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## **E-Tax Alert**

### **2010 Form 706 Extensions Due in 10 days!**

The IRS released the 2010 Form 706 and its instructions late on September 8, 2011 stating that the 2010 Form 706 due date is September 19, 2011. Most tax practitioners will find it impossible to prepare and submit their Form 706 “inventory” between now and September 19, 2011. That is why the timely filing of the [Form 4768](#) extension<sup>1</sup> to March 19, 2012 is so important. Click here for [Form 4768 instructions](#).

**Warning.** The 2010 Form 706 is substantially different than the 2009 and 2011 Form 706.

Here are other facts about the 2010 Form and its instructions.

[Form 706](#), along with related [Form 706 instructions](#), has been revised and is to be used only by the estates of decedents who died in calendar year 2010.

Several changes affect the 2010 Form 706. They are:

- For decedents dying between January 1, 2010, and December 16, 2010, the due date for Form 706 is September 19, 2011. An extension until March 19, 2012 is available. For decedents dying after December 16, 2010 and before the end of 2010 the due date for Form 706 is nine months from the date of death and estates are allowed one six-month extension.
- Executors of estates of taxpayers dying in 2010 may make a special election to apply modified carryover basis treatment. If this special election is made, the estate will not be subject to federal estate tax and Form 706 should not be filed. See [Notice 2011-66](#) and [Form 8939](#) and its instructions for information on the time and manner of making the special election.

**Preparer note.** The due date for Form 8939 is November 15, 2011. So far there is no provision for extending this due date. Also, the final Form 8939 and the related instructions have not yet been released by the IRS. Nothing like planning when no information is available!

- The applicable exclusion amount is \$5,000,000 (a credit equivalent of \$1,730,800).
- The maximum estate tax rate is 35%.
- The applicable rate for generation-skipping transfers is zero.
- Prior gifts must be calculated at the rate in effect at the decedent’s date of death.
- Executors must provide documentation of their status.

**Miscellaneous.** For decedents dying in 2010, the ceiling on special-use valuation is \$1,000,000 and the amount used in computing the 2% portion of estate tax payable in installments is \$1,340,000.

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<sup>1</sup> Form 706 is normally due nine months from the date of death and estates are allowed one six-month extension.