

**THE FEDERAL ESTATE TAX LAW
AND REGULATIONS (UNITED
STATES INHERITANCE TAX): ACT
OF SEPTEMBER 8, 1916, AMENDED
MARCH 3, 1917**

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The Federal Estate Tax Law and regulations (United States inheritance tax): Act of September 8, 1916, amended March 3, 1917 by Various

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VARIOUS

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1917

The Federal Estate Tax Law and Regulations

(United States Inheritance Tax)

Act of September 8, 1916
Amended March 3, 1917



Guaranty Trust Company of New York
140 Broadway

FIFTH AVE. OFFICE
Fifth Ave. & 43rd Street

PARIS OFFICE
Rue des Italiens, 1 & 3
(Opens about June, 1917)

LONDON OFFICE
33 Lombard St., E. C.

Revised 3-7-29 M.V.P.

FOREWORD

THE Federal Estate Tax Law of September 8, 1916, was amended by the Act of March 3, 1917. This Amendment affects only the rate of tax on estates of decedents dying on or after March 3, 1917.

The net estate of every resident decedent and the net estate situated within the United States of every nonresident decedent dying on or after September 9, 1916, is subject to the provisions of the Federal Estate Tax Law and liable for the payment of the tax thereby imposed.

Estates Subject to Tax

The rate of tax varies according to the amount of the net estate and increases progressively from 1% on estates of \$50,000, to 10% on estates in excess of \$5,000,000 of decedents dying prior to March 3, 1917, and from 1 1/2% on estates of \$50,000 to 15% on estates in excess of \$5,000,000 of decedents dying on or after March 3, 1917.

Rate of Tax

The following tables show the rate of tax, the amount of net estate, and the amount for which the estate is liable.

Guaranty Trust Co. of N.Y. 4-11-17

Decedents
Dying Prior
to March 3,
1917

(1) Estates of decedents dying *prior* to
March 3, 1917:

1%	on first	\$50,000 =	\$500
2%	" next	100,000 =	2,000
3%	" "	100,000 =	3,000
4%	" "	200,000 =	8,000
5%	" "	550,000 =	27,500
6%	" "	1,000,000 =	60,000
7%	" "	1,000,000 =	70,000
8%	" "	1,000,000 =	80,000
9%	" "	1,000,000 =	90,000
10%	" all amounts in excess of \$5,000,000		

Decedents
Dying on or
after March
3, 1917

(2) Estates of decedents dying *on or after*
March 3, 1917:

1½%	on first	\$50,000 =	\$750
3%	" next	100,000 =	3,000
4½%	" "	100,000 =	4,500
6%	" "	200,000 =	12,000
7½%	" "	550,000 =	41,250
9%	" "	1,000,000 =	90,000
10½%	" "	1,000,000 =	105,000
12%	" "	1,000,000 =	120,000
13½%	" "	1,000,000 =	135,000
15%	on all amounts in excess of \$5,000,000		

Assessment
Based on
Net Estate

The figures given above are based upon a *net* estate; that is, an estate from which there have been deducted the *allowable deductions* and, in the case of an estate of a resident decedent, the *specific exemption* of \$50,000.

Net Estate

Net estate subject to tax is determined by deducting certain items from the gross estate of the decedent.

The gross estate, as defined by the statute, **Gross Estate**
includes:

1. All property, real or personal, tangible **Property in**
or intangible, coming into the hands of the **Charge of**
executor or other in charge of the estate, **Executor**
which property would be subject to charges
against the estate, expenses of administra-
tion, and distribution to the heirs or legatees;

2. Property transferred without valuable **Transfers**
consideration in contemplation of or in- **in Contem-**
tended to take effect at or after death; **plation of**
Death

3. Decedent's share in money or property **Interests**
owned by decedent jointly with another or **Held Jointly**
with others in entirety, unless it can be shown **or in Entirety**
that such interest was never owned by the
decedent.

In determining the net estate of resident **Deductions,**
decedents the following deductions from gross **Resident**
estate are allowed: **Decedents**

Funeral expenses.

Administration expenses.

Claims against the estate.

Unpaid mortgages.

Losses not compensated by insurance.

Support of dependents during the settlement
of the estate.

Other charges allowed by the laws of the
jurisdiction under which estate is adminis-
tered.

**Specific
Exemption**

In addition to the above deductions, a specific exemption of \$50,000 is allowed to the estates of resident decedents.

**Deductions,
Nonresident
Decedents**

The above items, except the specific exemption of \$50,000, may also be deducted from the value of that part of the gross estate of a nonresident decedent which, at the time of his death, is situated in the United States, in such proportion as the value of such part bears to the value of the gross estate, wherever situated, of such nonresident decedent.

For example: a nonresident dies leaving a total estate of \$200,000, of which \$100,000 is represented by property in the United States. The total expenses of the estate under the items enumerated above as deductions amount to \$20,000. The estate would, therefore, be allowed to deduct that proportion of \$20,000, which \$100,000, the value of the estate in the United States, bears to \$200,000, the total value of the estate, i. e., one-half of the total expenses amounting to a deduction of \$10,000. This estate would accordingly be taxed on \$100,000, the value of the estate in the United States, less \$10,000, the total deductions allowed, i. e., \$90,000.

Within thirty days after qualifying or after coming into possession of any property of a decedent, an executor or other person coming into the possession of an estate must give written notice to that effect to the Collector of Internal Revenue.

Thirty-day
Notice

A return of the estate, on Form 706, as provided by the Regulations of the Treasury Department, must be made by the executor or other person coming into the possession of the estate: (1) in the case of a resident decedent, if the estate is subject to tax or if the gross estate at the time of the death of the decedent exceeds \$60,000, and (2) in the case of the estate of a nonresident, if any part of the gross estate is situated in the United States, regardless of amount.

Return

When
Required

This return, if the decedent was a resident of the United States, shall be filed with the Collector of Internal Revenue for the district in which the decedent was domiciled; if the decedent was a nonresident, it shall be filed with the Collector of Internal Revenue for the district in which the gross estate of the decedent is situated in the United States, or, if such estate within the United States is situated in more than one district, it shall be

Where Filed

filed with the Collector of Internal Revenue, at Baltimore, Maryland.

Tax Due and Payable

The tax is due one year after decedent's death, and, except where a valid will of a testator provides otherwise, must be paid from the principal of the estate, by the executors or administrators, before distribution is made to beneficiaries. A discount at the rate of 5% per annum is allowed if payment is made prior to the time the tax is due. If the tax is not paid within ninety days after it is due, a penalty at the rate of 10% per annum from the date of decedent's death is added. If, however, failure to pay the tax when it is due results from inability to settle the estate because of necessary litigation or other unavoidable delay, the penalty will be assessed at the rate of 6% per annum from the date of death. Unpaid taxes are a lien against the estate for ten years and may be recovered by court proceedings to subject the property of the decedent to sale under judgment or decree of the court.

Discount

Penalty for Nonpayment

Penalty for Nonpayment if Due to Unavoidable Delay

Lien

Suit