qualified use of any part of the property.

Checklist for Section 2032A Election—*If you are going to make the special use valuation election on Schedule A-1, please use this checklist to ensure that you are providing everything necessary to make a valid election.*

To have a valid special use valuation election under section 2032A, you must file, in addition to the Federal estate tax return, **(a)** a notice of election (Schedule A-1, Part 2), and **(b)** a fully executed agreement (Schedule A-1, Part 3). You must include certain information in the notice of election. To ensure that the notice of election includes all of the information required for a valid election, use the following checklist. The checklist is for your use only. Do not file it with the return.

1. Does the notice of election include the decedent's name and social security number as they appear on the estate tax return?

2. Does the notice of election include the relevant qualified use of the property to be specially valued?

3. Does the notice of election describe the items of real property shown on the estate tax return that are to be specially valued and identify the property by the Form 706 schedule and item number?

4. Does the notice of election include the fair market value of the real property to be specially valued and also include its value based on the qualified use (determined without the adjustments provided in section 2032A(b)(3)(B))?

5. Does the notice of election include the adjusted value (as defined in section 2032A(b)(3)(B)) of **(a)** all real property that both passes from the decedent and is used in a qualified use, without regard to whether it is to be specially valued, and **(b)** all real property to be specially valued?

6. Does the notice of election include **(a)** the items of personal property shown on the estate tax return that pass from the decedent to a qualified heir and that are used in qualified use and **(b)** the total value of such personal property adjusted under section 2032A(b)(3)(B)?

7. Does the notice of election include the adjusted value of the gross estate? (See section 2032A(b)(3)(A).)

8. Does the notice of election include the method used to determine the special use value?

9. Does the notice of election include copies of written appraisals of the fair market value of the real property?

10. Does the notice of election include a statement that the decedent and/or a member of his or her family has owned all of the specially valued property for at

least 5 years of the 8 years immediately preceding the date of the decedent's death?

11. Does the notice of election include a statement as to whether there were any periods during the 8-year period preceding the decedent's date of death during which the decedent or a member of his or her family **(a)** did not own the property to be specially valued, **(b)** use it in a qualified use, or **(c)** materially participate in the operation of the farm or other business? (See section 2032A(e)(6).)

12. Does the notice of election include, for each item of specially valued property, the name of every person taking an interest in that item of specially valued property and the following information about each such person: **(a)** the person's address, **(b)** the person's taxpayer identification number, **(c)** the person's relationship to the decedent, and **(d)** the value of the property interest passing to that person based on both fair market value and qualified use?

13. Does the notice of election include affidavits describing the activities constituting material participation and the identity of the material participants?

14. Does the notice of election include a legal description of each item of specially valued property?

(In the case of an election made for qualified woodlands, the information included in the notice of election must include the reason for entitlement to the woodlands election.)

Any election made under section 2032A will not be valid unless a properly executed agreement (Schedule A-1, Part 3) is filed with the estate tax return. To ensure that the agreement satisfies the requirements for a valid election, use the following checklist.

1. Has the agreement been signed by each and every qualified heir having an interest in the property being specially valued?

2. Has every qualified heir expressed consent to personal liability under section 2032A(c) in the event of an early disposition or early cessation of qualified use?

3. Is the agreement that is actually signed by the qualified heirs in a form that is binding on all of the qualified heirs having an interest in the specially valued property?

4. Does the agreement designate an agent to act for the parties to the agreement in all dealings with the IRS on matters arising under section 2032A?

5. Has the agreement been signed by the designated agent and does it give the address of the agent?

| | |
|-------------------|--|
| Estate of: | Decedent's Social Security Number : : : : |
|-------------------|--|

SCHEDULE A-1—Section 2032A Valuation

Part 1.—Type of Election (Before making an election, see the checklist on page 7.):

- Protective election (Regulations section 20.2032A-8(b)).**—Complete Part 2, line 1, and column A of lines 3 and 4. (See instructions.)
 Regular election.—Complete all of Part 2 (including line 11, if applicable) and Part 3. (See instructions.)

Before completing Schedule A-1, see the checklist on page 7 for the information and documents that must be included to make a valid election.

The election is not valid unless the agreement (i.e., Part 3-Agreement to Special Valuation Under Section 2032A)—

- Is signed by each and every qualified heir with an interest in the specially valued property, and
- Is attached to this return when it is filed.

Part 2.—Notice of Election (Regulations section 20.2032A-8(a)(3))

Note: All real property entered on lines 2 and 3 must also be entered on Schedules A, E, F, G, or H, as applicable.

- 1 Qualified use—check one Farm used for farming, or
 Trade or business other than farming
- 2 Real property used in a qualified use, passing to qualified heirs, and to be specially valued on this Form 706.

| A Schedule and item number from Form 706 | B Full value (without section 2032A(b)(3)(B) adjustment) | C Adjusted value (with section 2032A(b)(3)(B) adjustment) | D Value based on qualified use (without section 2032A(b)(3)(B) adjustment) |
|---|--|---|--|
| | | | |
| | | | |
| | | | |
| Totals | | | |

Attach a legal description of all property listed on line 2.
Attach copies of appraisals showing the column B values for all property listed on line 2.

- 3 Real property used in a qualified use, passing to qualified heirs, but not specially valued on this Form 706.

| A Schedule and item number from Form 706 | B Full value (without section 2032A(b)(3)(B) adjustment) | C Adjusted value (with section 2032A(b)(3)(B) adjustment) | D Value based on qualified use (without section 2032A(b)(3)(B) adjustment) |
|---|--|---|--|
| | | | |
| | | | |
| | | | |
| Totals | | | |

If you checked "Regular election," you must attach copies of appraisals showing the column B values for all property listed on line 3.

4 Personal property used in a qualified use and passing to qualified heirs.

| A Schedule and item number from Form 706 | B Adjusted value (with section 2032A(b)(3)(B) adjustment) | A (continued) Schedule and item number from Form 706 | B (continued) Adjusted value (with section 2032A(b)(3)(B) adjustment) |
|---|---|---|---|
| | | "Subtotal" from Col. B, below left | |
| Subtotal | | Total adjusted value | |

5 Enter the value of the total gross estate as adjusted under section 2032A(b)(3)(A). ▶ _____

6 Attach a description of the method used to determine the special value based on qualified use.

7 Did the decedent and/or a member of his or her family own all property listed on line 2 for at least 5 of the 8 years immediately preceding the date of the decedent's death? Yes No

8 Were there any periods during the 8-year period preceding the date of the decedent's death during which the decedent or a member of his or her family:

| | Yes | No |
|--|-----|----|
| a Did not own the property listed on line 2 above? | | |
| b Did not use the property listed on line 2 above in a qualified use? | | |
| c Did not materially participate in the operation of the farm or other business within the meaning of section 2032A(e)(6)? | | |

If "Yes" to any of the above, you must attach a statement listing the periods. If applicable, describe whether the exceptions of sections 2032A(b)(4) or (5) are met.

9 Attach affidavits describing the activities constituting material participation and the identity and relationship to the decedent of the material participants.

10 Persons holding interests. Enter the requested information for each party who received any interest in the specially valued property. (Each of the qualified heirs receiving an interest in the property must sign the agreement, and the agreement must be filed with this return.)

| | Name | Address | | |
|---|--------------------|--------------------------|-------------------|-------------------|
| A | | | | |
| B | | | | |
| C | | | | |
| D | | | | |
| E | | | | |
| F | | | | |
| G | | | | |
| H | | | | |
| | Identifying number | Relationship to decedent | Fair market value | Special use value |
| A | | | | |
| B | | | | |
| C | | | | |
| D | | | | |
| E | | | | |
| F | | | | |
| G | | | | |
| H | | | | |

You must attach a computation of the GST tax savings attributable to direct skips for each person listed above who is a skip person. (See instructions.)

11 **Woodlands election.**—Check here if you wish to make a woodlands election as described in section 2032A(e)(13). Enter the Schedule and item numbers from Form 706 of the property for which you are making this election ▶
 You must attach a statement explaining why you are entitled to make this election. The IRS may issue regulations that require more information to substantiate this election. You will be notified by the IRS if you must supply further information.

Part 3.—Agreement to Special Valuation Under Section 2032A

| | | |
|-------------------|---------------|-----------------------------------|
| Estate of: | Date of Death | Decedent's Social Security Number |
| _____ | _____ | _____ |

There cannot be a valid election unless:

- The agreement is executed by each and every one of the qualified heirs, and
- The agreement is included with the estate tax return when the estate tax return is filed.

We (list all qualified heirs and other persons having an interest in the property required to sign this agreement)

 _____,
 being all the qualified heirs and _____,

_____ being all other parties having interests in the property which is qualified real property and which is valued under section 2032A of the Internal Revenue Code, do hereby approve of the election made by _____, Executor/Administrator of the estate of _____, pursuant to section 2032A to value said property on the basis of the qualified use to which the property is devoted and do hereby enter into this agreement pursuant to section 2032A(d).

The undersigned agree and consent to the application of subsection (c) of section 2032A of the Code with respect to all the property described on line 2 of Part 2 of Schedule A-1 of Form 706, attached to this agreement. More specifically, the undersigned heirs expressly agree and consent to personal liability under subsection (c) of 2032A for the additional estate and GST taxes imposed by that subsection with respect to their respective interests in the above-described property in the event of certain early dispositions of the property or early cessation of the qualified use of the property. It is understood that if a qualified heir disposes of any interest in qualified real property to any member of his or her family, such member may thereafter be treated as the qualified heir with respect to such interest upon filing a Form 706-A and a new agreement.

The undersigned interested parties who are not qualified heirs consent to the collection of any additional estate and GST taxes imposed under section 2032A(c) of the Code from the specially valued property.

If there is a disposition of any interest which passes or has passed to him or her or if there is a cessation of the qualified use of any specially valued property which passes or passed to him or her, each of the undersigned heirs agrees to file a **Form 706-A**, United States Additional Estate Tax Return, and pay any additional estate and GST taxes due within 6 months of the disposition or cessation.

It is understood by all interested parties that this agreement is a condition precedent to the election of special use valuation under section 2032A of the Code and must be executed by every interested party even though that person may not have received the estate (or GST) tax benefits or be in possession of such property.

Each of the undersigned understands that by making this election, a lien will be created and recorded pursuant to section 6324B of the Code on the property referred to in this agreement for the adjusted tax differences with respect to the estate as defined in section 2032A(c)(2)(C).

As the interested parties, the undersigned designate the following individual as their agent for all dealings with the Internal Revenue Service concerning the continued qualification of the specially valued property under section 2032A of the Code and on all issues regarding the special lien under section 6324B. The agent is authorized to act for the parties with respect to all dealings with the Service on matters affecting the qualified real property described earlier. This authority includes the following:

- To receive confidential information on all matters relating to continued qualification under section 2032A of the specially valued real property and on all matters relating to the special lien arising under section 6324B.
- To furnish the Service with any requested information concerning the property.
- To notify the Service of any disposition or cessation of qualified use of any part of the property.
- To receive, but not to endorse and collect, checks in payment of any refund of Internal Revenue taxes, penalties, or interest.
- To execute waivers (including offers of waivers) of restrictions on assessment or collection of deficiencies in tax and waivers of notice of disallowance of a claim for credit or refund.
- To execute closing agreements under section 7121.

(continued on next page)

Part 3.—Agreement to Special Valuation Under Section 2032A (Continued)

| | | |
|-------------------|---------------|--|
| Estate of: | Date of Death | Decedent's Social Security Number : : : : |
|-------------------|---------------|--|

• Other acts (specify) ► _____

By signing this agreement, the agent agrees to provide the Service with any requested information concerning this property and to notify the Service of any disposition or cessation of the qualified use of any part of this property.

| | | |
|---------------|-----------|---------|
| Name of Agent | Signature | Address |
|---------------|-----------|---------|

The property to which this agreement relates is listed in Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, and in the Notice of Election, along with its fair market value according to section 2031 of the Code and its special use value according to section 2032A. The name, address, social security number, and interest (including the value) of each of the undersigned in this property are as set forth in the attached Notice of Election.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands at _____,

this _____ day of _____ .

SIGNATURES OF EACH OF THE QUALIFIED HEIRS:

| | |
|--------------------------------------|--------------------------------------|
| _____ Signature of qualified heir | _____ Signature of qualified heir |
| _____ Signature of qualified heir | _____ Signature of qualified heir |
| _____ Signature of qualified heir | _____ Signature of qualified heir |
| _____ Signature of qualified heir | _____ Signature of qualified heir |
| _____ Signature of qualified heir | _____ Signature of qualified heir |
| _____ Signature of qualified heir | _____ Signature of qualified heir |

Signatures of other interested parties

Signatures of other interested parties

Estate of: _____

SCHEDULE B—Stocks and Bonds

(For jointly owned property that must be disclosed on Schedule E, see the instructions for Schedule E.)

| Item number | Description including face amount of bonds or number of shares and par value where needed for identification. Give CUSIP number if available. | Unit value | Alternate valuation date | Alternate value | Value at date of death |
|--|---|------------|--------------------------|-----------------|------------------------|
| 1 | | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule . . . | | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 2.) | | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (The instructions to Schedule B are in the separate instructions.)

Estate of: _____

SCHEDULE C—Mortgages, Notes, and Cash

(For jointly owned property that must be disclosed on Schedule E, see the instructions for Schedule E.)

| Item number | Description | Alternate valuation date | Alternate value | Value at date of death |
|--|-------------|--------------------------|-----------------|------------------------|
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule . | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 3.) | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (See the instructions on the reverse side.)

Instructions for Schedule C.— Mortgages, Notes, and Cash

If the total gross estate contains any mortgages, notes, or cash, you must complete Schedule C and file it with the return.

On Schedule C list mortgages and notes *payable to* the decedent at the time of death. (Mortgages and notes *payable by* the decedent should be listed (if deductible) on Schedule K.) Also list on Schedule C cash the decedent had at the date of death.

Group the items in the following categories and list the categories in the following order:

1. Mortgages.—List: (a) the face value and unpaid balance; (b) date of mortgage; (c) date of maturity; (d) name of maker; (e) property mortgaged; and (f) interest dates and rate of interest. For example: bond and mortgage of \$50,000, unpaid balance \$24,000; dated January 1, 1980; John Doe to Richard Roe; premises 22 Clinton Street, Newark, NJ; due January 1, 1993, interest payable at 10% a year January 1 and July 1.

2. Promissory notes.—Describe in the same way as mortgages.

3. Contract by the decedent to sell land.—List: (a) the name of the purchaser; (b) date of contract; (c) description of property; (d) sale price; (e) initial payment; (f) amounts of installment payment; (g) unpaid balance of principal; and (h) interest rate.

4. Cash in possession.—List separately from bank deposits.

5. Cash in banks, savings and loan associations, and other types of financial organizations.—List: (a) the name and address of each financial organization; (b) amount in each account; (c) serial number; and (d) nature of account, indicating whether checking, savings, time deposit, etc. If you obtain statements from the financial organizations, keep them for IRS inspection.

Estate of: _____

SCHEDULE D—Insurance on the Decedent's Life

You must list **all** policies on the life of the decedent and attach a Form 712 for each policy.

| Item number | Description | Alternate valuation date | Alternate value | Value at date of death |
|--|-------------|--------------------------|-----------------|------------------------|
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule . | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 4.) | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (See the instructions on the reverse side.)

Instructions for Schedule D.—Insurance on the Decedent's Life

If there was any insurance on the decedent's life, whether or not included in the gross estate, you must complete Schedule D and file it with the return.

Insurance you must include on Schedule D.—Under section 2042 you must include in the gross estate:

- Insurance on the decedent's life receivable by or for the benefit of the estate; and
- Insurance on the decedent's life receivable by beneficiaries other than the estate, as described below.

The term "insurance" refers to life insurance of every description, including death benefits paid by fraternal beneficiary societies operating under the lodge system, and death benefits paid under no-fault automobile insurance policies if the no-fault insurer was unconditionally bound to pay the benefit in the event of the insured's death.

Insurance in favor of the estate.—Include on Schedule D the full amount of the proceeds of insurance on the life of the decedent receivable by the executor or otherwise payable to or for the benefit of the estate. Insurance in favor of the estate includes insurance used to pay the estate tax, and any other taxes, debts, or charges that are enforceable against the estate. The manner in which the policy is drawn is immaterial as long as there is an obligation, legally binding on the beneficiary, to use the proceeds to pay taxes, debts, or charges. You must include the full amount even though the premiums or other consideration may have been paid by a person other than the decedent.

Insurance receivable by beneficiaries other than the estate.—Include on Schedule D the proceeds of all insurance on the life of the decedent not receivable by or for the benefit of the decedent's estate if the decedent possessed at death any of the incidents of ownership, exercisable either alone or in conjunction with any person.

Incidents of ownership in a policy include:

- The right of the insured or estate to its economic benefits;
- The power to change the beneficiary;

- The power to surrender or cancel the policy;
- The power to assign the policy or to revoke an assignment;
- The power to pledge the policy for a loan;
- The power to obtain from the insurer a loan against the surrender value of the policy;
- A reversionary interest if the value of the reversionary interest was more than 5% of the value of the policy immediately before the decedent died. (An interest in an insurance policy is considered a reversionary interest if, for example, the proceeds become payable to the insured's estate or payable as the insured directs if the beneficiary dies before the insured.)

Life insurance not includible in the gross estate under section 2042 may be includible under some other section of the Code. For example, a life insurance policy could be transferred by the decedent in such a way that it would be includible in the gross estate under section 2036, 2037, or 2038. (See the instructions to Schedule G for a description of these sections.)

Completing the Schedule

You must list every policy of insurance on the life of the decedent, whether or not it is included in the gross estate.

Under "Description" list:

- Name of the insurance company and
- Number of the policy.

For every policy of life insurance listed on the schedule, you must request a statement on **Form 712**, Life Insurance Statement, from the company that issued the policy. Attach the Form 712 to the back of Schedule D.

If the policy proceeds are paid in one sum, enter the net proceeds received (from Form 712, line 24) in the value (and alternate value) columns of Schedule D. If the policy proceeds are not paid in one sum, enter the value of the proceeds as of the date of the decedent's death (from Form 712, line 25).

If part or all of the policy proceeds are not included in the gross estate, you must explain why they were not included.

Estate of:

SCHEDULE E—Jointly Owned Property

(If you elect section 2032A valuation, you must complete Schedule E and Schedule A-1.)

PART 1.—Qualified Joint Interests—Interests Held by the Decedent and His or Her Spouse as the Only Joint Tenants (Section 2040(b)(2))

| Item number | Description For securities, give CUSIP number, if available. | Alternate valuation date | Alternate value | Value at date of death |
|---|---|--------------------------|-----------------|------------------------|
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule. | | | | |
| 1a Totals | | | | |
| 1b Amounts included in gross estate (one-half of line 1a) | | | | |

PART 2.—All Other Joint Interests

2a State the name and address of each surviving co-tenant. If there are more than three surviving co-tenants, list the additional co-tenants on an attached sheet.

| Name | Address (number and street, city, state, and ZIP code) |
|-----------|--|
| A. | |
| B. | |
| C. | |

| Item number | Enter letter for co-tenant | Description (including alternate valuation date if any) For securities, give CUSIP number, if available. | Percentage includible | Includible alternate value | Includible value at date of death |
|--|----------------------------|---|-----------------------|----------------------------|-----------------------------------|
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule. | | | | | |
| 2b Total other joint interests | | | | | |
| 3 Total includible joint interests (add lines 1b and 2b). Also enter on Part 5, Recapitulation, page 3, at item 5 | | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
(See the instructions on the reverse side.)

Instructions for Schedule E.—Jointly Owned Property

You must complete Schedule E and file it with the return if the decedent owned any joint property at the time of death, whether or not the decedent's interest is includible in the gross estate.

Enter on this schedule all property of whatever kind or character, whether real estate, personal property, or bank accounts, in which the decedent held at the time of death an interest either as a joint tenant with right to survivorship or as a tenant by the entirety.

Do not list on this schedule property that the decedent held as a tenant in common, but report the value of the interest on Schedule A if real estate, or on the appropriate schedule if personal property. Similarly, community property held by the decedent and spouse should be reported on the appropriate Schedules A through I. The decedent's interest in a partnership should not be entered on this schedule unless the partnership interest itself is jointly owned. Solely owned partnership interests should be reported on Schedule F, "Other Miscellaneous Property."

Part 1.—Qualified joint interests held by decedent and spouse.—Under section 2040(b)(2), a joint interest is a qualified joint interest if the decedent and the surviving spouse held the interest as:

- Tenants by the entirety, or
- Joint tenants with right of survivorship if the decedent and the decedent's spouse are the only joint tenants.

Interests that meet either of the two requirements above should be entered in Part 1. Joint interests that do not meet either of the two requirements above should be entered in Part 2.

Under "Description," describe the property as required in the instructions for Schedules A, B, C, and F for the type of property involved. For example, jointly held stocks and bonds should be described using the rules given in the instructions to Schedule B.

Under "Alternate value" and "Value at date of death," enter the full value of the property.

Note: *You cannot claim the special treatment under section 2040(b) for property held jointly by a decedent and a surviving spouse who is not a U.S. citizen. You must report these joint interests on Part 2 of Schedule E, not Part 1.*

Part 2.—Other joint interests.—All joint interests that were not entered in Part 1 must be entered in Part 2.

For each item of property, enter the appropriate letter A, B, C, etc., from line 2a to indicate the name and address of the surviving co-tenant.

Under "Description," describe the property as required in the instructions for Schedules A, B, C, and F for the type of property involved.

In the "Percentage includible" column, enter the percentage of the total value of the property that you intend to include in the gross estate.

Generally, you must include the full value of the jointly owned property in the gross estate. However, the full value should not be included if you can show that a part of the property originally belonged to the other tenant or tenants and was never received or acquired by the other tenant or tenants from the decedent for less than adequate and full consideration in money or money's worth, or unless you can show that any part of the property was acquired with consideration originally belonging to the surviving joint tenant or tenants. In this case, you may exclude from the value of the property an amount proportionate to the consideration furnished by the other tenant or tenants. Relinquishing or promising to relinquish dower, curtesy, or statutory estate created instead of dower or curtesy, or other marital rights in the decedent's property or estate is not consideration in money or money's worth. See the Schedule A instructions for the value to show for real property that is subject to a mortgage.

If the property was acquired by the decedent and another person or persons by gift, bequest, devise, or inheritance as joint tenants, and their interests are not otherwise specified by law, include only that part of the value of the property that is figured by dividing the full value of the property by the number of joint tenants.

If you believe that less than the full value of the entire property is includible in the gross estate for tax purposes, you must establish the right to include the smaller value by attaching proof of the extent, origin, and nature of the decedent's interest and the interest(s) of the decedent's co-tenant or co-tenants.

In the "Includible alternate value" and "Includible value at date of death" columns, you should enter only the values that you believe are includible in the gross estate.

Estate of:

SCHEDULE F—Other Miscellaneous Property Not Reportable Under Any Other Schedule

*(For jointly owned property that must be disclosed on Schedule E, see the instructions for Schedule E.)
 (If you elect section 2032A valuation, you must complete Schedule F and Schedule A-1.)*

| | Yes | No |
|--|--------------------------|--------------------------|
| 1 Did the decedent at the time of death own any articles of artistic or collectible value in excess of \$3,000 or any collections whose artistic or collectible value combined at date of death exceeded \$10,000? If "Yes," submit full details on this schedule and attach appraisals. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Has the decedent's estate, spouse, or any other person, received (or will receive) any bonus or award as a result of the decedent's employment or death? If "Yes," submit full details on this schedule. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Did the decedent at the time of death have, or have access to, a safe deposit box? If "Yes," state location, and if held in joint names of decedent and another, state name and relationship of joint depositor. | <input type="checkbox"/> | <input type="checkbox"/> |

If any of the contents of the safe deposit box are omitted from the schedules in this return, explain fully why omitted.

| Item number | Description For securities, give CUSIP number, if available. | Alternate valuation date | Alternate value | Value at date of death |
|---|---|--------------------------|-----------------|------------------------|
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule. . | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 6.) | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (See the instructions on the reverse side.)

Instructions for Schedule F.—Other Miscellaneous Property

You must complete Schedule F and file it with the return.

On Schedule F list all items that must be included in the gross estate that are not reported on any other schedule, including:

- Debts due the decedent (other than notes and mortgages included on Schedule C)
- Interests in business
- Insurance on the life of another (obtain and attach **Form 712**, Life Insurance Statement, for each policy)

Note for single premium or paid-up policies: *In certain situations, for example where the surrender value of the policy exceeds its replacement cost, the true economic value of the policy will be greater than the amount shown on line 56 of Form 712. In these situations, you should report the full economic value of the policy on Schedule F. See Rev. Rul. 78-137, 1978-1 C.B. 280 for details.*

- Section 2044 property
- Claims (including the value of the decedent's interest in a claim for refund of income taxes or the amount of the refund actually received)
- Rights
- Royalties
- Leaseholds
- Judgments
- Reversionary or remainder interests
- Shares in trust funds (attach a copy of the trust instrument)

- Household goods and personal effects, including wearing apparel
- Farm products and growing crops
- Livestock
- Farm machinery
- Automobiles

If the decedent owned any interest in a partnership or unincorporated business, attach a statement of assets and liabilities for the valuation date and for the 5 years before the valuation date. Also attach statements of the net earnings for the same 5 years. You must account for goodwill in the valuation. In general, furnish the same information and follow the methods used to value close corporations. See the instructions for Schedule B.

All partnership interests should be reported on Schedule F unless the partnership interest, itself, is jointly owned. Jointly owned partnership interests should be reported on Schedule E.

If real estate is owned by the sole proprietorship, it should be reported on Schedule F and not on Schedule A. Describe the real estate with the same detail required for Schedule A.

Line 1.—If the decedent owned at the date of death articles with artistic or intrinsic value (e.g., jewelry, furs, silverware, books, statuary, vases, oriental rugs, coin or stamp collections), check the "Yes" box on line 1 and provide full details. If any one article is valued at more than \$3,000, or any collection of similar articles is valued at more than \$10,000, attach an appraisal by an expert under oath and the required statement regarding the appraiser's qualifications (see Regulations section 20.2031-6(b)).

Estate of: _____

SCHEDULE G—Transfers During Decedent's Life

(If you elect section 2032A valuation, you must complete Schedule G and Schedule A-1.)

| Item number | Description <small>For securities, give CUSIP number, if available.</small> | Alternate valuation date | Alternate value | Value at date of death |
|--|--|--------------------------|-----------------|------------------------|
| A. | Gift tax paid by the decedent or the estate for all gifts made by the decedent or his or her spouse within 3 years before the decedent's death (section 2035(c)) | X X X X X | | |
| B. | Transfers includible under section 2035(a), 2036, 2037, or 2038: | | | |
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 7.) | | | | |

SCHEDULE H—Powers of Appointment

(Include "5 and 5 lapsing" powers (section 2041(b)(2)) held by the decedent.)

(If you elect section 2032A valuation, you must complete Schedule H and Schedule A-1.)

| Item number | Description | Alternate valuation date | Alternate value | Value at date of death |
|--|-------------|--------------------------|-----------------|------------------------|
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 8.) | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (The instructions to Schedules G and H are in the separate instructions.)

Estate of: _____

SCHEDULE I—Annuities

Note: Generally, no exclusion is allowed for the estates of decedents dying after December 31, 1984 (see instructions).

A Are you excluding from the decedent's gross estate the value of a lump-sum distribution described in section 2039(f)(2)?

| | |
|------------|-----------|
| Yes | No |
| | |

 If "Yes," you must attach the information required by the instructions.

| Item number | Description Show the entire value of the annuity before any exclusions. | Alternate valuation date | Includible alternate value | Includible value at date of death |
|--|--|--------------------------|----------------------------|-----------------------------------|
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule . | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 9.) | | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (The instructions to Schedule I are in the separate instructions.)

Estate of:

SCHEDULE J—Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims

Note: Do not list on this schedule expenses of administering property not subject to claims. For those expenses, see the instructions for Schedule L.

If executors' commissions, attorney fees, etc., are claimed and allowed as a deduction for estate tax purposes, they are not allowable as a deduction in computing the taxable income of the estate for Federal income tax purposes. They are allowable as an income tax deduction on Form 1041 if a waiver is filed to waive the deduction on Form 706 (see the Form 1041 instructions).

| Item number | Description | Expense amount | Total Amount |
|---|---|----------------|--------------|
| 1 | A. Funeral expenses: | | |
| | Total funeral expenses | | |
| | B. Administration expenses: | | |
| 1 | Executors' commissions—amount estimated/agreed upon/paid. (Strike out the words that do not apply.) | | |
| 2 | Attorney fees—amount estimated/agreed upon/paid. (Strike out the words that do not apply.) . . . | | |
| 3 | Accountant fees—amount estimated/agreed upon/paid. (Strike out the words that do not apply.) . . | | |
| 4 | Miscellaneous expenses: | Expense amount | |
| | Total miscellaneous expenses from continuation schedule(s) (or additional sheet(s)) attached to this schedule | | |
| | Total miscellaneous expenses | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 11.) | | | |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (See the instructions on the reverse side.)

Instructions for Schedule J.— Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims

General.—You must complete and file Schedule J if you claim a deduction on item 11 of Part 5, Recapitulation.

On Schedule J, itemize funeral expenses and expenses incurred in administering property subject to claims. List the names and addresses of persons to whom the expenses are payable and describe the nature of the expense. **Do not list expenses incurred in administering property not subject to claims on this schedule. List them on Schedule L instead.**

Funeral Expenses.—Itemize funeral expenses on line A. Deduct from the expenses any amounts that were reimbursed, such as death benefits payable by the Social Security Administration and the Veterans Administration.

Executors' Commissions.—When you file the return, you may deduct commissions that have actually been paid to you or that you expect will be paid. You may not deduct commissions if none will be collected. If the amount of the commissions has not been fixed by decree of the proper court, the deduction will be allowed on the final examination of the return, provided that:

- The District Director is reasonably satisfied that the commissions claimed will be paid;
- The amount entered as a deduction is within the amount allowable by the laws of the jurisdiction where the estate is being administered;
- It is in accordance with the usually accepted practice in that jurisdiction for estates of similar size and character.

If you have not been paid the commissions claimed at the time of the final examination of the return, you must support the amount you deducted with an affidavit or statement signed under the penalties of perjury that the amount has been agreed upon and will be paid.

You may not deduct a bequest or devise made to you instead of commissions. If, however, the decedent fixed by will the compensation payable to you for services to be rendered in the administration of the

estate, you may deduct this amount to the extent it is not more than the compensation allowable by the local law or practice.

Do not deduct on this schedule amounts paid as trustees' commissions whether received by you acting in the capacity of a trustee or by a separate trustee. If such amounts were paid in administering property not subject to claims, deduct them on Schedule L.

Note: *Executors' commissions are taxable income to the executors. Therefore, be sure to include them as income on your individual income tax return.*

Attorney Fees.—Enter the amount of attorney fees that have actually been paid or that you reasonably expect to be paid. If on the final examination of the return the fees claimed have not been awarded by the proper court and paid, the deduction will be allowed provided the District Director is reasonably satisfied that the amount claimed will be paid and that it does not exceed a reasonable payment for the services performed, taking into account the size and character of the estate and the local law and practice. If the fees claimed have not been paid at the time of final examination of the return, the amount deducted must be supported by an affidavit, or statement signed under the penalties of perjury, by the executor or the attorney stating that the amount has been agreed upon and will be paid.

Do not deduct attorney fees incidental to litigation incurred by the beneficiaries. These expenses are charged against the beneficiaries personally and are not administration expenses authorized by the Code.

Miscellaneous Expenses.—Miscellaneous administration expenses necessarily incurred in preserving and distributing the estate are deductible. These expenses include appraiser's and accountant's fees, certain court costs, and costs of storing or maintaining assets of the estate.

The expenses of selling assets are deductible only if the sale is necessary to pay the decedent's debts, the expenses of administration, or taxes, or to preserve the estate or carry out distribution.

Estate of:

SCHEDULE K—Debts of the Decedent, and Mortgages and Liens

| Item number | Debts of the Decedent—Creditor and nature of claim, and allowable death taxes | Amount unpaid to date | Amount in contest | Amount claimed as a deduction |
|--|---|-----------------------|-------------------|-------------------------------|
| 1 | | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule | | | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 12.) | | | | |

| Item number | Mortgages and Liens—Description | Amount |
|--|---------------------------------|--------|
| 1 | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule | | |
| TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 13.) | | |

Estate of:

SCHEDULE L—Net Losses During Administration and Expenses Incurred in Administering Property Not Subject to Claims

| Item number | Net losses during administration <i>(Note: Do not deduct losses claimed on a Federal income tax return.)</i> | Amount |
|-------------|---|--------|
| 1 | | |
| | Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule | |
| | TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 16.) | |

| Item number | Expenses incurred in administering property not subject to claims (Indicate whether estimated, agreed upon, or paid.) | Amount |
|-------------|---|--------|
| 1 | | |
| | Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule | |
| | TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 17.) | |

Estate of:

SCHEDULE M—Bequests, etc., to Surviving Spouse

Election To Deduct Qualified Terminable Interest Property Under Section 2056(b)(7).—If a trust (or other property) meets the requirements of qualified terminable interest property under section 2056(b)(7), and

- a. The trust or other property is listed on Schedule M, and
 - b. The value of the trust (or other property) is entered in whole or in part as a deduction on Schedule M,
- then unless the executor specifically identifies the trust (all or a fractional portion or percentage) or other property to be excluded from the election the executor shall be deemed to have made an election to have such trust (or other property) treated as qualified terminable interest property under section 2056(b)(7).

If less than the entire value of the trust (or other property) that the executor has included in the gross estate is entered as a deduction on Schedule M, the executor shall be considered to have made an election only as to a fraction of the trust (or other property). The numerator of this fraction is equal to the amount of the trust (or other property) deducted on Schedule M. The denominator is equal to the total value of the trust (or other property).

Election To Deduct Qualified Domestic Trust Property Under Section 2056A.—If a trust meets the requirements of a qualified domestic trust under section 2056A(a) and this return is filed no later than 1 year after the time prescribed by law (including extensions) for filing the return, and

- a. The entire value of a trust or trust property is listed on Schedule M, and
 - b. The entire value of the trust or trust property is entered as a deduction on Schedule M,
- then unless the executor specifically identifies the trust to be excluded from the election, the executor shall be deemed to have made an election to have the entire trust treated as qualified domestic trust property.

| | Yes | No |
|---|-----|----|
| 1 Did any property pass to the surviving spouse as a result of a qualified disclaimer? <i>If "Yes," attach a copy of the written disclaimer required by section 2518(b).</i> | | |
| 2a In what country was the surviving spouse born? _____ | | |
| b What is the surviving spouse's date of birth? _____ | | |
| c Is the surviving spouse a U.S. citizen? | | |
| d If the surviving spouse is a naturalized citizen, when did the surviving spouse acquire citizenship? _____ | | |
| e If the surviving spouse is not a U.S. citizen, of what country is the surviving spouse a citizen? _____ | | |
| 3 Election out of QTIP Treatment of Annuities. —Do you elect under section 2056(b)(7)(C)(ii) not to treat as qualified terminable interest property any joint and survivor annuities that are included in the gross estate and would otherwise be treated as qualified terminable interest property under section 2056(b)(7)(C)? (see instructions) | | |

| Item number | Description of property interests passing to surviving spouse | | Amount |
|---|---|-----------|--------|
| 1 | | | |
| Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule | | | |
| 4 Total amount of property interests listed on Schedule M | | 4 | |
| 5a Federal estate taxes (including section 4980A taxes) payable out of property interests listed on Schedule M | 5a | | |
| b Other death taxes payable out of property interests listed on Schedule M | 5b | | |
| c Federal and state GST taxes payable out of property interests listed on Schedule M | 5c | | |
| d Add items a, b, and c | | 5d | |
| 6 Net amount of property interests listed on Schedule M (subtract 5d from 4). Also enter on Part 5, Recapitulation, page 3, at item 18 | | 6 | |

*(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
(See the instructions on the reverse side.)*

Examples of Listing of Property Interests on Schedule M

| Item number | Description of property interests passing to surviving spouse | Amount |
|-------------|---|-----------|
| 1 | One-half the value of a house and lot, 256 South West Street, held by decedent and surviving spouse as joint tenants with right of survivorship under deed dated July 15, 1957 (Schedule E, Part I, item 1) | \$ 32,500 |
| 2 | Proceeds of Gibraltar Life Insurance Company policy No. 104729, payable in one sum to surviving spouse (Schedule D, item 3) | 20,000 |
| 3 | Cash bequest under Paragraph Six of will | 100,000 |

Instructions for Schedule M.—Bequests, etc., to Surviving Spouse (Marital Deduction)

General

You must complete Schedule M and file it with the return if you claim a deduction on item 18 of Part 5, Recapitulation.

The marital deduction is authorized by section 2056 for certain property interests that pass from the decedent to the surviving spouse. You may claim the deduction only for property interests that are included in the decedent's gross estate (Schedules A through I).

Note: *The marital deduction is generally not allowed if the surviving spouse is not a U.S. citizen. The marital deduction is allowed for property passing to such a surviving spouse in a "qualified domestic trust" or if such property is transferred or irrevocably assigned to such a trust before the estate tax return is filed. The executor must elect qualified domestic trust status on this return. See the instructions on pages 27, 29, and 30 for details on the election.*

Property Interests That You May List on Schedule M

Generally, you may list on Schedule M all property interests that pass from the decedent to the surviving spouse and are included in the gross estate. However, you should not list any "Nondeductible terminable interests" (described below) on Schedule M unless you are making a QTIP election. The property for which you make this election must be included on Schedule M. See "Qualified Terminable Interest Property" on the following page.

For the rules on common disaster and survival for a limited period, see section 2056(b)(3).

You may list on Schedule M only those interests that the surviving spouse takes:

1. As the decedent's legatee, devisee, heir, or donee;
2. As the decedent's surviving tenant by the entirety or joint tenant;
3. As an appointee under the decedent's exercise of a power or as a taker in default at the decedent's nonexercise of a power;

4. As a beneficiary of insurance on the decedent's life;
5. As the surviving spouse taking under dower or curtesy (or similar statutory interest); and
6. As a transferee of a transfer made by the decedent at any time.

Property Interests That You May Not List on Schedule M

You should not list on Schedule M:

1. The value of any property that does not pass from the decedent to the surviving spouse.
2. Property interests that are not included in the decedent's gross estate.
3. The full value of a property interest for which a deduction was claimed on Schedules J through L. The value of the property interest should be reduced by the deductions claimed with respect to it.
4. The full value of a property interest that passes to the surviving spouse subject to a mortgage or other encumbrance or an obligation of the surviving spouse. Include on Schedule M only the net value of the interest after reducing it by the amount of the mortgage or other debt.
5. Nondeductible terminable interests (described below).
6. Any property interest disclaimed by the surviving spouse.

Terminable Interests

Certain interests in property passing from a decedent to a surviving spouse are referred to as *terminable interests*. These are interests that will terminate or fail after the passage of time, or on the occurrence or nonoccurrence of some contingency. Examples are: life estates, annuities, estates for terms of years, and patents.

The ownership of a bond, note, or other contractual obligation, which when discharged would not have the effect of an annuity for life or for a term, is not considered a terminable interest.

Nondeductible terminable interests.—A terminable interest is *nondeductible*, and should not be entered on Schedule M (unless you are making a QTIP election) if:

1. Another interest in the same property passed from the decedent to some other person for less than adequate and full consideration in money or money's worth; and
2. By reason of its passing, the other person or that person's heirs may enjoy part of the property after the termination of the surviving spouse's interest.

This rule applies even though the interest that passes from the decedent to a person other than the surviving spouse is not included in the gross estate, and regardless of when the interest passes. The rule also applies regardless of whether the surviving spouse's interest and the other person's interest pass from the decedent at the same time. Property interests that are considered to pass to a person other than the surviving spouse are any property interest that: **(a)** passes under a decedent's will or intestacy; **(b)** was transferred by a decedent during life; or **(c)** is held by or passed on to any person as a decedent's joint tenant, as appointee under a decedent's exercise of a power, as taker in default at a decedent's release or nonexercise of a power, or as a beneficiary of insurance in the decedent's life.

For example, a decedent devised real property to his wife for life, with remainder to his children. The life interest that passed to the wife does not qualify for the marital deduction because it will terminate at her death and the children will thereafter possess or enjoy the property.

However, if the decedent purchased a joint and survivor annuity for himself and his wife who survived him, the value of the survivor's annuity, to the extent that it is included in the gross estate, qualifies for the marital deduction because even though the interest will terminate on the wife's death, no one else will possess or enjoy any part of the property.

The marital deduction is not allowed for an interest that the decedent directed the executor or a trustee to convert, after death, into a terminable interest for the surviving spouse. The marital deduction is not allowed for such an interest even if there was no interest

in the property passing to another person and even if the terminable interest would otherwise have been deductible under the exceptions described on the following page for life estate and life insurance and annuity payments with powers of appointment. For more information, see Regulations sections 20.2056(b)-1(f) and 20.2056(b)-1(g), Example (7).

If any property interest passing from the decedent to the surviving spouse may be paid or otherwise satisfied out of any of a group of assets, the value of the property interest is, for the entry on Schedule M, reduced by the value of any asset or assets that, if passing from the decedent to the surviving spouse, would be nondeductible terminable interests. Examples of property interests that may be paid or otherwise satisfied out of any of a group of assets are a bequest of the residue of the decedent's estate, or of a share of the residue, and a cash legacy payable out of the general estate.

Example: A decedent bequeathed \$100,000 to the surviving spouse. The general estate includes a term for years (valued at \$10,000 in determining the value of the gross estate) in an office building, which interest was retained by the decedent under a deed of the building by gift to a son. Accordingly, the value of the specific bequest entered on Schedule M is \$90,000.

Life Estate With Power of Appointment in the Surviving Spouse.

—A property interest, whether or not in trust, will be treated as passing to the surviving spouse, and will not be treated as a nondeductible terminable interest if: **(a)** the surviving spouse is entitled for life to all of the income from the entire interest; **(b)** the income is payable annually or at more frequent intervals; **(c)** the surviving spouse has the power, exercisable in favor of the surviving spouse or the estate of the surviving spouse, to appoint the entire interest; **(d)** the power is exercisable by the surviving spouse alone and (whether exercisable by will or during life) is exercisable by the surviving spouse in all events; and **(e)** no part of the entire interest is subject to a power in any other person to appoint any part to any person other than the surviving spouse (or the surviving spouse's legal representative or relative if the surviving spouse is disabled. See Rev. Rul. 85-35 1985-1 C.B. 328). If these five conditions are satisfied only for a specific portion of the entire interest, see the section 2056(b) regulations to determine the amount of the marital deduction.

Life Insurance, Endowment, or Annuity Payments, With Power of Appointment in Surviving Spouse.—A property interest consisting of the entire proceeds under a life insurance, endowment, or

annuity contract is treated as passing from the decedent to the surviving spouse, and will not be treated as a nondeductible terminable interest if: **(a)** the surviving spouse is entitled to receive the proceeds in installments, or is entitled to interest on them, with all amounts payable during the life of the spouse, payable only to the surviving spouse; **(b)** the installment or interest payments are payable annually, or more frequently, beginning not later than 13 months after the decedent's death; **(c)** the surviving spouse has the power, exercisable in favor of the surviving spouse or of the estate of the surviving spouse, to appoint all amounts payable under the contract; **(d)** the power is exercisable by the surviving spouse alone and (whether exercisable by will or during life) is exercisable by the surviving spouse in all events; and **(e)** no part of the amount payable under the contract is subject to a power in any other person to appoint any part to any person other than the surviving spouse. If these five conditions are satisfied only for a specific portion of the proceeds, see the section 2056(b) regulations to determine the amount of the marital deduction.

Charitable Remainder Trusts.—An interest in a charitable remainder trust will **not** be treated as a nondeductible terminable interest if:

1. The interest in the trust passes from the decedent to the surviving spouse; and
2. The surviving spouse is the only beneficiary of the trust other than charitable organizations described in section 170(c).

A "charitable remainder trust" is either a charitable remainder annuity trust or a charitable remainder unitrust. (See section 664 for descriptions of these trusts.)

Election To Deduct Qualified Terminable Interests (QTIP)

You may elect to claim a marital deduction for qualified terminable interest property or property interests. You make the QTIP election simply by listing the qualified terminable interest property on Schedule M and deducting its value. You are presumed to have made the QTIP election if you list the property and deduct its value on Schedule M. If you make this election, the surviving spouse's gross estate will include the value of the "qualified terminable interest property." See the instructions for line 6 of General Information for more details. **The election is irrevocable.**

If you file a Form 706 in which you do not make this election, you may not file an amended return to make the election

unless you file the amended return on or before the due date for filing the original Form 706.

The effect of the election is that the property (interest) will be treated as passing to the surviving spouse and will not be treated as a nondeductible terminable interest. All of the other marital deduction requirements must still be satisfied before you may make this election. For example, you may not make this election for property or property interests that are not included in the decedent's gross estate.

Qualified Terminable Interest Property

is property (a) that passes from the decedent, and (b) in which the surviving spouse has a qualifying income interest for life.

The surviving spouse has a *qualifying income interest for life* if the surviving spouse is entitled to all of the income from the property payable annually or at more frequent intervals, or has a usufruct interest for life in the property, and during the surviving spouse's lifetime no person has a power to appoint any part of the property to any person other than the surviving spouse. An annuity is treated as an income interest regardless of whether the property from which the annuity is payable can be separately identified.

The QTIP election may be made for all or any part of a qualified terminable interest property. A partial election must relate to a fractional or percentile share of the property so that the elective part will reflect its proportionate share of the increase or decline in the whole of the property when applying sections 2044 or 2519. Thus, if the interest of the surviving spouse in a trust (or other property in which the spouse has a qualified life estate) is qualified terminable interest property, you may make an election for a part of the trust (or other property) only if the election relates to a defined fraction or percentage of the entire trust (or other property). The fraction or percentage may be defined by means of a formula.

Qualified Domestic Trust Election (QDOT)

The marital deduction is allowed for transfers to a surviving spouse who is not a U.S. citizen only if the property passes to the surviving spouse in a "qualified domestic trust" (QDOT) or if such property is transferred or irrevocably assigned to a QDOT before the decedent's estate tax return is filed.

A QDOT is any trust:

1. That requires at least one trustee to be either an individual who is a citizen of the United States or a domestic corporation;

2. That requires that no distribution of corpus from the trust can be made unless such a trustee has the right to withhold from the distribution the tax imposed on the QDOT;

3. That meets the requirements of any applicable regulations; and

4. For which the executor has made an election on the estate tax return of the decedent.

You make the QDOT election simply by listing the qualified domestic trust or the **entire value** of the trust property on Schedule M and deducting its value. You are presumed to have made the QDOT election if you list the trust or trust property and deduct its value on Schedule M. **Once made, the election is irrevocable.**

If an election is made to deduct qualified domestic trust property under section 2056A(d), the following information should be provided for each qualified domestic trust on an attachment to this schedule:

1. The name and address of every trustee;

2. A description of each transfer passing from the decedent that is the source of the property to be placed in trust; and

3. The employer identification number for the trust.

The election must be made for an entire QDOT trust. In listing a trust for which you are making a QDOT election, unless you specifically identify the trust as not subject to the election, the election will be considered made for the entire trust.

The determination of whether a trust qualifies as a QDOT will be made as of the date the decedent's Form 706 is filed. If, however, judicial proceedings are brought before the Form 706's due date (including extensions) to have the trust revised to meet the QDOT requirements, then the determination will not be made until the court-ordered changes to the trust are made.

Line 1

If property passes to the surviving spouse as the result of a qualified disclaimer, check "Yes" and attach a copy of the written disclaimer required by section 2518(b).

Line 3

Section 2056(b)(7) creates an automatic QTIP election for certain joint and survivor annuities that are includible in the estate under section 2039. To qualify, only the surviving spouse can have the right to receive payments before the death of the surviving spouse.

The executor can elect out of QTIP treatment, however, by checking the "Yes" box on line 3. Once made, the election is irrevocable. If there is more than one such joint and survivor annuity, you are not required to make the election for all of them.

If you make the election out of QTIP treatment by checking "Yes" on line 3, you cannot deduct the amount of the annuity on Schedule M. If you do not make the election out, you must list the joint and survivor annuities on Schedule M.

Listing Property Interest on Schedule M

List each property interest included in the gross estate that passes from the decedent to the surviving spouse and for which a marital deduction is claimed. This includes otherwise nondeductible terminable interest property for which you are making a QTIP election. Number each item in sequence and describe each item in detail. Describe the instrument (including any clause or paragraph number) or provision of law under which each item passed to the surviving spouse. If possible, show where each item appears (number and schedule) on Schedules A through I.

In listing otherwise nondeductible property for which you are making a QTIP election, unless you specifically identify a fractional portion of the trust or other property as not subject to the election, the election will be considered made for all of the trust or other property.

Enter the value of each interest before taking into account the Federal estate tax or any other death tax. The valuation dates used in determining the value of the gross estate apply also on Schedule M.

If Schedule M includes a bequest of the residue or a part of the residue of the decedent's estate, attach a copy of the computation showing how the value of the residue was determined. Include a statement showing:

- The value of all property that is included in the decedent's gross estate (Schedules A through I) but is not a part of the decedent's probate estate, such as lifetime transfers, jointly owned property that passed to the survivor on decedent's death, and the insurance payable to specific beneficiaries.
- The values of all specific and general legacies or devises, with reference to the applicable clause or paragraph of the decedent's will or codicil. (If legacies are made to each member of a class, for example, \$1,000 to each of decedent's employees, only the number in each class and the total value of property received by them need be furnished.)
- The date of birth of all persons, the length of whose lives may affect the value of the residuary interest passing to the surviving spouse.
- Any other important information such as that relating to any claim to any part of the estate not arising under the will.

Lines 5a, b, and c.—The total of the values listed on Schedule M must be reduced by the amount of the Federal estate tax, the Federal GST tax, and the amount of state or other death and GST taxes paid out of the property interest involved. If you enter an amount for state or other death or GST taxes on lines 5b or 5c, identify the taxes and attach your computation of them. For additional information, see **Pub. 904, Interrelated Computations for Estate and Gift Taxes.**

Attachments.—If you list property interests passing by the decedent's will on Schedule M, attach a certified copy of the order admitting the will to probate. If, when you file the return, the court of probate jurisdiction has entered any decree interpreting the will or any of its provisions affecting any of the interests listed on Schedule M, or has entered any order of distribution, attach a copy of the decree or order. In addition, the District Director may request other evidence to support the marital deduction claimed.

Estate of:

SCHEDULE O—Charitable, Public, and Similar Gifts and Bequests

| | Yes | No |
|--|-----|----|
| 1a If the transfer was made by will, has any action been instituted to have interpreted or to contest the will or any of its provisions affecting the charitable deductions claimed in this schedule? If "Yes," full details must be submitted with this schedule. | | |
| b According to the information and belief of the person or persons filing this return, is any such action planned? If "Yes," full details must be submitted with this schedule. | | |
| 2 Did any property pass to charity as the result of a qualified disclaimer? If "Yes," attach a copy of the written disclaimer required by section 2518(b). | | |

| Item number | Name and address of beneficiary | Character of institution | Amount |
|-------------|---------------------------------|--------------------------|--------|
| 1 | | | |

Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule

| | | |
|--|-----------|-----------|
| 3 Total | | 3 |
| 4a Federal estate tax (including section 4980A taxes) payable out of property interests listed above | 4a | |
| b Other death taxes payable out of property interests listed above | 4b | |
| c Federal and state GST taxes payable out of property interests listed above | 4c | |
| d Add items a, b, and c | | 4d |
| 5 Net value of property interests listed above (subtract 4d from 3). Also enter on Part 5, Recapitulation, page 3, at item 19 | | 5 |

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
(The instructions to Schedule O are in the separate instructions.)

Estate of:

SCHEDULE P—Credit for Foreign Death Taxes

List all foreign countries to which death taxes have been paid and for which a credit is claimed on this return.

If a credit is claimed for death taxes paid to more than one foreign country, compute the credit for taxes paid to one country on this sheet and attach a separate copy of Schedule P for each of the other countries.

The credit computed on this sheet is for the _____
(Name of death tax or taxes)

imposed in _____
(Name of country)

Credit is computed under the _____
(Insert title of treaty or "statute")

Citizenship (nationality) of decedent at time of death

(All amounts and values must be entered in United States money)

| | |
|--|--|
| 1 Total of estate, inheritance, legacy, and succession taxes imposed in the country named above attributable to property situated in that country, subjected to these taxes, and included in the gross estate (as defined by statute) | |
| 2 Value of the gross estate (adjusted, if necessary, according to the instructions for item 2) | |
| 3 Value of property situated in that country, subjected to death taxes imposed in that country, and included in the gross estate (adjusted, if necessary, according to the instructions for item 3) | |
| 4 Tax imposed by section 2001 reduced by the total credits claimed under sections 2010, 2011, and 2012 (see instructions) | |
| 5 Amount of Federal estate tax attributable to property specified at item 3. (Divide item 3 by item 2 and multiply the result by item 4.) | |
| 6 Credit for death taxes imposed in the country named above (the smaller of item 1 or item 5). Also enter on line 18 of Part 2, Tax Computation | |

SCHEDULE Q—Credit for Tax on Prior Transfers

Part 1.—Transferor Information

| | Name of transferor | Social security number | IRS office where estate tax return was filed | Date of death |
|----------|--------------------|------------------------|--|---------------|
| A | | | | |
| B | | | | |
| C | | | | |

Check here if section 2013(f) (special valuation of farm, etc., real property) adjustments to the computation of the credit were made (see instructions).

Part 2.—Computation of Credit (see instructions)

| Item | Transferor | | | Total A, B, & C |
|--|------------|---|---|--------------------|
| | A | B | C | |
| 1 Transferee's tax as apportioned (from worksheet, (line 7 ÷ line 8) × line 35 for each column) | | | | |
| 2 Transferor's tax (from each column of worksheet, line 20) | | | | |
| 3 Maximum amount before percentage requirement (for each column, enter amount from line 1 or 2, whichever is smaller) | | | | |
| 4 Percentage allowed (each column) (see instructions) | % | % | % | |
| 5 Credit allowable (line 3 × line 4 for each column) | | | | |
| 6 TOTAL credit allowable (add columns A, B, and C of line 5). Enter here and on line 19 of Part 2, Tax Computation | | | | |

SCHEDULE R—Generation-Skipping Transfer Tax

Note: To avoid application of the deemed allocation rules, Form 706 and Schedule R should be filed to allocate the GST exemption to trusts that may later have taxable terminations or distributions under section 2612 even if the form is not required to be filed to report estate or GST tax.

The GST tax is imposed on taxable transfers of interests in property located **outside the United States** as well as property located inside the United States.

Part 1.—GST Exemption Reconciliation (Section 2631) and Section 2652(a)(3) (Special QTIP) Election

Check box if you are making a section 2652(a)(3) (special QTIP) election (see instructions)

| | | |
|--|----------|-------------|
| | | |
| 1 Maximum allowable GST exemption | 1 | \$1,000,000 |
| 2 Total GST exemption allocated by the decedent against decedent's lifetime transfers | 2 | |
| 3 Total GST exemption allocated by the executor, using Form 709, against decedent's lifetime transfers | 3 | |
| 4 GST exemption allocated on line 6 of Schedule R, Part 2 | 4 | |
| 5 GST exemption allocated on line 6 of Schedule R, Part 3 | 5 | |
| 6 Total GST exemption allocated on line 4 of Schedule(s) R-1 | 6 | |
| 7 Total GST exemption allocated to intervivos transfers and direct skips (add lines 2-6) | 7 | |
| 8 GST exemption available to allocate to trusts and section 2032A interests (subtract line 7 from line 1) | 8 | |
| 9 Allocation of GST exemption to trusts (as defined for GST tax purposes): | | |

| A Name of trust | B Trust's EIN (if any) | C GST exemption allocated on lines 2-6, above (see instructions) | D Additional GST exemption allocated (see instructions) | E Trust's inclusion ratio (optional—see instructions) |
|--------------------|---------------------------|---|--|--|
| | | | | |

| | | |
|--|-----------|--|
| 9D Total. May not exceed line 8, above | 9D | |
| 10 GST exemption available to allocate to section 2032A interests received by individual beneficiaries (subtract line 9D from line 8). You must attach special use allocation schedule (see instructions) | 10 | |

(The instructions to Schedule R are in the separate instructions.)

Estate of:

Part 2.—Direct Skips Where the Property Interests Transferred Bear the GST Tax on the Direct Skips

| Name of skip person | Description of property interest transferred | Estate tax value |
|---------------------|--|------------------|
| | | |

| | | |
|---|-----------|--|
| 1 Total estate tax values of all property interests listed above | 1 | |
| 2 Estate taxes, state death taxes, and other charges borne by the property interests listed above | 2 | |
| 3 GST taxes borne by the property interests listed above but imposed on direct skips other than those shown on this Part 2. (See instructions.) | 3 | |
| 4 Total fixed taxes and other charges. (Add lines 2 and 3.) | 4 | |
| 5 Total tentative maximum direct skips. (Subtract line 4 from line 1.) | 5 | |
| 6 GST exemption allocated | 6 | |
| 7 Subtract line 6 from line 5 | 7 | |
| 8 GST tax due. (Divide line 7 by 3.000). | 8 | |
| 9 Enter the amount from line 8 of Schedule R, Part 3 | 9 | |
| 10 Total GST taxes payable by the estate. (Add lines 8 and 9.) Enter here and on line 22 of the Tax Computation on page 1 | 10 | |

Estate of: _____

Part 3.—Direct Skips Where the Property Interests Transferred Do Not Bear the GST Tax on the Direct Skips

| Name of skip person | Description of property interest transferred | Estate tax value |
|---------------------|--|------------------|
| | | |

| | | |
|---|----------|--|
| 1 Total estate tax values of all property interests listed above | 1 | |
| 2 Estate taxes, state death taxes, and other charges borne by the property interests listed above | 2 | |
| 3 GST taxes borne by the property interests listed above but imposed on direct skips other than those shown on this Part 3. (See instructions.) | 3 | |
| 4 Total fixed taxes and other charges. (Add lines 2 and 3.) | 4 | |
| 5 Total tentative maximum direct skips. (Subtract line 4 from line 1.) | 5 | |
| 6 GST exemption allocated | 6 | |
| 7 Subtract line 6 from line 5 | 7 | |
| 8 GST tax due (multiply line 7 by .50). Enter here and on Schedule R, Part 2, line 9 | 8 | |

Instructions for Fiduciary

Purpose of Schedule R-1

Code section 2603(a)(2) provides that the Generation-Skipping Transfer (GST) tax imposed on a direct skip from a trust is to be paid by the trustee. Schedule R-1 (Form 706) serves as a payment voucher for the trustee to remit the GST tax to the IRS. See the instructions for Form 706 as to when a direct skip is from a trust.

How To Pay the GST Tax

The executor will compute the GST tax, complete Schedule R-1, and give you two copies. You should pay the GST tax using one copy and keep the other copy for your records.

The GST tax due is the amount shown on line 6. Make your check or money order for this amount payable to "Internal Revenue Service," write "GST tax" and the trust's EIN on it, and send it and one copy of the completed Schedule R-1 to the IRS Service Center where the Form 706 was filed, as shown on the front of the Schedule R-1.

When To Pay the GST Tax

The GST tax is due and payable 9 months after the decedent's date of death (entered by the executor on Schedule R-1). Interest will be charged on any GST taxes unpaid as of that date. However, you have an automatic extension of time to file Schedule R-1 and pay the GST tax due until 2 months after the due date (with extensions) for filing the decedent's Schedule R, Form 706. This Schedule R, Form 706 due date is entered by the executor on Schedule R-1. Thus, while interest will be due on unpaid GST taxes, no penalties will be charged if you file Schedule R-1 by this extended due date.

Signature

You, as fiduciary, must sign the Schedule R-1 in the space provided.

Estate of:

SCHEDULE S—Increased Estate Tax on Excess Retirement Accumulations
 (Under section 4980A(d) of the Internal Revenue Code)

Part I Tax Computation

- 1 Check this box if a section 4980A(d)(5) spousal election is being made.
- You must attach the statement described in the instructions.
- 2 Enter the name and employer identification number (EIN) of each qualified employer plan and individual retirement account in which the decedent had an interest at the time of death:

| | Name | EIN |
|---------|------|-----|
| Plan #1 | | |
| Plan #2 | | |
| Plan #3 | | |
| IRA #1 | | |
| IRA #2 | | |
| IRA #3 | | |

| | A Plan #1 | B Plan #2 | C Plan #3 | D All IRAs | |
|---|--------------|--------------|--------------|---------------|----|
| 3 Value of decedent's interest | | | | | |
| 4 Amounts rolled over after death | | | | | |
| 5 Total value (add lines 3 and 4) | | | | | |
| 6 Amounts payable to certain alternate payees (see instructions) | | | | | |
| 7 Decedent's investment in the contract under section 72(f) | | | | | |
| 8 Excess life insurance amount | | | | | |
| 9 Decedent's interest as a beneficiary | | | | | |
| 10 Total reductions in value (add lines 6, 7, 8, and 9) | | | | | |
| 11 Net value of decedent's interest (subtract line 10 from line 5) | | | | | |
| 12 Decedent's aggregate interest in all plans and IRAs (add columns A–D of line 11) | | | | | 12 |
| 13 Present value of hypothetical life annuity (from Part III, line 4) | 13 | | | | |
| 14 Remaining unused grandfather amount (from Part II, line 4) | 14 | | | | |
| 15 Enter the greater of line 13 or line 14 | | | | | 15 |
| 16 Excess retirement accumulation (subtract line 15 from line 12) | | | | | 16 |
| 17 Increased estate tax (multiply line 16 by 15%). Enter here and on line 23 of the Tax Computation on page 1 | | | | | 17 |

(The instructions to Schedule S are in the separate instructions.)

Part II Grandfather Election

1 Was a grandfather election made on a previously filed Form 5329? ► Yes No
 If "Yes," complete lines 2-4 below. **You may not make or revoke the grandfather election after the due date (with extensions) for filing the decedent's 1988 income tax return.** If "No," enter -0- on line 4 and skip to Part III.

| | | |
|--|----------|--|
| 2 Initial grandfather amount | 2 | |
| 3 Total amount previously recovered | 3 | |
| 4 Remaining unused grandfather amount (subtract line 3 from line 2). Enter here and on Part I, line 14, on page 38 | 4 | |

Part III Computation of Hypothetical Life Annuity

| | | |
|---|----------|--|
| 1 Decedent's attained age at date of death (in whole years, rounded down) | 1 | |
| 2 Applicable annual annuity amount (see instructions) | 2 | |
| 3 Present value multiplier (see instructions) | 3 | |
| 4 Present value of hypothetical life annuity (multiply line 2 by line 3). Enter here and on Part I, line 13, on page 38 | 4 | |

Estate of: _____

CONTINUATION SCHEDULE

Continuation of Schedule _____
(Enter letter of schedule you are continuing.)

| Item number | Description For securities, give CUSIP number, if available. | Unit value (Sch B, E, or G only) | Alternate valuation date | Alternate value | Value at date of death or amount deductible |
|---|---|-------------------------------------|--------------------------|-----------------|---|
| | | | | | |
| TOTAL. (Carry forward to main schedule.) | | | | | |

See the instructions on the reverse side.

Instructions for Continuation Schedule

The Continuation Schedule on page 40 provides a uniform format for listing additional assets from Schedules A, B, C, D, E, F, G, H, and I and additional deductions from Schedules J, K, L, M, and O. Use the Continuation Schedule when you need to list more assets or deductions than you have room for on one of the main schedules.

Use a separate Continuation Schedule for each main schedule you are continuing. For each schedule of Form 706, you may use as many Continuation Schedules as needed to list all the assets or deductions to be reported. Do not combine assets or deductions from different schedules on one Continuation Schedule. Because there is only one Continuation Schedule in this package, you should make copies of the schedule before completing it if you expect to need more than one.

Enter the letter of the schedule you are continuing in the space provided at the top of the Continuation Schedule. Complete the rest of the Continuation Schedule as explained in the instructions for the schedule you are continuing. Use the *Unit value* column only if you are continuing Schedules B, E, or G. For all other schedules, you may use the space under the *Unit value* column to continue your description.

To continue Schedule E, Part 2, you should enter the *Percentage includible* in the *Alternate valuation date* column of the Continuation Schedule.

To continue Schedule K, you should use the *Alternate valuation date* and *Alternate value* columns of the Continuation Schedule as *Amount unpaid to date* and *Amount in contest* columns, respectively.

To continue Schedules J, L, and M, you should use the *Alternate valuation date* and *Alternate value* columns of the Continuation Schedule to continue your description of the deductions. You should enter the amount of each deduction in the *amount deductible* column of the Continuation Schedule.

To continue Schedule O, you should use the space under the *Alternate valuation date* and *Alternate value* columns of the Continuation Schedule to provide the *Character of institution* information required on Schedule O. You should enter the amount of each deduction in the *amount deductible* column of the Continuation Schedule.

Carry the total from the Continuation Schedule(s) forward to the appropriate line of the main schedule.