Index

A TRUSTS
Disclaimers, **37:21**

ABATEMENT
Estate assets, **18:8**

ACCELERATION
Deferred estate tax payments
generally, **36:21**
disposition of stock, effect, **4:42**

ACCOUNTANTS
Privileged communications
generally, **1:16**
planning team, **1:17**
Retirement plan rules, **3:85**

ACCOUNTING METHODS
Change of accounting to adopt cash method, **3:23**
Change of period, natural business year permitted, **4:6**
Ranchers and farmers, **4:6**

ACCOUNTING PRACTICES
Valuation, **35:55**

ACCOUNTING YEAR
C corporation, changing to calendar year, **3:103**

ACCRUAL BASIS
Charitable contributions, **12:7**

ACCRUAL METHOD OF ACCOUNTING
Farmers, **4:6**

ACCURACY-RELATED PENALTY
Abatement of interest, **39:31**
Interest abatement, worth of estate before distributions, **39:31**
Revenue Reconciliation Act of 1989, Improved Penalty Administration and Compliance Act, **39:31**

ACKNOWLEDGED CHILD
Family member, **4:15**

ACTIVE INCOME
Definition, **25:2**
Determination, **6:11**
Net active income, definition, **6:11**

ACTIVE NATURE OF BUSINESS
Real estate management, installment tax payments, **23:15**

ADDITIONS TO TAX
Abatement of interest, **39:31**
Interest abatement, worth of estate before distributions, **39:31**
Interest and penalties, **39:31**

ADEQUATE DISCLOSURE
Gift tax, installment sales to grantor trusts, **29:31**
Gifts, begin statute of limitations period, **16:22**
Income tax, installment sales to grantor trusts, **29:28**

ADJUSTABLE WHOLE LIFE INSURANCE
Insurance products, **7:47 to 7:49**

ADJUSTED GROSS ESTATE
Farmers, **4:34**

ADJUSTED TAXABLE GIFTS
See also index heading GIFTS
Definition, **16:2**
Estate tax computation, **16:59**
Estate tax nonapplicability, **16:40**
Purpose of concept and designation, **16:2**
Split gifts, **16:2**

ADMINISTRATION EXPENSES
Deductibility, liquidity issues, **36:02**
Effect of deduction, estate tax marital deduction, **21:75**
Estate tax deduction, **16:52**
Estate's income tax return, deduction, **33:23**
Interest
installment payments of estate tax, **36:13**
interest loans to estate, **36:05**
Interest paid, **33:23**
Marital gifts, payment of expenses, **21:54**
State law governing, **34:93**
Trade of support rights, **16:52**
Will provisions on payment
generally, **18:6**
source of funds, **18:8**

ADMINISTRATION OF ESTATES
Generally, **20:24 to 20:27**
See also index heading ANCILLARY ADMINISTRATION
Administration expenses, estate tax deduction, **33:20**
Ancillary administration
generally, **20:24 to 20:27**
avoiding, **20:25 to 20:27, 31:21**
disadvantages, **20:25**
Community property, **20:13**
Conflict of laws, **20:5**
Domicile, multiple locations, **20:22**
Domicile changes
generally, **20:4**
timing, **20:19**
Domicile choice, planning, **20:5 to 20:23**
Domicile choice of state
generally, **20:5**
estate taxes, **20:20 to 20:23**

ADMINISTRATION OF ESTATES—Cont'd
Domicile concepts, **20:2**
Domicile declarations, **20:3**
Domicile determination, **20:2 to 20:4, 31:21**
Elections by surviving spouse, **20:7**
Executor qualifications, **20:9**
Gifts to minors, **20:10**
In testate succession, **20:6**
Marital agreements, **20:12**
Minors' gifts, **20:10**
Multiple jurisdictions, **20:1**
Payment of taxes and expenses, sufficiency of assets, **31:27**
Personal property, **31:21**
Planning domicile choice, **20:5 to 20:23**
Real estate, **31:21**
Real property, situs determines governing law, **20:5**
Spousal rights, **20:7**
State and local taxes, **20:15**
State law, **20:11**
Succession without a will, **20:6**
Terminally ill clients
ancillary administration, avoidance, **31:21**
domicile, determination, **31:20**
facilitation, **31:19**
Validity of will, **20:8**

ADMINISTRATIVE EXPENSES
Charitable deduction
Regulations affecting, **21:54**
Service's position on effect, **21:54**
Deductions
Pre-Hubert decision decedents, **16:66**
Regulations affecting, **21:54**
Service's position on effect, **21:54**
Extension to apply regulations, **16:55**
Maintenance of residence held for sale, sufficient liquidity, **36:02**
Marital deduction
Regulations affecting, **21:54**
Service's position on effect, **21:54**
Marital deduction reduction, **16:55**
Pre-Hubert decision decedents, **16:66**

ADMINISTRATIVE FEES
Charitable gifts, effect on, will provisions, **18:8**
Marital deduction, effect on, will provisions, **18:8**
Supplemental returns, **33:23**

ADMINISTRATORS OF ESTATES
Types of fiduciaries, **30:08**

ADMISSION TICKETS
Deductibility, **12:36**

ADOPTED CHILDREN
Estate planning considerations, **17:16**

ADOPTION EXPENSES
Tax credit, exclusion from income, **2:46**

ADVERSE PARTY
Definition, **19:26**
Trustee as, **19:56**

ADVERTISING
Corporate sponsorship arrangements, **12:16**

ADVERTISING AGENCIES
Valuation, **35:55**

ADVISERS
Cotrustee comparison, considerations in selection, **30:58**
Family members as advisers, **30:31**
Fiduciary character, **30:31**
Function, **30:58**
Grantors as advisers, **30:31**
Investment adviser for independent trustee action, **30:36**
Liability, **30:58**
Powers, **30:31**
Quasi-fiduciary status, **30:58**

AFFILIATED SERVICE GROUPS
Definition, **3:85**
Leased employees, retirement plans, **3:87**
Management functions, performance, **3:86**
Retirement plans, **3:85**
Safe harbor provisions, **3:87**

AFR
See index heading APPLICABLE FEDERAL RATES (AFR)

AFTER-TAX THRIFT PLANS
Qualified retirement plans, **5:10, 5:11**

AGE DISCRIMINATION
Damage awards, excludability, **2:5**

AGENCY RELATIONSHIP
Exclusion from income tax, **32:10**
Life insurance. See index heading LIFE INSURANCE

AGREED VALUE
Corporate buy-sell agreements, **23:29**

AIRPLANES
Dry lease, tax advantaged investment, **6:13**
Employer-owned, use by employee, **2:49**

ALIENS
Income taxation, **1:4**
Marital deduction, **18:41**

ALIMONY
See also index heading SPOUSAL SUPPORT
Arrearages payment, claim on estate, **32:49**
Minimum term rule, **11:5**
Payments in trust, **11:5**
Recapture rules, **11:5**
Redefined by Domestic Relations Tax Reform Act of 1984, **11:5**
Separation agreements and decrees, **11:31**
Tax consequences, pre-1984, **11:2**

ALIMONY—Cont'd
Tax Cuts and Jobs Act of 2017, treatment of alimony following, **11:6**

ALLOCATIONS
Generation skipping tax exemption, extension to make election, **26:11**
GST exemption
curing ineffective allocation, **26:11**
gift to existing trust, **26:11**
Partnership items, made after the fact, **3:37**
Partnerships, nonrecourse liability, **3:73**
Property owned jointly by nonspouses, **10:29**

ALTERNATE VALUATION
Estate tax return election, **34:74**
Gross estate assets, **16:58**
Inherited property, **10:19**

ALTERNATIVE MINIMUM TAX (AMT)
Charitable contributions, effect, **12:90**
Computation, **32:64**
Estates, applicability, **32:64**
Farmers, installment payments, **4:6**
Fiduciary income tax return, **34:28**
Incentive stock options, **2:64**
Purpose, **32:64**
Residential rental property, applicability, **6:39**
Tangible gifts, **12:90**
Tax advantaged investments, limitations, **6:6**
Tax Cuts and Jobs Act, **2:1**
Trusts, applicability, **32:64**

ALTERNATIVE PAYEE
Definition, **3:84**

AMERICAN DEPOSITORY RECEIPTS (ADRs)
Foreign tax credit, **3:23**

ANATOMICAL GIFTS
Will preparation, **18:5**

ANCILLARY ADMINISTRATION
Ancillary executors
letters of administration, **20:24**
procedures for, **20:26**
Avoiding, **20:25 to 20:27**
Community property, **20:13**
Conflict of laws, **20:5**
Creditors' claims, **20:24**
Disadvantages, **20:25**
Distribution of assets, **20:24**
Domicile, multiple locations, **20:22**
Domicile changes
generally, **20:4**
timing, **20:19**
Domicile choice of state
generally, **20:5**
estate taxes, **20:20 to 20:23**

ANCILLARY ADMINISTRATION—Cont'd
Domicile concepts, **20:2**
Domicile declarations, **20:3**
Executor qualifications, **20:9**
Gifts to minors, **20:10**
In testate succession, **20:6**
Incorporation as alternative, **20:27**
Joint tenancy as alternative, **20:27**
Land trust as alternative, **20:27**
Letters of ancillary administration, **20:24, 20:26**
Marital agreements, **20:12**
Minors' gifts, **20:10**
Necessity, **20:24, 20:25**
Nonresident creditors' claims, **20:24**
Personal representative, appointment authorization, **30:18**
Principal administration's relationship, **20:24**
Probate avoidance, **20:27**
Procedures in summary administration, **20:26**
Spousal rights, **20:7**
State and local taxes, **20:15**
State law, **20:11**
Streamlined procedures, **20:26**
Succession without a will, **20:6**
Summary administration, **20:26**
Terminally ill clients, **31:21**
Trust creation during life as alternative, **20:27**
Validity of will, **20:8**

ANCILLARY PERSONAL REPRESENTATIVES
Authority, **20:24**
Domiciliary executor's relationship, **20:24**
Letters of ancillary administration, **20:24**
Liability of, **20:26**
Necessity, **18:55**
Powers, **20:24**
Qualification requirements, **18:55**
Title to estate property, **20:24**

ANCILLARY SUMMARY ADMINISTRATION
Generally, **20:26**

ANNUAL LEASE VALUE METHOD
Employer provided automobile, **2:49**

ANNUITIES
Asset freeze technique
generally, **29:37 to 29:45**
comparative chart, **29:50**
estate tax issues, **29:44**
form for agreement, **29:49**
gift tax issues, **29:44**
income tax consequences, **29:39**
overview, **29:38**
Section 2702, effect, **29:45**
security arrangements, **29:42**
stock transfers, **29:43**
tax for annuitant, **29:40**
tax for obligor, **29:41**

ANNUITIES—Cont'd
Automatic QTIP election, **16:30**
Borrowed funds for payments, **28:19**
Charitable contributions
generally, **16:54**
insurance, **12:78**
Charitable remainder trusts, defined, **12:77**
Disclaimer timing requirements, **37:7**
Divorce, transfer of annuity to spouse for support, **11:15**
Estate tax, **16:30**
Extent of client's holdings, **15:8**
Gift valuation, retained interest deductible, **28:17**
Individual Retirement Annuities
generally, **5:57**
estate tax, **16:30**
IRD characterization, excess over investment in annuity, **32:49**
IRS valuation tables
Certain Estate Assets, **35:75**
Joint and survivor annuities
electing out, **16:20**
gift tax waived, **16:10**
marital deduction, estate tax, **21:12**
Marital deduction, estate tax, **21:13, 21:15, 21:44**
Payment as income in respect of decedent, **32:51**
Power of appointment over proceeds, estate tax marital deduction, **21:44**
QTIP election, qualifying income interest, **16:30**
Qualified interest, stated term, **28:18**
Qualified joint and survivor annuities, **16:10**
Qualified preretirement survivor annuities, **16:10**
Refunds, estate tax, **16:30**
Sales in return for, gifting consideration, **16:13**
Spousal, revocable, Section 2702(b), **28:18**
Survivor annuities, estate tax, **16:30**
Valuation tables, terminally ill clients, use, **31:40**
Waivers of certain rights, gift tax, **16:10**

ANNUITY CONTRACTS
Decedent's IRD characterization, excess over investment in annuity, **32:49**
Tax free exchanges, **22:8**

ANNUITY INTERESTS
Formula provision, charitable bequest, **24:26**

ANNUITY TRUSTS
Actual payment required, **12:57**
Charitable grantor lead trust, **12:45**
Charitable remainder
generally, **12:54**
income payment, **12:57**
unitrusts, comparison, **12:68**
Charitable remainder trusts, sample form, **12:95**
Grantor retained, **28:13 to 28:22**
Income interest transfers, **12:44**

ANTI-ABUSE REGULATIONS
Partnerships, **3:34**

ANTILAPSE STATUTES
Will preparation, **18:53**

APPEAL
Right of taxpayer to administrative appeal, **39:16**

APPEALS FROM TAX COURT
Bonds, **39:21**
Jeopardy bonds, **39:21**
Jurisdiction of appellate court, **39:21**
Notice of appeal, **39:21**
Requirements, **39:21**
Right to appeal, **39:2, 39:21**
Stay of tax assessment and collection, **39:21**
Supreme Court review, **39:2, 39:21**
Time limit, **39:21**
United States Court of Appeals, **39:2, 39:21**
Venue, **39:21**
Writ of certiorari for review of appellate decisions, **39:2, 39:21**

APPEALS OFFICE HEARINGS
Burden of proof, **39:16**
Evidence, **39:16**
Informality, **39:16**
New issues, **39:16, 39:17**
Purpose, **39:16**
Relationship to administrative and judicial process, **39:2**
Settlements, **39:2, 39:16**
Witnesses, **39:16**

APPLIANCES
Valuations, **35:11**

APPLICABLE EXCLUSION AMOUNT
EGTRRA 2001
generally, **17:41**
unmarried client planning, **14:9**
Table, **16:68**

APPLICABLE FEDERAL INTEREST RATE
Below market loans, **9:19**

APPLICABLE FEDERAL RATES
Interest and penalties rates, **39:31**
Monthly rates, **9:19**

APPORTIONMENT
Community and separate property
generally, **10:7**
life insurance proceeds, **10:42**
Estate tax apportionment, marital devise reduction avoidance, **21:49 to 21:51**
Estate taxes
generally, **18:9**
apportionment, **21:49**
language in will, **18:9**

APPORTIONMENT—Cont'd
Estate taxes—Cont'd
protecting gifts, **18:10**
Inheritance taxes, **18:9**

APPRAISALS
Buy-sell agreements, **23:29**
Charitable gifts, adequacy of submission, **35:8**
Valuations, generally, **35:5**

APPRAISERS
Selection, **35:9**

APPRECIATED PROPERTY
Basis adjustment, community property, **10:52**
Closely held business value enhancement, **10:46**
Enhanced separate property, **10:45 to 10:49**
Improvements to separate property, **10:47**
Partnership interest value enhancement, **10:46**
Reimbursement right, **10:46, 10:47**
Sole proprietorship value enhancement, **10:46**

ARTICLES OF INCORPORATION
Form, **12:100**

ARTISTIC INTANGIBLES
Valuations, **35:60**

ARTWORK
Appraisal, necessity, **35:12**
Blockage issue, **35:13**
Charitable deductions, **24:14, 35:12**
Charitable gift, **12:24**
Definition, **24:28**
Discount in value, **35:13**
Estate tax charitable deduction, eligibility, **24:28**
Expert opinion of value, **12:35**
Gifts
charitable gift, **12:24**
copyrights, **12:35**
Loans by nonresidents, excluded from estates, **16:70**
Loans to charity
deemed gift in estate freeze, **16:11**
gift of present interest, **12:35**
separate property, **24:28**
Premium in value, **35:13**
Special estate problems, **38:17**
Special planning, **31:79**
TAMRA
charitable gift of present interest, **12:35**
deemed gift in estate freeze, **16:11**
separate property, **24:28**
Valuation, expert opinions, **35:12**

ASSESSMENTS
Secretary, **39:32**
Tax Court, **39:20, 39:32**
Timely mailing rules, **39:32**

ASSET FREEZES
See also index heading ENTITY FREEZING
Annuities, private
comparative chart, **29:50**
estate tax issues, **29:44**
gift tax issues, **29:44**
income tax consequences, **29:39**
overview, **29:38**
Section 2702, effect, **29:45**
security arrangements, **29:42**
stock transfers, **29:43**
tax for annuitant, **29:40**
tax for obligor, **29:41**
Anti-freeze statute, **31:78**
Bargain sales
basic structure, **29:47**
comparative chart, **29:50**
overview, **29:46**
Comparative chart, **29:50**
Definition, **29:01**
EGTRRA 2001, **29:03**
Forms
installment note, **29:48**
installment sale agreement, **29:48**
private annuity agreement, **29:49**
Gift tax treatment, **29:02**
Gifts
asset selection, **29:04**
basis considerations, **29:05**
benefit of paying tax, **29:03**
definition, **29:02**
GRITs, **29:06**
Grantor trusts, defective, comparative chart, **29:50**
Income tax treatment, **29:02**
Installment sales
cancellation provision, drafting, **29:18**
comparative chart, **29:50**
definition, **29:02**
depreciable property, related person, **29:11**
disposing of obligation, **29:09**
donative dispositions, **29:10**
drafting cancellation provision, **29:18**
estate planning problems, **29:16**
grantor trust as buyer, **29:19**
imputed interest, **29:14**
income tax consequences, **29:08**
intrafamily, second disposition, **29:12**
loss deduction, losing, **29:13, 29:15**
overview, **29:07**
self-canceling obligations, **29:17**
testamentary dispositions, **29:10**
Installment sales to trust
achieving grantor trust treatment, **29:25**
adequate disclosure, **29:28**
defective trusts, **29:24**

ASSET FREEZES—Cont'd
Installment sales to trust—Cont'd
estate tax considerations, **29:32**
form of trust, **29:36**
gift tax consequences, **29:29**
gift tax reporting, **29:31**
GRAT compared, **29:35**
GST tax considerations, **29:33**
income tax during grantor's life, **29:26**
income tax issues, **29:23**
income tax on trust earnings, **29:30**
income tax reporting, **29:28**
other benefits, **29:22**
sample trust, **29:36**
structuring transaction, **29:34**
tax upon grantor's death, **29:27**
technique overview, **29:20**
transfer tax benefits, **29:21**
Overview, **29:01**
Private annuities
comparative chart, **29:50**
definition, **29:02**
estate tax issues, **29:44**
gift tax issues, **29:44**
income tax consequences, **29:39**
overview, **29:38**
Section 2702, effect, **29:45**
security arrangements, **29:42**
stock transfers, **29:43**
tax for annuitant, **29:40**
tax for obligor, **29:41**
Usefulness, **29:01**

ASSET PROTECTION
Entity freezes, family limited partnerships, **27:68**

ASSETS
Estate planning considerations, **17:27**

ASSETS OF ESTATE
Deceased spousal unused election (DSUE), **33:21.50**
Special assets, overview, **38:01**

ASSIGNMENT OF INCOME
Contingent legal fees, deductibility, **2:5**

ASSIGNMENT OF PROPERTY TO TRUSTEE
Form, **19:11**

AT RISK RULES
Business planning, **3:74**

ATHLETIC TICKETS
Disallowance of deduction, **12:36**

ATTORNEY-CLIENT PRIVILEGE
Material prepared by accountant, **1:17**
Protecting client identity, **1:16**

ATTORNEYS
Attorney-client privilege, **1:16, 1:17**
Fees, condemnation awards, **6:38**
Identity of clients, **1:16**
Practice with associate, malpractice prevention, **1:31**

ATTORNEYS' FEES
Contingency fees, deductibility, **2:5**
Deductibility
business claims, **2:5**
capitalization, **2:5**
division of property theory, **2:5**
prejudgment interest awards, **2:5**
Divorce and separation, tax planning, **11:25**
Transfer to another, assignment of income principles, **1:3**

ATTORNEYS-IN-FACT
See index heading POWER OF ATTORNEY

ATTRIBUTION RULES
Minority discounts
generally, **35:66**
family ownership, **17:50**
Waiver by estate or trust, **21:66**

AUDITS
Agreed cases, **39:2, 39:8 to 39:12**
Agreements with examiner, **39:7**
Amended waiver of agreed issues, **39:7**
Appeals Office hearings, **39:2, 39:16**
Bonds for unpaid taxes, **39:10, 39:12**
Change proposals by examiner, **39:7**
Closed cases, **39:5**
Closing agreements, **39:16**
Closing letters, **39:5, 39:9**
Contact with taxpayer not constituting audit, **39:5**
Correspondence audits, **39:7**
Discharge from personal liability, application, **39:10**
Estate tax examiner's common areas of scrutiny, **39:7**
Evidence of satisfaction of tax liability, agreed cases, **39:9**
Examination process, **39:2**
Executor's request for waiver of personal inspection, **39:7**
Extensions of thirty-day letter's reply period, **39:14**
Field audits, **39:7**
Fifth Amendment right, **39:7**
Forum choice for litigation, **39:12, 39:17**
Information gathering by examiner, **39:2, 39:7**
Interest on deficiencies in agreed cases, **39:8, 39:9**
Interest suspension with cash bonds, **39:12**
IRS document demands, relevancy, **39:7**
Issues frequently raised by examiners, **39:3**
Ninety-day letters, **39:2, 39:17, 39:18**
Office audits, **39:7**
Partially agreed cases, **39:12**
Payment methods for tax, **39:9**
Payment time in agreed cases, **39:9**
Personal inspections, **39:7**

AUDITS—Cont'd
Preliminary notices of proposed deficiency, **39:2, 39:13**
Preparation by taxpayer, **39:6**
Production of records, Fifth Amendment privilege, **39:6**
Protests, **39:15**
Relationship to administrative and judicial process, **39:2**
Reopening agreed issues in Tax Court, **39:12**
Reopening of closed cases, **39:5**
Reports detailing adjustments to return, agreed cases, **39:9**
Selection likelihood, **39:3**
Selection process for returns, **39:4**
Settlement negotiation with examiner, **39:7**
Settlements with Appeals Office, **39:2, 39:16**
Statute of limitations on deficiency assessments
extension, **39:4, 39:14**
waiver, **39:3, 39:4**
Statutory notice of deficiency, **39:2, 39:17**
Survey of return by examiner, **39:7**
Survey of return without assignment to examiner, **39:4**
Tax Court, **39:2, 39:17 to 39:21**
Thirty-day letters, **39:2, 39:13 et seq.**
Types, **39:7**
Unagreed cases, **39:13 to 39:16**
Waivers
agreed issues, **39:7**
notice of deficiency, agreed cases, **39:2, 39:8**
restrictions on assessment and collection, **39:8, 39:12**
statute of limitations on deficiency assessments, **39:3, 39:4**

AUGMENTED ESTATE
Revocable trusts, **19:18**

AUGMENTED ESTATES
Choice of domicile, **20:7**

AUGMENTED RESIDUE OF ESTATE
Will preparation, **18:42**

AUTO REPAIR GARAGES
Valuations, **35:55**

AUTO WRECKING YARDS
Valuations, **35:55**

AUTOMOBILES
Employer-owned, use by employee, **2:49**
Expense deduction, **2:51**
Gifts of tangible personal property, **12:25**
Rentals, tax advantaged investment, **6:13**

B TRUSTS
Disclaimers, **37:21**

BAD DEBT DEDUCTION
Loans from shareholders, **3:70**
Shareholder loans, **3:70**

BALANCE SHEET ADJUSTMENTS
Necessity, **35:49**

BAND OF INVESTMENT CAPITALIZATION METHOD
Valuations, **35:19**

BANK ACCOUNTS
Community property joint accounts, **10:41**
Joint tenancy, source of liquidity, **17:36**

BANKRUPTCY
Discharge of tax liability, **39:10**
Innocent spouse liability, **11:21**
Passive losses, **6:49**

BARGAIN SALES
Asset freeze technique
basic structure, **29:47**
comparative chart, **29:50**
overview, **29:46**
Definition, **12:91**
Rules, **12:79**
Use, **12:91**

BARS
Valuations, **35:55**

BASIS
Adjusted basis of property, no ''loss'' if insurance proceeds exceed, **16:53**
Assets for gifting, **29:05**
Gifting assets, **29:05**
Gifts v. inheritance, transfer tax paid, **16:3**
Shareholders, excluded COD income, **3:76**

BASIS DETERMINATIONS
Shareholders
loan guarantees, **3:76**

BASIS FOR GAIN OR LOSS
See also index heading GAIN OR LOSS
Accrual basis, **12:7**
Alternate valuation, effect, **10:19**
Cessation of marriage, transfers considered related to, **11:10**
Community property, basis adjustment, **10:52**
Credit shelter arrangements, step-up at death, **38:02**
Decedent's interest restrictions, basis determination, **38:02**
Depreciable property, S corporations, **3:76**
Depreciation purposes, **32:26**
Distributions to beneficiaries, **32:41**
Divorce or separation, **11:10**
Gifts, imminent death planning, **31:50**
Individually held property, **10:19**
Inherited property, alternate valuation, **10:19**
Inside, definition, **25:4**
Land trusts, **10:38**
Nonspousal joint ownership property, **10:29**
Outside, definition, **25:4**
Partnership interests, postmortem adjustment, **33:35**
Personal property, sale by personal representative, **32:13**
Principal residences, **20:19**
Property contributed to partnership, **3:106**

BASIS FOR GAIN OR LOSS—Cont'd
Real property, **32:12**
Restrictions on decedent's interest, basis determination, **38:02**
S corporations, depreciable property, **3:76**
Solely owned property, **10:19**
Spousal joint ownership property, **10:21**
Third party joint ownership property, **10:29**

BEDDING
Valuations, **35:11**

BELOW MARKET LOANS
Applicable federal rates, **9:19**
Corporations to shareholders, **9:23**
Definition, **9:19**
Income tax treatment, **9:18**
Qualified continuing care facilities, **13:19**
Safe harbor interest rate, gifts, **9:17**
Scope of statutory regulation, **9:20**
Statutory exemption, **9:22**
Transfer tax treatment, **9:18**

BENEFICIARIES
Adopted children, **17:16**
Ages at time of distribution, **17:17**
Alternative beneficiary will designations, **18:13**
Antilapsed provisions, **18:53**
Charitable organizations, exempt status, **18:13**
Charitable remainder trusts, eligibility, **12:56**
Children of client, planning considerations, **17:16**
Collateral relatives, **17:16**
Considerations in planning, **17:14**
Contingent interests, Crummey withdrawal powers, **19:58**
Death before testator, **18:53**
Debtors of decedent as will beneficiaries, **18:30**
Disability, consideration, **17:23**
Disclaimers
A trusts, **37:21**
B trusts, **37:21**
family share trusts, **37:21**
fiduciary disclaimer's effect, **37:15**
Generation-Skipping Transfer Tax reduction or avoidance, **37:24**
marital share trusts, **37:21**
partial disclaimers, **37:16**
qualified terminable interest property (QTIP) trust creation, **37:21, 37:27**
Distributions
determination, **17:17**
inclusion in income, **32:37**
Financial ability, consideration, **17:20**
Gifts, powers retained by grantor, **16:42 to 16:46**
Grandchildren, **17:16**
Grantor, defined, gratuitous transfers by beneficiaries, **32:59**
Income tax on inherited personal property, **18:22**
Lapsed gifts, **18:53**

BENEFICIARIES—Cont'd
Liability for unpaid estate taxes upon distribution, **39:11**
Marital deduction trusts, **21:37**
Planning considerations, **17:14**
Power to remove trustee, **19:43**
Power to remove trustee or appoint successor, **18:54**
Precatory distribution, gift tax liability, **18:24**
Separate share treatment, **32:68**
Separate trust for education of beneficiary, form, **17:18**
Special considerations, **17:19 to 17:25**
Spendthrift clause
form, **17:22**
use, **17:21**
Spouses, provision, **17:15**
Standby trust for incompetent beneficiary, form, **17:24**
Supplemental needs trust, form, **17:25**
Tax refund claims, **39:25**
Testamentary trust will designations, **18:45**
Trust beneficiaries as trustees, taxation, **30:29**
Trust income taxation, **30:24**
Trustee removal power, **18:54, 30:33**
Will designations, **18:13**

BEQUESTS
Term usage, **18:12**

BLACK SCHOLES VALUATION METHOD
Call options, **35:29**

BOATS
Boat charter, tax advantaged investment, **6:13**
Charitable gift, **12:24**

BODY DISPOSITION DIRECTIONS
Cremation
generally, **18:4**
codicil, form, **18:74**
Wills
generally, **18:4**
anatomical gifts, **18:5**

BONDS
Actively traded bonds, valuation, **35:30**
Cash bonds to suspend interest accrual on unpaid taxes, **39:12**
Charitable gifts, **12:33**
Deferred estate tax, **39:10, 39:33**
Definition, **30:12**
Executors, **20:9, 39:10, 39:33**
Extent of client's holdings, **15:8**
Fiduciary bonds, **18:56, 30:12**
Individual Retirement Bonds, **5:66**
Lien substitution, deferred estate tax, **39:10, 39:33**
Option sales strategies, deductions denied, **6:47**
Personal representative bonds, **18:56**
Savings bond, valuation, **35:30**
Security for estate taxes, installment payments, **36:10**
Tax lien release, **39:33**

BONDS—Cont'd
Treasury bonds, valuation, **35:30**
Trustee bonds, **18:56**
Value, **35:61**
Waiver of fiduciary's bond by will, **18:56**

BOOK VALUE SHARES
Compensation arrangements, **2:74**

BORROWED FUNDS
Charitable contributions, **12:21**

BREEDING ANIMALS
Depreciation, **4:9**

BROKERAGE ACCOUNTS
Fees, **30:49**
Gift tax liability, **10:35**
Joint accounts, **10:35**
May Day rates for broker services, **30:49**

BUILT-IN GAINS
Transfer taxes, provisions for avoiding, **35:65**
Valuation consideration, closely held businesses, **35:65**

BUILT-UP METHOD OF CAPITALIZATION
Valuations, **35:19**

BURDEN OF PROOF
Value, **35:65**

BURIAL ARRANGEMENTS
Preparation, **31:08**

BUSINESS BAD DEBT
Shareholder loans, **3:70**

BUSINESS ENTITIES
Accident and health plans, factor in choice, **3:93**
Attributes effecting valuation, **27:26**
Capitalization rules; deductibility, **3:55 to 3:69**
Choice of fiscal year as factor in choice, **3:101 to 3:103**
Continuity of existence, factor in choice, **3:12, 3:13**
Corporations. See index heading CORPORATIONS
Deductibility of losses, consideration in choice, **3:54**
Expenses and formalities of organization, factor in choice, **3:16, 3:17**
Formation, factor in choice, **3:104 to 3:106**
Forms, **8:2 to 8:5**
Freezing value
attributes effecting valuation, **27:26**
historical background, **27:28**
valuation, generally, **27:25**
Fringe benefits, factor in choice, **3:78 to 3:92**
Liquidation, factor in choice, **3:114 to 3:117**
Management and control, factor in choice, **3:10, 3:11**
Nontax considerations in choice, **8:6 to 8:18**
Partnerships. See index heading PARTNERSHIPS
Personal liability, factor in choice, **3:8, 3:9**
Retirement or death of shareholder or partner, factor in choice, **3:109 to 3:113**

BUSINESS ENTITIES—Cont'd
Retirement plans of S corporations, **3:89**
S corporations. See index heading S CORPORATIONS
Sale of interest in business, factor in choice, **3:107**
Sources of capital, **3:18, 3:19**
Start-up expenses; deductibility, **3:56**
Tax considerations as factor in choice, **3:20 to 3:121**
Tax rates, factor in choice, **3:24**
Taxation of income, **3:23**
Termination, factor in choice of entity, **3:118 to 3:121**
Transferability of interests, factor in choice, **3:14, 3:15**
Valuation principles generally, **27:25**

BUSINESS EXPENSES
See also index heading DEDUCTIONS
Deductibility, restrictions, **2:51**
Directly related expenditures, **2:51**
Entertainment facilities, **2:51**
Estates, deduction, **32:21**
Excursion fares, **2:51**
Home office deductions, **2:53**
Per diem amounts, **2:51**
Tax Cuts and Jobs Act, **2:51**
Travel, per diem amounts, **2:51**
Trusts, deduction, **32:21**
Vehicles, leased, **2:51**

BUSINESS PURPOSE
Economic effects of transaction, intermediary insurance company, **3:23**
Entity freezes, **27:12**
Insurance intermediary, **3:23**

BUSINESS TRAVEL
Frequent flyer miles, additional income, **2:54**
Per diem amounts, **2:51**

BUSINESS TRUSTS
Abusive use of devise, **19:1**

BUSINESS VALUATION
Professional practices, **35:71 to 35:74**

BUY-OUT AGREEMENTS
Entity freezes, methods to accomplish, **27:58**

BUY-SELL AGREEMENTS
Generally, **23:25**
Accumulated funds to finance repurchase, **23:37**
Agreed value valuation method, **23:29**
Appraisal valuation, **23:29, 35:64**
Basis election, partnerships, **23:36**
Bona fide business arrangement requirement, **23:31**
Borrowing from third party lenders, **23:37**
Business considerations in drafting, **23:34**
Closely held business, Section 2036(c), **31:68**
Consent requirements, **23:34**
Consideration, adequacy, **23:31**
Constituent documents, **23:25**

BUY-SELL AGREEMENTS—Cont'd
Corporations, **23:25 et seq., 23:41**
Cross purchase agreements, **23:33, 23:36, 23:37**
Disability insurance, funding business interest purchase, **23:37**
Disability of shareholder-employee, **23:34**
Drafting, **23:32 to 23:35**
Employment termination, **23:34**
Entity purchase agreements, **23:33**
Estate planning considerations, **17:29**
Estate planning during life, **23:38 to 23:41**
First refusal right, **23:30, 23:34**
Formula for valuation, **23:29**
Funding business interest purchase, **23:37**
Installment sales, **23:37**
Involuntary transfers, **23:34**
Life insurance, funding business interest purchase, **23:37**
Life insurance considerations, **23:33**
Liquidity advantages, **23:7**
Objectives, **23:26**
Options to buy or sell
generally, **23:28**
estate valuation, **23:25**
inclusion in estate, **23:25**
Partnerships
cross purchase plans, **23:36**
funding, **23:37**
nature of agreement, **23:25**
partnership agreement's relationship, **23:25, 23:26**
partnership purchase plans, **23:36**
practical considerations, **23:36**
Section 751 asset considerations, **23:10**
Section 754 election provisions, **23:36**
Redemption agreement structure, **23:33**
Restraints on lifetime transfers, **23:30, 23:34**
S election protection and termination provisions, **23:41**
Sales price formulas
generally, **23:25**
corporate, **23:27**
valuation of corporate shares, **23:29**
Second class of stock restriction for S corporations as planning consideration, **23:41**
Section 751 asset considerations, **23:10**
Section 754 election provisions, **23:36**
Sinking fund to finance repurchase, **23:37**
Stock provisions
encumbrances, **23:34**
installment sales, **23:28**
partial sales, **23:28**
redemption, **23:33**
repurchase, **23:34**
transfer limitations, **23:30, 23:34**
valuation, **23:27, 23:29**
Subscription requirement for purchaser, **23:30**
Substantial modification, **23:25**
Terminally ill clients, use, **31:35**

BUY-SELL AGREEMENTS—Cont'd
Triple appraisal method of valuation, **23:29**
Valuation
generally, **35:64**
business, **23:29, 23:30, 23:41**
estate freezes, **23:35**
S corporations, **23:41**
stock, **23:27, 23:29**
Valuation, Section 2703, **27:30**
Voting agreement provisions, **23:35**

BYLAWS
Form, **12:101**

BYPASS TRUSTS
Terminally ill clients, **31:23**

C CORPORATIONS
Entity freezes, basic structure, **27:10**
Freeze entities, **27:09**

CAFETERIA PLANS
Generally, **2:47, 2:48**
Taxable benefits provided, **3:100**

CALL OPTIONS
Black Scholes value method, **35:29**
Closely held businesses, **23:22**

CALLS
Closely held businesses, **23:22**

CANCELLATION OF INDEBTEDNESS
Insolvency exclusion
shareholder basis, effect on, **3:76**
S corporations, treatment of losses, **3:76**
Spouse's tax liability on cancellation of joint debt income, **11:9**

CAPITAL GAINS AND LOSSES
Compensation issues, **2:60**
Compensatory stock options, **2:57**
Conversion of ordinary income, **25:2**
Estates, income taxation, **32:14**
Fiduciary income tax return schedule, **34:16**
Grantor retained income trusts, treatment, **28:5**
Holding period, **32:15**
Includable gain, recognition, **32:16**
Income items of estates and trusts, **32:14**
IRA withdrawals, eligibility for treatment, **13:15**
Life insurance, **22:5**
Partnership gains, **3:117**
Partnership interests, **23:10**
Pension plans, lump sum distributions, **5:48**
Postmortem income taxation, **33:04**
Principal residence exclusion, **33:08**
Sale of interest in corporation, **3:107**
Sale of partnership interest, **3:108**
Tax rates
generally, **1:3**

CAPITAL GAINS AND LOSSES—Cont'd
Tax rates—Cont'd
income shifting considerations, **9:3**
Tax treatment, **25:2**
Two year sale rule, **32:16**

CAPITAL GAINS PROPERTY
Charitable donation, limitations, **12:14 to 12:16**
Disposition
estate or trust income taxation, **32:14**
holding period, **32:15**
Long term, charitable gift, **12:26**
Publishers clippings library, **12:8**

CAPITALIZATION
Deductibility, **3:55 to 3:69**
Definition, **35:18**
Uniform capitalization rules, nursery growers, **4:8**

CARE OF BENEFICIARY
Estate planning considerations, **17:25**

CAREGIVERS
Compensation, deductibility, **16:52**
Elder abuse, misappropriation by caregiver, **8:54**
Trade of support rights, **16:52**

CARPETS
Valuations, **35:11**

CARRYOVERS
Charitable deductions, **12:17**

CARS
Depreciation limits, **2:51**

CASH
Extent of client's holdings, **15:8**
Gifts, **12:21**

CASUALTY OR THEFT LOSSES
Adjusted basis of property, no "loss" if insurance proceeds exceed, **16:53**
Deductibility, **3:58, 3:67, 3:68**
Estate tax deduction
generally, **16:51, 16:53**
availability, **33:20**
Estate's income tax return, deduction, **33:23**
Orange groves, deductibility, **3:67**

CATTLE
Depreciation, **4:9**

CDP HEARING
Generally, **39:32**
See index heading COLLECTION DUE PROCESS HEARING

CEMETERIES
Gifts to, **16:52**

CERTIFICATES
Release of tax lien, **39:33**

CERTIFICATES—Cont'd
Subordination of tax lien, **39:33**

CHAPTER 14 (IRC)
Buy/sell agreements, **23:35**

CHAPTER 14 VALUATIONS
Historical background, **27:04**

CHARITABLE CONTRIBUTIONS
Generally, **12:2**
See also index heading INCOME TAX CHARITABLE CONTRIBUTIONS
Acquired (appreciated) property, **12:26**
Administrative expenses
deductibility
general concepts, **16:54**
will provisions, **18:8**
regulations affecting, **24:8**
service's position on effect, **21:54**
Alternative minimum tax, **12:90**
Appraisals of value, **12:8**
Automobiles, **12:25**
Benefit to donor, de minimis rules, **12:36**
Borrowed funds, **12:21**
Cemeteries, **16:52**
Charitable remainder trusts
estate tax, **16:54, 16:55**
gift tax
generally, **16:19**
marital deduction, **16:20**
Cumulative list of charitable organizations, use, **18:13**
Deductions. See index heading DEDUCTIONS
Defective trusts, curing, **34:45**
Disclaimed testamentary personal property gifts, **18:26**
Easements, valuation, **35:24**
Estate planning, overview, **24:1**
Estate tax deduction
application of deduction, **16:51**
availability, **32:24**
gift tax compared, **16:3**
split gift between charity and spouse, **21:45**
Expense of contributing services, **12:6**
Foreign country donee, **24:5**
Gift and estate tax, differences, **16:3**
Gift and generation skipping tax (GST) returns line, **34:45**
Gift tax deduction
amount, **16:19**
annual exclusion's relationship, **16:17, 16:19**
applicability, **16:19**
estate tax deduction comparison, **16:3**
return requirements, **16:21**
Gifts to charity and spouse, marital deduction, **16:20**
Imminent death planning, **31:49**
Improved property, deduction limitation, **12:8**
Income tax deductions
bargain sales, **12:91**
conditional gifts, **12:93**

CHARITABLE CONTRIBUTIONS—Cont'd
Income tax deductions—Cont'd
encumbered property, **12:92**
Insubstantial benefits, **12:6**
Insurance
annuities as, **12:78**
split-dollar, **7:16**
Inter vivos gift element, **12:6**
Keogh distribution, characterization of proceeds, **5:63**
Missionaries
benefiting, **12:6**
specific, **12:6**
Missionary support trusts, **12:6**
Mortmain statutes, **20:10**
Nullification by will beneficiaries, **20:10**
Partial interest, use of mobile education unit, **12:42**
Personal benefit contracts, **7:16, 12:42**
Pledges as claims against estate, **16:52**
Pooled income funds, **16:54**
Postmortem planning, reforming for deductibility, **33:20**
Securities, deduction for full market value, **31:56**
Services, **12:6**
Settlement of will contests, deduction, **24:8**
Special election, availability to fiduciary, **32:24**
Split gifts
charity and surviving spouse, estate tax, **16:55, 21:45**
charity and third party, estate tax, **16:54**
Split-dollar insurance, **7:16**
State estate taxes on contributions, estate tax deduction, **16:62**
Substantiation, **12:8**
Tax basis, publishers clippings library, **12:8**
Tax-exempt status of charity, determination, **18:13**
Terminally ill clients
double deductions, **31:54**
use, **31:53**
Timing, **12:7**
Token benefits, **12:36**
Trust transfers, gift tax charitable deduction, **16:19**
Trusts
availability of deduction, **32:24**
curing defects, **34:45**
Valuation
IRS statement of value, **12:8**
negotiated settlement agreement, **12:8**
overstatement on property, penalty, **39:31**
partial interests, **12:43**

CHARITABLE CORPORATIONS
See also index headings CHARITABLE CONTRIBUTIONS; CHARITABLE ORGANIZATIONS
Articles of incorporation, form, **12:100**
Bylaws, form, **12:101**

CHARITABLE DEDUCTIONS
Ability to make noncharitable transfers, effect, **24:5**

CHARITABLE DEDUCTIONS—Cont'd
Administrative expenses
Regulations affecting, **24:8**
Service's position on effect, **21:54**
Artwork, gifted with conditions placed on display of, **24:14**
Conservation easement, where deceased co-tenant's estate takes estate tax exclusion, **12:88, 24:19**
Donor advised funds, **12:89.50**
Organization not listed in Publication 78, **18:13**
Tuition, payment of tuition to private religious institution as charitable deduction, **12:6**

CHARITABLE GIFT ANNUITIES
Appreciated property, use, **12:79**
Bargain sale rules, **12:79**
Definition, **12:77**
Income beneficiary, taxation, **12:80**
Remainder trusts distinguished, **12:77**
Value, **12:78**

CHARITABLE LEAD ANNUITY TRUST
See also index heading CHARITABLE TRUSTS
Beneficiaries, unrelated, **12:46**
Formula provisions, **24:26**
Measuring life, permitted beneficiaries, **12:46**
Payout of stated sum, variation when substantial appreciation, **12:57**
Unrelated beneficiaries, **12:46**
Valuation of gift, **12:46**

CHARITABLE LEAD TRUSTS
Adjusted GST exemption, **24:35**
Advantages, **19:65**
Allocations of income interest, **12:44**
Annuity interests, formula provision, **24:26**
Commutation provisions, **12:45**
Deductibility, **19:65**
Definitions, **19:65**
Estate tax consequences, **12:48**
Estate tax deduction, **24:26**
Generation skipping tax, avoidance, **24:35**
Gift tax consequences, **12:48**
Governing instrument, requirements, **12:49**
Guaranteed annuity interest, **12:45**
Income interest, transfer, **12:44**
Income taxation rules, applicability, **24:26**
Nature trusts, **12:45**
Non-statutory annuity trusts, form, **12:94**
Non-statutory lead trusts, comparison, **12:51**
Private foundation rules, applicability, **24:26**
Recapture of deduction, **12:47**
Reversionary interest in grantor, impact, **19:65**
Split interest trust, **12:49**
Taxation, **12:52**
Terminally ill clients, use, **31:55**
Termination of trust, liability for GST tax, **24:35**
Trustee's powers, **16:54**

CHARITABLE LEAD TRUSTS—Cont'd
Unclear terms, effect on deduction, **24:26**
Unmarried clients, use in estate plans, **14:17**
Use in planning, **12:50**
Valuation of deduction, **12:46**

CHARITABLE LEAD UNITRUST
See also index heading CHARITABLE TRUSTS
Beneficiaries, unrelated, **12:46**
Drafting provisions, **28:13 to 28:22**
Grantor trusts, generally, **12:45**
Measuring life, permitted beneficiaries, **12:46**
Unrelated beneficiaries, **12:46**
Valuation of gift, **12:46**

CHARITABLE ORGANIZATIONS
See also index headings CHARITABLE CONTRIBUTIONS; CHARITABLE CORPORATIONS
Educational organizations, **24:5**
Eligibility, **12:5**
Fifty percent organizations, **12:11**
"For use of" deduction, **12:12**
Fraternal societies, **24:5**
Generation assignment, **26:6**
Literary organizations, **24:5**
Political subdivisions, **24:5**
Private foundations, **12:11**
Public charities, **12:11**
Relation to donor, officers and directors, **12:6**
Religious organizations, **24:5**
Scientific organizations, **24:5**
Types, **12:4**
Veterans' organizations, **24:5**

CHARITABLE PLEDGES
Claims against the estate, **34:94**

CHARITABLE REMAINDER TRUSTS
Additional contributions, **12:62**
Amendments by compromise agreement, **12:82**
Annuity trusts
generally, **12:54**
sample form, IRS, **12:95**
Appreciated assets for funding, distributions as return of corpus, **12:53**
Assets
inaccurate valuation, **12:59**
investment, **12:64**
Beneficiaries, unrelated, **12:46**
Code requirements, **12:55**
Contributions, additional, terms of instrument, curing violations, **12:62**
CRUTs, multiple with related beneficiaries, self-dealing prohibition, **24:26**
Deductions
income interest, **12:57**
Definition, **19:65**
Distributions, annuity amounts, **12:55**

CHARITABLE REMAINDER TRUSTS—Cont'd
Drafting considerations, **12:71**
Estate tax
generally, **16:54, 16:55**
payment out of trust, **12:66**
Estate tax deductions
generally, **21:45**
advantages of contributions, **24:21**
disclaimer, use, **24:23**
eligibility, **24:20**
marital gifts, combination, **24:24**
non-charitable beneficiary, protection, **24:23**
settlement of defective trusts, **24:22**
Federal income tax exemptions, **12:69**
Final year, provision, **12:60**
Five percent probability test, **12:65**
Form, **12:95**
Funding
business interests, **12:60**
retirement plan payout, **12:55**
General power of appointment, trustee powers, **12:67**
Generation skipping tax, exception, **26:17**
Gift tax
charitable deduction, **16:19**
considerations, **19:65**
considerations with remainder interests, **12:73**
marital deduction applicability, **16:20**
High payout trusts, funding with appreciated assets, **12:53**
Income beneficiaries
generally, **12:56**
Federal income taxation, **12:69**
other than donor or spouse, **12:73**
Income interests
actual payment required, **12:57**
annuity trusts, **12:57**
pooled income funds, value, **12:75**
termination, **12:61**
unitrusts, **12:58**
Income tax deductibility, **19:65**
Interrelated computations, **24:34**
Investment limitations, **12:67**
IRA beneficiary, effect, **19:65**
IRS Guidelines, **12:72**
Judicial interpretations, **12:82**
Measuring life, permitted beneficiaries, **12:46**
Nature, **12:53**
Noncharitable beneficiary, requirement, **12:56**
Permitted trustees, **12:67**
Pooled income funds
income taxation, **12:76**
use, **12:74**
value, **12:75**
Powers of trustees, **12:67**
Private foundation rules, **12:63**
Private foundations, grantor family member as director, **12:89**

CHARITABLE REMAINDER TRUSTS—Cont'd
Qualified disclaimers, preservation of deduction, **24:12**
Reformation of partial interest, **12:82**
Remainder interest, change beneficiary by will, **24:20**
Short trust years, provision, **12:60**
Short-term trusts, funding with appreciated assets, **12:53**
Tax payments benefiting others, **12:66**
Terminally ill clients, use, **31:55**
Termination, **12:83**
Transfers to trust, value of deduction, **12:70**
Trustee powers, naming remainder charitable organization, **24:20**
Trustees
choosing charitable beneficiary, **12:67**
grantor ability to remove, **12:67**
Unitrusts
generally, **12:54**
catch-up provision, **12:58**
form, **12:96**
income interest, **12:58**
Unmarried clients, use in estate planning, **14:17**
Unrelated beneficiaries, **12:46**
Valuation of gift, **12:46**

CHARITABLE REMAINDER UNITRUSTS
Multiple with related parties, self-dealing rules, **12:53**
Related parties of multiple CRUTs, self-dealing rules, **12:53**

CHARITABLE TRANSFERS
Loans of artwork, **16:11**

CHARITABLE TRUSTS
Abusive use of devise, **19:1**
Form, **12:99**
Split interest charitable lead trust, distributions to charitable beneficiary, **19:65**
Trust reformation
effect on deduction, **19:65**
time limitations, **24:27**

CHECKLISTS
Additional planning information, **15:12**
Business assessment of closely held business, **23:42**
Domicile change, **20:4**
Information needed for plans, **15:12**
Irrevocable trust, preparation, **15:20**
Preresiduary pecuniary marital QTIP trust, preparation, **15:20**
Retirement expenses, **13:5**
Retirement resources, **13:6**

CHECKS
Gifts, **12:20**
Valuation in estate, undelivered checks, **35:10**
Year end transfers, **16:14**

CHECK-THE-BOX SYSTEM
Classification of entities, generally, **3:2**
Prior law, **3:5**

CHILD SUPPORT
Custodial parent, defined, **11:8**
Dependency exemption, **11:8, 11:30**
Domestic Relations Tax Reform Act of 1984
generally, **11:7**
custodial parent, defined, **11:8**
dependency exemption, **11:8**
low-income taxpayers, dependency exemption and EITC, **11:8**
medical expenses, deduction for, **11:8**
presumption that payments are for child support, **11:7**
qualifying child, uniform definition, **11:8**
release of dependency exemption, **11:8**
shortfall in payments, **11:7**
trust, support by means of, **11:7**
Historical background, **11:1**
Low-income taxpayers, dependency exemption and EITC, **11:8**
Medical expenses, deduction for, **11:8**
Presumption that payments are for child support, **11:7**
Qualifying child, uniform definition, **11:8**
Release of dependency exemption, **11:8**
Separation agreements and decrees, **11:29**
Shortfall in payments, **11:7**
Tax consequences, pre-1984, **11:1, 11:3**
Tax credit for qualifying children, **11:8**
Trust, support by means of, **11:7**

CHILDREN AND MINORS
Custodianship accounts, **30:20, 30:21**
Custodianship of property, **8:45**
De minimis exception, **9:26**
Disclaimers, **37:5, 37:17**
Domicile, **20:2**
Estate planning considerations, **17:16**
Family partnerships, tax implications, **9:27**
Gifts of tangible personal property, **18:25**
Gifts to minors and others under 21, gift tax, **16:18**
Gifts under Uniform Acts, **16:18, 20:10, 30:06**
Guardian of property, responsibilities, **30:04**
Guardian of the person, responsibilities, **30:03**
Guardianship accounts, **30:20, 30:21**
Guardianship for gifts, **18:25**
Kiddie tax provisions, **9:26**
Receipt of gifts on minor's behalf, **18:25**
Section 2503(c) and (e) transfers, gift tax, **16:18**
Terminable interest rule, third party diversion powers for support, **21:37**
Testamentary guardians, **18:52**
Testamentary trusts for minor beneficiaries, **18:46**
Uniform Gifts to Minors Act, **8:46, 16:18, 20:10, 30:06**
Uniform Gifts (Transfers) to Minors Act accounts, **30:20, 30:21**
Uniform Transfers to Minors Act, **8:47, 16:18, 18:25, 20:10**

CHILD'S SOCIAL SECURITY BENEFITS
Eligible beneficiaries, **13:7**

CIRCULAR 230
Tax shelter opinions, **6:19**

CITIZENS (UNITED STATES)
Aliens, income tax, **1:4**

CITIZENSHIP
Artwork exception to taxation, **16:70**
Estate and gift taxation, nonresidents, **16:70**
Expatriation, **1:4**
Marital deduction
death planning, **31:18.50**
eligibility, **31:18.50**
will drafting, **18:41**
Residents of U.S. possessions, **16:70**

CIVIL SERVICE RETIREMENT SYSTEM
Benefits, **13:14**

CLAIMS AGAINST ESTATE
Consideration requirement, **16:52**
Estate tax deduction, **16:52**

CLAIMS COURT
Full payment jurisdictional requirement, installment payment of estate tax, **39:30**

CLAIMS COURT TAX REFUND LITIGATION
Appeals, **39:2**
Commencement, **39:30**
Complaints, **39:30**
Discovery, **39:28**
District Court comparisons, **39:28 to 39:30**
Forum selection considerations, **39:28 to 39:30**
Jurisdiction and creation of court, **39:28**
Jury trial unavailability, **39:28**
Place of trial and pretrial proceedings, **39:28**
Precedents, **39:28**
Supreme Court review of appeals, **39:2**
Trials, **39:28, 39:30**
Writs of certiorari for Supreme Court review of appeals, **39:2**

CLASS GIFTS
Antilapse provisions, **18:53**
Beneficiary designations in wills, **18:13**
Distributions
generally, **18:24**
beneficiary designations, **18:13**
Precatory distributions, **18:24**
Will provisions
beneficiary designations, **18:13**
failure of class to agree on division, **18:24**

CLASSIFICATION FOR TAX PURPOSES
Limited liability companies, **3:6**

CLASSIFICATION OF ENTITIES
Check-the-box system, **3:2**
Corporations, **3:2**

CLASSIFICATION OF ENTITIES—Cont'd
Limited liability companies, **3:6**
Limited partnerships, **3:5**
Partnerships, **3:4**
S corporations, **3:3**

CLAT
See index heading CHARITABLE LEAD ANNUITY TRUST

CLAUSES
See index heading FORMS

CLIENTS
Initial conference, estate planning, **15:7**

CLIENT'S OBJECTIVES
Entity freezes
generally, **27:32**
assets involved, **27:35**
design process, **27:36**
simple solutions, **27:33**
timing considerations, **27:34**

CLIFFORD TRUSTS
See also index heading TRUSTS
Income shifting, use, **9:7**
Nature, **19:66**

CLOSELY HELD BUSINESS VALUATIONS
See also index headings CLOSELY HELD BUSINESSES; VALUATION
Accounting practices, **35:55**
Advertising agencies, **35:55**
Approaches to valuation, **35:39 to 35:74**
Arm's length sale or exchange method, **35:40**
Artistic intangibles, **35:60**
Asset-based formulas, **35:55**
Auto repair garages, **35:55**
Auto wrecking yards, **35:55**
Balance sheet adjustments, **35:49**
Bars, **35:55**
Bonds, **35:61**
Book value, **35:48**
Burden of proof, **35:35**
Business intangibles, methods, **35:59**
Buy-sell agreements, **35:64**
Capitalization of gross revenues, **35:54**
Categories of interest, **35:37**
Closely held business interests, definition, **35:36**
Cocktail lounges, **35:55**
Comparable companies, use, **35:41**
Contingent legal fees, **35:61**
Contractual properties, **35:61**
Controlling interest, **35:37**
Controlling stock, **35:62**
Convenience groceries, **35:55**
Copyrights, **35:60**
Corporate earnings, definition, **35:42**
Cost of creation formula, **35:59**
Deferred compensation, **35:61**

CLOSELY HELD BUSINESS VALUATIONS—Cont'd
Delaware block approach, **35:53**
Discounted cash flow, **35:59**
Discounted future earnings method, **35:44**
Discounts, **35:65**
Dividend-paying capacity, **35:47**
Estimated future earnings, **35:42**
Excess earnings, definition, **35:58**
Family attribution principle, **35:63**
Funeral homes, **35:55**
Goodwill
generally, **35:57**
excess earnings, **35:58**
Gross revenue multipliers, **35:54**
High asset value, reconciliation with modest profitability, **35:37**
Holding company interest, **35:37**
Hotels, **35:55**
Income capitalization, **35:59**
Income statement adjustments, **35:43**
Insurance agencies, **35:55**
Intangible assets, **35:56**
Interest with limited marketability, valuation methodology, **35:38**
Key man loss, **35:69**
Lack of marketability, discount, **35:67**
Legal practices, **35:55**
Life insurance proceeds paid to company, impact, **35:69**
Liquidation value, **35:50**
Liquor stores, **35:55**
Majority holdings, **35:62**
Market rate of return capitalization, **35:46**
Methods of valuation, **35:39 to 35:74**
Minority holdings, **35:66**
Mobile home parks, **35:55**
Mortgages, **35:61**
Motels, **35:55**
Noncontrolling interest, **35:37**
Nursing homes, **35:55**
Operating company interest, **35:37**
Patents, **35:60**
Preferred stock, **35:70**
Premium for control, **35:62**
Price-earnings of comparable publicly traded stocks, **35:45**
Price-to-book value approach, **35:51**
Principal manager, loss, **35:69**
Professional practices
balance sheet adjustments, **35:72**
closely held corporation, comparison, **35:71**
practice goodwill, **35:73**
professional goodwill, **35:73**
valuation techniques, **35:74**
Promissory notes, **35:61**
Ratio analysis of comparable companies, **35:41**
Representative sales, use, **35:40**
Return on equity, **35:46**

CLOSELY HELD BUSINESS VALUATIONS—Cont'd
Rules of thumb, **35:55**
S corporations, cash flow adjustment, **35:42**
Sales of stock, required usage, **35:40**
Savings capitalization, **35:59**
Selling restrictions, discount, **35:68**
Transfer taxes, provisions for avoiding, **35:65**
Valuation methods, **35:39 to 35:74**
Weighted average formula, **35:53**

CLOSELY HELD BUSINESSES
See also index headings BUY-SELL AGREEMENTS; CLOSELY HELD BUSINESS VALUATIONS
Assessment of business
generally, **23:5**
checklist form, **23:42**
Asset freeze techniques, annuities, private, **29:43**
Business plan integration with estate plan, **23:2 et seq.**
Buy-sell agreements
estate planning tool, **17:29**
estate tax value, **35:64**
use by terminally ill client, **31:35**
Calls, **23:22**
Cash-flow after death, **23:3, 23:6 et seq.**
Checklist for assessment of business
generally, **23:5**
preliminary information assembly, form, **23:42**
Classes of ownership or control, **23:18 to 23:21**
Community property interests, **10:46**
Control, **23:4, 23:16 et seq.**
estate plan provision, **17:30**
Corporations. See index heading CORPORATIONS
Cross purchase agreements, **23:33, 23:36, 23:37**
Debt interests of nonparticipating owners, **23:23**
Devise equalization among beneficiaries, **23:24**
Discounts in value, availability, **35:65**
Discretion over business clause, form, **17:33**
Divorce, transfers of property between spouses, **11:13**
Earnings distributions, **23:22**
Equity interest of nonparticipating owner, transfer to debt interest, **23:23**
Estate planning
considerations, **15:2**
lifetime, **23:1 et seq.**
problems, **17:28**
Estate tax deferral
acceleration of unpaid tax, **4:42**
amount deferred, **4:41**
attribution rules, **4:39**
eligibility, **4:34**
interest in closely held business, definition, **4:34**
lease of farm real property, eligibility, **4:36**
liquidity of estate, **23:15**
manner of election, **4:40**
payment of interest, **4:41**
personal holding company, eligibility, **4:38**

CLOSELY HELD BUSINESSES—Cont'd
Estate tax deferral—Cont'd
restructuring business, **23:17**
third-party management, eligibility, **4:37**
time of election, **4:40**
trade or business test, **4:35**
Examination during planning process, **23:5**
Extent of client's holdings, **15:8**
Forms
assessment of closely held business, checklist, **23:42**
corporate resolution adopting redemption agreement, **23:43**
cross purchase agreement for shareholders, **23:45**
qualified S trust article, **23:46**
stock redemption agreement, **23:44**
trust provision, ownership of S corporation stock, **23:47**
will provision, ownership of S corporation stock, **23:47**
Funding of purchase of interest, **23:22**
Going-concern value, goodwill distinguished, **35:57**
Goodwill, use in valuing, **35:57**
Imminent death planning
ability of executor to continue, **31:66**
buy-sell agreement, consideration, **31:68**
management issues, **31:65**
review, **31:64**
salary continuation agreement for surviving spouse, **31:70**
stock redemption, **31:69**
transfer of ownership, consideration, **31:67**
valuation, **31:71**
Installment payment of estate taxes
election, **33:19**
qualifications, **13:28**
Interest divestment planning, **23:1, 23:5, 23:25 et seq.**
Interest retention planning, after owner's death, **23:5 et seq.**
Interest retention planning following owner's death, **23:1**
Key employees, provision, **17:32**
Limited partnerships, **23:9, 23:20**
Liquidation planning, **23:1, 23:5**
Liquidity of estate, **23:9**
Liquidity planning for estate
generally, **23:3**
business as source, **23:7 et seq.**
sources, **23:6 et seq.**
Management succession, **23:16**
Minority discount creation, **23:17 to 23:21**
Noncontrolling parties, **23:22 to 23:24**
Nonparticipating owners' interests, **23:23**
Options, **23:22**
Ownership, **23:4, 23:16 et seq.**
Passive and active beneficiaries, estate distribution equalization, **23:34**
Passive owners, **23:22**
Puts, **23:22**
Restructure of ownership and control, **23:16 et seq.**
Retirement considerations, **13:21**

CLOSELY HELD BUSINESSES—Cont'd
S corporations, **23:21, 23:39 et seq.**
Separate property interests, **10:46**
Sole proprietorships
liquidity of estate, **23:8**
restructure of business ownership and control, **23:16, 23:18, 23:19**
Special use valuation, preservation of eligibility, **13:27**
Stock devises to surviving spouse, **21:66**
Stock redemption
postmortem estate planning option, **33:33**
use during retirement, **13:21**
Terminally ill client
estate tax value, **31:71**
major asset of estate, **31:38**
valuation issues, **31:71**
Terminating shareholder's interest, stock redemption, **23:14**
Termination of shareholder's interest with stock redemption, **23:12**
Transfer of equity interest, **17:29**
Transfer taxes, provisions for avoiding, **35:65**
Valuation, discounts applicable, **35:65 to 35:69**
Value
determination, **17:31**
enhancement as community or separate property, **10:46**

CLOSELY HELD CORPORATIONS
See also index heading CLOSELY HELD BUSINESSES
Accumulated earnings tax, **3:32**
At risk rules, **3:74**
Buy-sell agreements, **23:25 et seq.**
Capital expenditures, **23:11**
Capital stock, valuation methodology, **35:36**
Death or retirement of shareholder, **3:110**
Federal estate tax return listings, **34:69**
Liquidation, recognition of gains and losses, **3:115**
Liquidity of estate, **23:6, 23:7, 23:11 to 23:14**
Marketability discount, **35:67**
Material participation test, **6:30**
Minority discount, **35:66**
Passive activity loss rules, application, **6:30**
Passive loss rules, applicability, **3:70**
Personal liability of shareholders, **3:8**
Qualified appraisals, **12:8**
Redemption of stock
generally, **23:11 to 23:14**
capital expenditures, **23:11**
corporate resolution, form, **23:43**
postmortem planning, **33:33**
Restructure of corporate ownership and control, **23:21**
Restructure ownership and control, **23:16 to 23:18**
Tax advantaged investment, form, **6:30**
Valuation methods
comparable companies, **35:41**
weighted average, **35:53**

CLOSELY HELD STOCK
Charitable gift, **12:31**
Charitable remainder trusts, **12:60**
Redemption, **23:11 et seq., 33:33**
Valuation
comparable companies, **35:41**
methodology, **35:38**

CLOSING AGREEMENTS
Use, **39:16**

CLOSING LETTERS
Generally, **39:5**

CLOTHING
Valuations, **35:11**

CLUT
See index heading CHARITABLE LEAD UNITRUST

COAL
Trust property, **19:26**
Valuation of coal interests, **35:22**

COCKTAIL LOUNGES
Valuations, **35:55**

COD
See also index heading CANCELLATION OF DEBT

CODICILS
Advantages and disadvantages, **18:65**
Cremation instructions
generally, **18:4**
form, **18:74**
Drafting recommendations, **18:65**
Execution, generally, **18:63, 18:65**
Guardian's execution for incompetent, **18:65**
Revocation, drafting provisions, **18:65**
Self-proving, **18:64**

COIN COLLECTIONS
Valuations, **35:11**

COLLAPSIBLE CORPORATION
Generally, **3:107**

COLLATERAL ASSIGNMENT
Split dollar insurance, tax implications, **2:24**

COLLATERAL HEIRS
Deceased child rule, generation skipping tax, **26:19**

COLLECTION DUE PROCESS (CDP) HEARING
Notify taxpayer, collection actions, **39:32**
Tax Court review, **39:32**

COMMODITIES
Charitable gift, **12:33**

COMMON DISASTER PROVISIONS
Estate tax marital deduction qualification, **21:19**

COMMON DISASTER PROVISIONS—Cont'd
Reverse presumption clauses
generally, **21:21**
form, **21:24**
survivorship, **21:23**

COMMON STOCK
See also index heading STOCKS
Tax treatment, **6:47**

COMMON TRUST FUND INTERESTS
Valuations, **35:34**

COMMUNITY DEBTS
Generally, **10:13**

COMMUNITY PROPERTY
Generally, **10:39 et seq.**
See also index heading SEPARATE PROPERTY
Advantages, **20:13**
Apportionment of ownership
generally, **10:7**
life insurance proceeds, **10:42**
Bank accounts, joint, **10:41**
Basis adjustment, **10:52**
Burden of proof, **20:13**
Classification determination, **20:13**
Closely held business value enhancement, **10:46**
Commingling of property
community property, effect, **10:7**
conversion to community property, **10:52**
effect on property characteristics, **10:2**
income with other property, **10:57**
presumption of ownership, **20:13**
Community debts, **10:13**
Concept, **20:13**
Conversion to or from separate property, **10:52, 10:58**
Creditors' claims, **10:13**
Debts, community, **10:13**
Deductibility of rent paid to spouse, **10:7**
Deductions in respect of decedent, **10:53**
Deemed gifts by surviving spouse, **10:40 to 10:44, 10:46**
Definition, **20:13**
Disclaimers, **10:54, 10:55**
Disposition at death, **10:7**
Divorce, effect on ownership, **10:7**
Domicile change's effect on classification, **20:13**
Election by surviving spouse, **10:44**
Enhanced value of separate property, **10:45 to 10:49**
Estate tax
life insurance, **10:42**
widow's election, effect, **10:44**
Forms
partition agreements, **10:61**
postnuptial agreement, **10:61**
Gifts, **10:40 et seq., 10:58**
Improvements to separate property, **10:47**

COMMUNITY PROPERTY—Cont'd
Inception of title rule
generally, **10:7**
life insurance proceeds, **10:42**
Income
commingling, **10:57**
distributions from trusts, **10:49**
estate administration period as time for income, **10:60**
income in respect of decedent, **10:53**
splitting, **10:51**
Income tax, postmortem planning, **10:50 to 10:53**
Individually held property in community property state, **10:2**
Innocent spouse liability, community income relief, **11:24**
Joint bank accounts with third parties, **10:41**
Joint management community property, **10:7, 10:13**
Joint tenancy with right of survivorship, creation, **10:6**
Life insurance
generally, **10:40**
interpolated terminal reserve value, **10:42**
ownership, **10:42**
proceeds, **16:29**
Lifetime transfers as deemed gifts, **10:41**
Management, **10:7**
Marital gifts, **18:40**
Marriage requirement, **10:7**
Partition
generally, **10:59**
agreement forms, **10:61**
Partnerships, **10:46**
Personal property, **10:57**
Postnuptial agreements
generally, **10:58**
form, **10:61**
Prenuptial agreements, **10:58**
Presumption of ownership, **20:13**
Real property, **10:57**
Reimbursement right, **10:7, 10:46 to 10:48**
Removal from state, **10:7**
Retirement plan benefits, **10:43**
Separate property
apportionment, **10:7, 10:42**
appreciation in value, **10:45 et seq.**
commingling, **10:2, 10:52, 20:13**
conversion, **10:52, 10:58**
enhancement of value, **10:45 et seq.**
improvements, **10:47**
Sole management, **10:7, 10:13**
Sole proprietorships, **10:46**
Surviving spouse's election, **10:44**
Tracing, **10:2, 10:7**
Transfers
deemed gifts by surviving spouse, **10:40 et seq.**
lifetime transfers, **10:41**
Trusts accumulations and distributions, **10:49**

COMMUNITY PROPERTY—Cont'd
Uniform Disposition of Community Property Rights at Death Act, **10:57**
Uniform Marital Property Act, **10:52**
Widow's election, **10:44**
Widow's settlement, effect on GST, **26:5**

COMMUNITY RENEWAL ACT OF 2000
CPI index correction, **9:3**
State and local governments as beneficiaries for an ESBT, **23:39**

COMMUTING A TRUST
Avoiding gross estate, **31:76**

COMPANION WILLS
Preparation of wills, **18:72**

COMPARATIVE UNIT METHOD
Real property valuation, **35:20**

COMPENSATION
Fiduciaries. See index heading FIDUCIARIES
Gift from employer, characterization, **16:5**

COMPENSATION METHODS
Highly compensated employee, defined, **2:2**
Overview, **2:2**
Planning for the highly compensated, **2:1**

COMPENSATORY STOCK OPTIONS
Capital gain deduction, effect, **2:69**
Compensatory element, **2:61**
Financial accounting treatment, **2:70**
Incentive stock options
generally, **2:62**
alternative minimum tax preference item, **2:64**
capital gain deduction, effect, **2:69**
disqualifying transfers, **2:65**
employment requirement, **2:63**
exercise of option, **2:65**
holding period requirement, **2:63**
inadvertent options, **2:66**
nontransferability, **2:63**
option price, **2:63**
pyramiding options, **2:67**
qualifying transfers, **2:64**
sequential exercise rule, **2:63**
shareholder approval, requirement, **2:63**
ten percent shareholders, **2:63**
term of option agreement, **2:63**
term of plan, **2:63**
vesting limit, **2:63**
Nonqualifying stock options, **2:68**

COMPENSATORY STOCK TRANSFERS
Election to treat stock as completely vested, **2:55**
Employer deductions, **2:59**
Formula value transfers, **2:58**
Holding period, commencement, **2:55**

COMPENSATORY STOCK TRANSFERS—Cont'd
Lapse restrictions, **2:56**
Nonlapse restrictions, **2:58**
Purpose, **2:55**
Recognition of fair market value, **2:57**
Reduction in income tax rates, impact of, **2:60**
Section 83(b) election, **2:57**
Shareholders to employees on behalf of corporation, **2:59**
Substantial risk of forfeiture, **2:56**
Tax basis of employee, **2:55**
Taxability, **2:55**
Valuing, **2:61**

COMPLAINTS, TAX REFUND LITIGATION
Claims Court, **39:30**
District Court, **39:29**

COMPLEX TRUSTS
Taxation, generally, **32:8**

COMPUTER PROGRAMS
Product reference list, **1:26**
Protection against malpractice, **1:31**

COMPUTER SOFTWARE ROYALTIES
Personal holding tax exception, **3:33**

COMPUTERS
Administration of estate, **1:25**
Client-data retrieval, **1:25**
Document indexing, **1:25**
Document preparation, **1:24**
Product reference list, **1:26**
Tax analysis, use, **1:23**
Tax returns, use, **1:23**
Use in estate planning, **1:22**

CONDEMNED PROPERTY
Legal expenses, **6:38**

CONDITIONING OF LAND
Deductibility, **4:8**

CONDUCT OF BUSINESS
Grouping of assets, **23:15**

CONFLICT OF INTEREST
Estate planning process
generally, **1:27**
business associates, **1:30**
husband and wife, **1:28**
multiple family members, **1:29**

CONFLICT OF LAWS
Election by surviving spouse, **20:7**
Estate administration, **30:39**
Fiduciary selection, **30:02, 30:38 et seq.**
Personal property disposition, **20:5, 20:7**
Real property disposition, **20:5, 20:7**
Separate property, **20:13**

CONFLICT OF LAWS—Cont'd
Trust validity, construction, and administration
inter vivos trusts, **30:41**
testamentary trusts, **30:40**
Wills
administration, **30:39**
interpretation, **30:39**
validity, **20:8, 30:39**

CONSERVATION EASEMENT
Co-ownership where one owner deceased, **12:88, 24:19**
Election to exclude from estates
generally, **24:19**
filing requirements, **34:81**
Gross estate determination, amount of exclusion, **34:92**
Property used for QPRT, effect, **28:6**
Specially valued farmland, recapture tax, **4:30**
Valuation
charitable gifts, **35:24**
qualified conservation contributions, **12:88**

CONSERVATORS
Generally, **30:04**

CONSTITUTIONALITY
Taxation of social security benefits, nonresident aliens, **13:12**

CONSTRUCTIVE DIVIDENDS
Overview, **3:27**

CONSTRUCTIVE FRAUDULENT TRANSFERS
Generally, **19:19**

CONSTRUCTIVE RECEIPT
Nonqualified deferred compensation plans, **2:7**

CONSULTING ARRANGEMENTS
Golden parachute payments, **2:79**

CONTINGENCY FEES
Division of property theory, **2:5**
Return preparers, **39:2**

CONTINGENT INTERESTS
Generally, **18:45**

CONTRACT FOR DEED
Installment sales, completed sale treatment, **6:38**

CONTRACTUAL PROPERTIES
Valuations, **35:61**

CONTRIBUTION BASE
Limits on charitable deduction, **12:10**

CONTRIBUTIONS
Amount of compensation taken into account to determine contributions as limited by statute, **3:82**
Charitable remainder trusts, **12:62**
401(k) plans, ''catch up'' contributions, **5:29**

CONTRIBUTIONS—Cont'd
Individual Retirement Accounts
deductible, **5:59**
excess, **5:62**
nondeductible, **5:61**
Roth IRAs, **5:73**
Tax-free growth in IRA, **5:73**

CONTROL OF BUSINESS
Estate planning considerations, **17:30**

CONTROLLED CORPORATION
Life insurance, incidents of ownership, **2:23**

CONVENIENCE ACCOUNTS
Brokerage accounts, **10:35**
Joint bank accounts, **10:33**

CONVENIENCE GROCERY STORES
Valuations, **35:55**

CONVERSION RIGHTS
Corporate group insurance, inclusion in gross estate, **7:17**

CONVERTIBLE DEBENTURES
Compensation agreements, **2:73**

CONVERTIBLE TRUST
Trust preparation, **19:16**

COPYRIGHTS
Duration, **38:17**
Estate tax charitable deduction, **24:28**
Valuation, **35:60**

CORPORATE CAPITAL EXPENDITURES
Liquidity planning, **23:11**

CORPORATE CHARITABLE GIFTS
Accrual basis, **12:7**
Advertising or publicity, corporate sponsorship arrangements, **12:16**
Capital gains property, limitation on deduction, **12:16**
Carryover of excess, **12:17**
Excess contributions, carryover, **12:17**
Inventory, **12:28**
Scientific property, **12:28**
Timing, **12:7**

CORPORATE EARNINGS
Definition, **35:42**

CORPORATE FREEZES
Forms for transactions
articles of amendment, corporation, **27:119**
joint action without a meeting, **27:121**
recapitalization plan, corporation, **27:120**
shareholders and directors action, **27:121**

CORPORATE GROUP INSURANCE
Conversion rights, inclusion in gross estate, **7:17**

CORPORATE INCOME TAX
Generally, **4:4**
Rates, **3:24**

CORPORATIONS
Accident and health plans, **3:93 to 3:100**
Accounting period, selection, **3:101**
Accumulated earnings tax, **3:32**
Acquisition of assets of subsidiary, **3:115**
Affiliated service groups
income tax avoidance, principal purpose, **3:88**
leased employees, retirement benefits, **3:87**
management functions, performance, **3:86**
special rules, **3:85**
Articles of incorporation, preparation and filing, **3:16**
Assessment of closely held corporation
generally, **23:5**
checklist form, **23:42**
At-risk rules, **3:74**
Balance sheet adjustments, **35:49**
Bargain sale of assets to shareholders, **3:27**
Book value, definition, **35:48**
Buy-sell agreements
generally, **23:25 et seq.**
estate planning during life, **23:38 to 23:41**
S corporations, **23:41**
stock, **23:39, 23:41, 23:46, 23:47**
Calls, closely held corporations, **23:22**
Capital expenditures, **23:11**
Capital gain from sale of interest, **3:107**
Capital losses, deductibility, **3:54**
Capitalization rules; deductibility, **3:55 to 3:69**
Centralized management, **3:10**
Child care assistance, **3:99**
Classes of ownership or control, **23:18, 23:21**
Classification for tax purposes, **3:2**
Closely held corporations, estate planning, **23:1 et seq.**
Collapsible corporation, definition, **3:107**
Constructive dividends, **3:27**
Continuity of existence, **3:12**
Conversion to S corporation, LIFO recapture, **3:46**
Corporate earnings, **35:42**
Corporate loans to shareholders, **3:25**
Corporate losses, at risk rules, **3:74**
Corporate property, **10:9**
Cross purchase agreements
generally, **23:33**
form, **23:45**
Death or retirement of shareholder, **3:110**
Debt instruments, issuance, **3:18**
Debt interests, closely held corporations, **23:23**
Deductibility of losses, **3:53 to 3:69**
Definition, **3:2**
Dental reimbursement plans, **3:94**
Dependent care assistance, **3:99**
Disability retirement benefits, deductibility, **3:95**

CORPORATIONS—Cont'd
Distribution of corporate property, income tax treatment, **3:26 to 3:31**
Distributions to shareholders, **23:11**
Dividends
generally, **23:11, 23:14, 23:21**
definition, **3:26**
Double taxation
generally, **3:2, 3:25**
gift cards, merchant's income on sale of, **3:31**
mitigation techniques, **3:28 to 3:31**
Earnings distributions, closely held corporations, **23:22**
Employee death benefits, lump-sum exclusions, **3:97**
Entity purchase agreements, **23:33**
Equity interest transfer to debt interest, **23:23**
Equity securities, issuance, **3:18**
Estate planning during life, closely held corporations, **23:1 et seq.**
Excessive payments for shareholder's property, **3:27**
Expenses and formalities of organization
generally, **3:16**
amortization, **3:105**
Farming operations, tax treatment, **4:7**
Fiduciary powers, **30:14, 30:15**
Fiduciary qualifications, **30:14 to 30:16**
Fiscal year, factor in choice of entity, **3:101**
Fringe benefits of partnerships, compared
distributions, **3:83**
participation standards, **3:81**
top-heavy plans, **3:82**
Functions, **3:2**
Funding business interest purchase, closely held corporations, **23:22**
Gift cards, merchant's income on sale of, **3:31**
Gift tax
corporate donors, **16:15**
overview corporate donors, **16:5**
Group-term life insurance, deductibility of premiums, **3:96**
Income tax rates, **3:24**
Interest rates, over and under payments of tax, **39:31**
Land trusts treated as corporations, **10:38**
Life insurance on majority stockholder, **22:20**
Limited liability, **3:8**
Liquidation
recognition of gains and losses, **3:115**
taxable event, **4:5**
value, **35:50**
Loans to shareholders
generally, **9:23**
short-term capital loss treatment, **3:70**
Lodging for convenience of employer, **3:98**
Losses, limitations on recognition, **3:115**
Management and control, **3:10**
Maximum income tax rate, **4:4**
Meals for convenience of employer, **3:98**
Medical reimbursement plans, **3:94**

CORPORATIONS—Cont'd
Minority discount creation, **23:17 to 23:21**
Net operating loss carryovers, **3:70**
Noncontrolling parties, closely held corporations, **23:22 to 23:24**
Nonqualified deferred compensation plans, **3:90**
Nonrecognition rule, **3:115**
Options, closely held corporations, **23:22**
Organizing transaction, tax treatment, **3:105**
Partnerships and S corporations compared; chart, **3:122**
Passive owners of closely held corporations, **23:22**
Payment to nonshareholder, benefit of shareholder, treatment, **3:27**
Personal holding company tax, **3:33**
Personal use of property by shareholder, **3:27**
Postmortem liquidation, **33:34**
Preferred stock, Section 351 boot characterization, **3:105**
Professional corporations, special rules, **3:85**
Property of corporation, **10:9**
Puts, closely held corporations, **23:22**
Qualified retirement plans
distributions, **3:83**
nondiscriminatory rules, **3:81**
participation standards, **3:81**
Retirement Equity Act, provisions, **3:83**
Qualified S subsidiaries, election, effect on corporation, **3:46**
Recapitalization, Section 306 stock, **23:14**
Redemption agreements
generally, **23:33**
form, **23:44**
resolution of adoption, form, **23:43**
Redemption of corporate stock
buy-sell agreements, **21:34**
dividend treatment comparison, **23:11**
estate tax payment funding, **23:13**
retirement or death of shareholder, **3:110**
sale or exchange treatment, **23:12**
Section 302 redemptions, **23:12**
Section 303 redemptions, **23:13**
Section 306 stock, **23:14**
significance to corporation, **23:11**
surviving spouse's stock, **21:66**
terminating shareholder's interest, **23:14**
termination of shareholder's interest, **23:12**
Registration to do business in foreign state, **3:16**
REITs, Section 355 separations, **3:115**
Resolution for redemption agreement adoption, form, **23:43**
Restructure of ownership and control, closely held corporations, **23:21, 23:22**
Restructure ownership and control, closely held corporations, **23:16 to 23:18**
Retroactive allocations, applicability, **3:75**
S corporations, advantages, **23:21**
S stock
dispositions, **38:05**

CORPORATIONS—Cont'd
S stock—Cont'd
form, trust or will provision on ownership, **23:47**
ownership, **23:39, 23:46, 23:47**
second class restriction, **23:41**
Salary hedge agreements, **3:30, 3:31**
Sale of interest, tax treatment, **3:107**
Sale or exchange of stock, **23:12**
Section 306 stock, **23:14**
Section 351 transaction, boot treatment, preferred stock, **3:105**
Section 1244 stock provision, purpose, **3:71**
Shareholder-employees, reasonable compensation, **3:29**
Shareholders, compensatory stock transfers to employees, **2:59**
Shareholder's death, effects, **3:12**
Small business stock statute, purpose, **3:71**
Sources of capital, **3:18**
Start-up expenses; deductibility, **3:56**
State of incorporation, **3:16**
Statutory procedures, compliance, **3:16**
Stock option plans, availability, **3:91**
Subsidiary control, timing of spin-off, **3:115**
Tax advantaged investment, **6:30**
Taxable entity, **3:2**
Taxable incorporation, methods, **3:105**
Term insurance, premium sharing for close-corporation buy-out, **7:27**
Termination of S election
generally, **3:119**
inadvertent termination, **3:120**
recapitalization, **3:110**
Top-heavy plans, requirements, **3:82**
Transferability of interests, **3:14**

CORRESPONDENCE AUDITS
Generally, **39:7**

COST OF LIVING ADJUSTMENTS
Items subject to COLA, **9:3**
Rates of income tax, **9:3**

COSTS
Litigation, taxpayers', **39:20**

COTENANCY
See also index heading JOINT TENANCY
United States savings bonds, **10:36**

COTRUSTEES
See also index heading TRUSTEES
Adviser comparison, practical considerations in fiduciary selection, **30:58**
Compensation, **18:58, 30:34**
Family member cotrustees, **30:31**
Grantor cotrustees, **30:31**
Joint action requirement, **30:34**
Liability, **30:34**

COTRUSTEES—Cont'd
Responsibilities, **30:34**

COURT OF APPEALS TAX LITIGATION
Generally, **39:2, 39:21**

COVENANTS NOT TO COMPETE
Golden parachute payments, **2:79**

"COVERED COMPENSATION"
Defined, **5:25**

CREDIT CARDS
Gifts, **12:20**

CREDIT SHELTER FORMULA
Estate tax marital deduction
advantages and disadvantages, **21:64, 21:66**
form, **21:65**
planning considerations, **21:66**
use, **21:55, 21:64, 21:66**

CREDIT SHELTER TRUSTS
Definition, **17:41**
EGTRRA 2001 considerations, **17:41**
Form, **21:65**
Nonmarital devises, **21:64**

CREDITORS' CLAIMS
Ancillary administration, **20:26**
Brokerage accounts, joint, **10:35**
Community debts, **10:13**
Community property, **10:13**
Estate tax deduction, **16:52**
Estate trusts, **21:46**
Joint brokerage accounts, **10:35**
Joint management community property, **10:13**
Joint stock accounts, **10:35**
Joint tenancy with right of survivorship, **10:13**
Rabbi trusts, **2:9**
Secular trusts, **2:9**
Sole management community property, **10:13**
Stock accounts, joint, **10:35**
Tenancy by the entirety, **10:13**
Totten trusts, **10:34**
Trade of support rights, **16:52**
Will provisions on payment, generally, **18:6, 18:8**

CREDITS
Education expenses, **2:46**
State estate taxes, table of amounts, **16:69**

CREDITS AGAINST TAX
Energy conservation, **3:21**
Estate tax, filing schedules, **34:99 to 34:104**
Estate tax credits, **16:60 et seq.**
Foreign estate taxes, estate tax credit, **16:64**
Foreign tax credit, **21:14**
Gift tax credits, **16:23**
Gift taxes paid, estate tax credit, **16:63**

CREDITS AGAINST TAX—Cont'd
Historic properties, renovation, **6:40**
Income tax paid to other state, **20:15**
Low-income housing, **6:40**
Simultaneous deaths, **16:65**
State estate taxes, Federal estate tax credit, **16:62**
State income tax credit, **20:15**
Tax on prior transfers, **16:65**
Unified credit, estate tax, **16:61**

CREMATION INSTRUCTIONS
Codicils
generally, **18:4**
form, **18:74**
Decedent's rights, **18:4**

CROPS
See also index heading FARMERS AND RANCHERS
Preproductive carrying expense deduction, **4:8**
Trust property, **19:26**

CROSS PURCHASE AGREEMENTS
Closely held businesses, **23:33, 23:36**
Closely held corporations, **23:37**
Form, **23:45**
Funding of purchase, **23:37**
Partnerships, **23:36**

CROSSOVER POINT
Definition, **25:5**

CRUMMEY POWERS
Contingent beneficiaries, **19:58**
Overview of right to withdraw, **8:15**
Present interest, **8:15**
Primary beneficiaries, limited to, **8:15**
Time period to exercise, specific, finite period, **8:15**
Trust preparation, **19:58**
Withdrawal notices, **8:15**

CUMULATIVE LIST OF CHARITABLE ORGANIZATIONS
Beneficiary designation, **18:13**

CUMULATIVE PREFERRED EQUITY INTERESTS
Entity freezes, **27:107**

CURRENT ASSUMPTION WHOLE LIFE INSURANCE
Insurance product, **7:50 to 7:52**

CURTESY
Abolition, **20:6**
Election by surviving spouse, estate tax marital deduction, **21:71**
Estate tax, **16:50**
Marital deduction, estate tax, **21:6, 21:12**

CUSTODIAL PROPERTY
Review for terminally ill client, **31:30**

CUSTODIAL PROPERTY TRANSFERS
Accounts under statute, **30:20, 30:21**
Authority, **20:10**
Bond requirement, **30:12**
Custodianship accounts, **30:20, 30:21**
Duties, **20:10, 30:06**
Fiduciary selection tax impact, **30:20, 30:21**
General powers of appointment, **30:21**
Liability, **30:06**
Relationship to minor, **30:11**
Residency as not required, **30:10**
Successor qualification requirements, **30:11**
Uniform Gifts to Minors Act, **20:10, 30:06, 30:10 to 30:12**
Uniform Transfers to Minors Act, **20:10, 30:06**

CUSTODIANSHIP ACCOUNTS
Donor as custodian, **30:20, 30:21**
Fiduciary selection tax impact, **30:20, 30:21**
Gifts to and from account, **30:20**
Support of minor from account, **30:21**
Uniform Gifts (Transfers) to Minors Act accounts, **30:20, 30:21**

CUSTODIANSHIPS
Exclusion from income tax, **32:10**
Gifts, use in income shifting, **9:15**
Purpose, **8:45**
Uniform Gifts to Minors Act, **8:46**
Uniform Transfers to Minors Act, **8:47**

CUSTOM-MADE ESTATE PLANS
Creation, **15:4**

DAMAGE RECOVERIES
Generally, **2:5**
Withholding requirements, **2:5**

DAMAGES
Breach of employment contract, golden parachute payments, **2:79**
Exclusion for personal injury, **2:5**

DE MINIMIS RULES
Charitable contributions, benefit to donor, **12:36**
Kiddie tax, **9:26**
Special use valuation, nonqualified use, **38:09**

DEADLINES
Presidentially-declared disasters, deadlines postponed for taxpayers affected by, **34:6, 39:23**

DEATH
Beneficiary, reformation of will, **12:82**
Grantor retained interest trusts, risk planning, **28:8, 28:11**

DEATH BENEFITS
Estate includability, **18:36**
Life insurance
inclusion in gross estate, **7:17**
taxation, **7:7**

DEATH BENEFITS—Cont'd
State income tax, **20:19**
Statutory fringe benefits, **2:46**

DEATH CERTIFICATES
Domicile recitation, **20:4**

DEATH TAXES
Choice of domicile, **20:20 to 20:23**
Credit against generation skipping tax, **26:22**

DEBT INSTRUMENTS
Contingent payment agreements, prepaid tuition plans, **2:46**

DEBTS
Community property, **10:13**
Consideration for entity freeze, **27:17**
Deduction of business debt, decedent guarantor, **34:94**
Guaranteeing, gift treatment, **8:7**
Payment before death, **31:41**

DECEASED SPOUSAL UNUSED ELECTION (DSUE)
Postmortem estate planning, **33:21.50**

DECLARATION OF REPRESENTATIVE
Form 2848, power of attorney and declaration of representative, **34:135**

DECLARATIONS OF DOMICILE
Changing, **20:4**
Elements, **20:3**

DEDUCTIBLE CHARITABLE ORGANIZATIONS
Generally, **12:4**

DEDUCTIBLE INTERESTS
Estate tax marital deduction, **21:13**

DEDUCTIONS
Abnormal retirement of business property, **3:62**
Administrative expenses
effect on estate tax marital deduction, **21:75**
estate tax, **16:52**
state law, **34:93**
Alimony, **16:55**
Attorneys' fees
estate tax, **16:52**
Business losses, **32:25**
Capitalization rules, **3:55 to 3:69**
Caregiver compensation, **16:52**
Cars for business, **2:51**
Casualty losses
generally, **3:58**
estate tax, **16:51, 16:53, 32:25**
Charitable deductions
capitalization rules, **3:59**
differences as to gift tax or estate tax, **16:3**
estate tax, **16:3, 16:51, 16:54**
gift tax
generally, **16:3**
overview, **16:19**

DEDUCTIONS—Cont'd
Charitable deductions—Cont'd
split gifts between charity and spouse, **21:45**
Claims against estate, **16:52**
Compensatory stock transfers, withholding requirement, **2:59**
Corporations, generally, **3:53 to 3:69**
Court costs, estate tax, **16:52**
Deductions in respect of decedent, **16:52**
Depreciation
automobile limitations, **2:51**
capitalization rules, **3:61**
Distribution of estate or trust, **32:18**
Entertainment facilities, **2:51**
Environmental cleanup expenses, **2:50**
Equity versus security interest, **3:57**
Estate tax
administrative expenses, **16:52**
attorneys' fees, **16:52**
casualty losses, **16:51, 16:53, 32:25**
charitable deduction, **16:3, 16:51, 16:54**
claims against estate, **16:52**
court costs, **16:52**
deductions in respect of decedent, **16:52**
expenses, **16:51, 16:52**
family owned businesses
calculating amount, **34:99**
filing requirements, **34:80**
filing schedules, **34:92 to 34:98**
funeral expenses, **16:52, 18:7**
indebtedness, **16:51, 16:52**
marital deduction, **16:51, 16:55, 21:1 et seq.**
medical expenses, **18:7**
mortgages, **16:52**
state estate taxes on charitable contributions, **16:62**
taxes, **16:51, 16:52**
Estates, income tax, **32:17 to 32:34**
Executive compensation, **2:40**
Expenses, estate tax, **16:51, 16:52**
Expenses relating to tax exempt income, allocation, **32:31**
Funeral expenses, estate tax, **16:52, 18:7**
Generation skipping taxes, **34:24**
Group life insurance costs, **2:30 to 2:35**
Health or life care facilities fees, **13:19**
Home office, **2:53, 3:63**
Income tax
deductions in respect of decedent, **16:52**
last illness of taxpayer's wife, **18:7**
Indebtedness, **16:51, 16:52**
Individual retirement contributions, **5:59**
Inheritance taxes, **16:52**
Insurance premiums paid, **3:64**
Interest payments, tax deficiencies, **2:50, 39:31**
Investment interest, **6:17**
Key man insurance premiums, **2:15**
Leased vehicles, **2:51**

DEDUCTIONS—Cont'd
Life insurance premiums, **7:16**
Malpractice insurance, year of retirement, **2:50**
Marital deduction
differences as to gift and estate tax, **16:3**
estate tax, **16:51, 16:55, 21:1 et seq.**
gift tax, **16:20**
Medical expenses
child care deductions, **11:8**
estate tax, **18:7**
income tax of surviving husband, **18:7**
Mortgages, **16:52**
Net operating losses, **3:65, 31:58**
Nonresident aliens
artwork exception, **16:70**
gross estate, **16:70**
Partnership interest payments, **23:36**
Per diem expenses, **2:51**
Personal benefit contracts, **7:16**
Points, on mortgages, **33:08**
Rabbi trust contributions, **2:9**
Real estate taxes, **6:38**
Related party transactions, **3:69**
Rental payments, community property building, **10:7**
Rented vehicles, **2:51**
Salary continuation plan payments, **2:18**
Section 274 limitations, **2:51**
Secular trust contributions, **2:9**
Security interest versus equity, **3:57**
Spousal support, pre-1984 deductions, **11:2**
Start-up expenses, **3:56**
State and local taxes, **32:23**
State estate taxes on charitable contributions, **16:62**
Tax assistance, **2:51**
Tax Cuts and Jobs Act, **1:3**
Taxes, generally, **16:51, 16:52**
Theft losses, **3:68**
Tip income, **3:66**
Trade of support rights, **16:52**
Travel and entertainment, **2:51**
Trucks for business, **2:51**
Trusts
generally, **32:17 to 32:34**
investment advice, deductibility, **32:30**
2 percent floor for miscellaneous deductions, **32:30**
Vehicle use, **2:51**
Waiver, **16:52, 16:53**

DEDUCTIONS IN RESPECT OF DECEDENT
Business expenses, **32:47**
Definition, **32:47**
Depletion deduction, **32:54**
Interest, **32:54**
Taxes, **32:54**
Waiver of deduction rule, application, **16:52**

DEEMED DISTRIBUTIONS
Individual Retirement Accounts, **5:64**

DEEMED GIFTS BY SURVIVING SPOUSE
Bank accounts with third parties, **10:41**
Elections by surviving spouse, **10:44**
Estate tax, **10:44**
Gift tax, **10:40, 10:43**
Life insurance proceeds, **10:42**
Lifetime transfers, **10:41**
Reimbursement right, **10:46**
Retirement plan benefits, **10:43**
Surviving spouse's election, **10:44**
Widow's election, **10:44**

DEEMED IRAs
Generally, **5:58**

DEFAULT JUDGMENTS
Tax Court, **39:20**

DEFECTIVE GRANTOR TRUSTS
Asset freeze technique, comparative chart, **29:50**

DEFECTIVE TRUSTS
Installment sales to
achieving grantor trust treatment, **29:25**
adequate disclosure, **29:28**
asset freeze technique, **29:24**
estate tax considerations, **29:32**
form of trust, **29:36**
gift tax consequences, **29:29**
gift tax reporting, **29:31**
GRAT compared, **29:35**
GST tax considerations, **29:33**
income tax during grantor's life, **29:26**
income tax on trust earnings, **29:30**
income tax reporting, **29:28**
sample trust, **29:36**
structuring transaction, **29:34**
tax upon grantor's death, **29:27**

DEFERRED COMPENSATION
Definition, **13:16**
Divorce, effect of dividing rights, **11:16**
FICA taxes, **13:16**
Plans, definition, **2:6**

DEFERRED ESTATE TAX PAYMENTS
Election for deferred payments, timing of, **36:14**
Sale of assets, acceleration, **4:42**

DEFERRED ESTATE TAX SPECIAL LIENS
Agreements, **39:33**
Bond requirement satisfaction, **39:10, 39:33**
Closely held corporation stock, **39:11**
Election by executor, **39:33**
Filing requirement for notice, **39:33**
Notice, **39:33**
Substitution for general estate and gift tax liens, **39:33**

DEFERRED ESTATE TAX SPECIAL LIENS—Cont'd
Validity, **39:33**
Value of property, **39:33**

DEFERRED GIFTS
Generally, **12:53**

DEFICIENCIES
Estate tax installment payments, deferral, **34:77**

DEFINED BENEFIT PENSION PLANS
Advantages, **5:12**
Change in funding method, **5:6**
''Covered compensation'' defined, **5:25**
Definition, **5:6**
Distribution date, **5:38**
Factor in choice of business entity, **3:79**
Funding method, changing, **5:6**
In-service distributions, **5:35**
taxation, **5:44**
Loans to participants, **5:36**
Qualified preretirement survivor annuities, payment, **5:41**
Required distributions, **5:37**
Retirement Equity Act, provisions, **3:83**
Risk of loss, **5:13**
Top-heavy
determination, **5:31**
minimum benefit rules, **5:32**

DEFINED BENEFIT PLANS
Contribution limits, **5:29**

DEFINED CONTRIBUTION PENSION PLANS
Advantages, **5:12**
Change in funding method, **5:6**
Definition, **5:6**
Discrimination testing, **5:25**
Distribution date, **5:38**
Factor in choice of business entity, **3:79**
Funding method, changing, **5:6**
In-service distributions
generally, **5:35**
taxation, **5:44**
Loans to participants, **5:36**
Required distributions, **5:37**
Risk of loss, **5:13**
Top-heavy
determination, **5:31**
minimum benefit rules, **5:32**

DEFINED CONTRIBUTION PLANS
Contribution limits, **5:29**

DEFINITIONS
Active income, **25:2**
passive activities, **6:11**
Adjusted taxable gifts, **16:2**
Administration of estates, **20:2**
Adverse party, trusts, **19:26**

DEFINITIONS—Cont'd
Affiliated service groups, **3:85**
Alimony, redefined by Domestic Relations Tax Reform Act of 1984, **11:5**
Alternative payee, domestic relations orders, **3:84**
Annuities, qualified joint and survivor, **16:10**
Art works, charitable contributions, **24:28**
Asset freeze, **29:01**
At-risk individual, **6:7**
Average pay, retirement planning, **13:14**
Bargain sales, charity, **12:91**
Basis for gain or loss, **25:4**
Below market loans, **9:19**
Beneficiaries, trusts, **19:3**
Blockage, valuations, **35:33**
Bonds, **30:12**
Book value, corporate valuation, **35:48**
Cafeteria plans, **2:47**
Capital account
real estate limited partnerships, **25:4**
tax shelters, **25:4**
Capitalization, **35:18**
Charitable contributions, estate taxes, **24:26**
Charitable deduction, gifts in trust, **16:19**
Charitable gift annuities, **12:77**
Charitable lead trusts, **19:65**
Charitable remainder annuities, **12:77**
Charitable share, effect of estate administration expenses, **24:8**
Closely held business interests, valuation, **35:36**
Collapsible corporation, **3:107**
Community property, **10:7, 20:13**
Complex trusts, **32:8**
Contribution base, charitable contributions, **12:10**
Corporate earnings, **35:42**
Corpus, trusts, **19:3**
Creator of trust, no gratuitous transfers, required, **32:60**
Credit shelter trust, **17:41**
Custodial parent, **11:8**
Deductions in respect of decedent, **32:47**
Deferred compensation, **13:16**
Deferred compensation plans, **2:6**
Defined benefit pension plans, **5:6**
Defined contribution pension plans, **5:6**
Demand loan, **9:18**
Demonstrative gifts, **18:16**
Direct skips
disclaimed interests, **37:24**
generation skipping transfer tax, **26:10**
Disclaimers, **37:2**
Distributable net income, **32:3**
Dividends, **3:26**
Domicile, estates, **20:2**
Double taxation, **3:2**
Durable power of attorney, **13:24**
Durable powers of attorney, **17:8**

DEFINITIONS—Cont'd
Employee stock ownership plans, **5:9**
Equitable adjustment, estates, **33:48**
Estate tax, **16:25**
Estate tax planning, **1:5**
Estate trusts, **16:55, 18:45**
Estate valuation, **35:3**
Excess earnings, corporate value, **35:58**
Executors, **16:66**
Fair market value, **16:58**
estates, **35:3**
Family share trusts, **17:41**
Farm, special use valuation, **38:09**
Farming use, special use valuation, **4:14**
Fiduciaries, trusts, **19:3**
Fraudulent transfers, **19:19**
Funded welfare benefit plan, **2:30 to 2:35**
General powers of attorney, **17:8**
Generation skipping transfer, **26:4**
Gift loan, **9:18**
Gift transfers, **16:6 et seq.**
Gifts, **8:2**
adjusted taxable, **16:2**
trusts, **19:57**
Gifts taxable, **17:51**
Golden parachutes, **2:3**
Goodwill, **35:57**
Grantor retained interest trusts (GRITs), **28:3**
Grantor to a trust, **32:59**
Grantors, trusts, **19:3**
Gross estate, **16:26, 17:37**
Highly compensated employee, **2:2**
Highly-compensated employee, qualified deferred compensation plans, **5:10**
Incentive stock option, **2:62**
Income in respect of a decedent, **24:31**
Income in respect of decedent, **32:47**
Independent trustees, **30:30**
Individual retirement accounts, **5:55**
Inside basis, **25:4**
Intangible personal property, **10:1**
Inter vivos, trusts, **19:3**
Investment interest, **6:17**
Investment losses, passive activities, **6:9**
IRAs, **5:55**
IRD, **32:47**
Irrevocable life insurance trusts, **22:27**
Joint and survivor annuities, qualified, **16:10**
Joint tenancy, **17:45**
Joint ventures, valuation, **35:36**
Joint wills, **21:47**
Life insurance, **7:2**
Life insurance policy, **22:14**
Life insurance trusts, **22:27**
Limited partnerships, **3:5**

DEFINITIONS—Cont'd
Marital share, effect of estate administration expenses, **21:54**
Material participation, **6:10**
Money purchase plans, **5:6**
Mutual wills, **21:47**
Net income, trusts, **19:34**
Nonadverse parties, trusts, **19:26**
Nonlapse restrictions, **2:58**
Opportunity zones, **6:50**
Outside basis, **25:4**
Owner, trusts, **19:3**
Parachute payments, **2:78**
Partnerships, **3:4**
Passive activities, **6:8**
Passive activity losses, **6:8**
Personal benefit contracts, **7:16**
Personal property, **10:1**
Personal representatives, **30:08**
Personal service corporation, **6:31**
Pooled income funds, **24:25**
Portfolio income, **25:2**
Power of attorney, durable, **13:24, 17:8**
Powers of appointment, wills, **18:31**
Powers of attorney, **17:7**
Precatory distributions, wills, **18:24**
Preresiduary gifts, wills, **18:39**
Present interest, for gifts, **8:10**
Private foundations, **12:89**
Profit sharing plans, **5:8**
Property
trusts, **19:3**
types of property ownership, **10:1**
will usage, **18:12**
Public charities, **12:89**
QDRO, **3:84**
Qualified domestic relations order, **3:84**
Qualified family-owned business interest, calculating deduction, **34:99**
Qualified heir, special use valuation, **4:18, 38:09**
Qualified joint interests, spouses, **10:23**
Rabbi trusts, **2:9**
Real property, **10:1**
Recharacterization, Roth IRAs, **5:73**
Related party, trusts, **19:26**
Residuary gifts, **18:18**
Revocable trusts, **19:14**
S corporation, **3:3**
Secular trusts, **2:9**
Separate property, **10:2, 20:13**
Separation agreements, **10:2**
Settlor, trusts, **19:3**
Simple trusts, **32:7**
Specific gifts, will usage, **18:15**
Split gifts, **8:27**
Stock appreciation rights, **2:68**

DEFINITIONS—Cont'd
Stock bonus plans, **5:8**
Subordinate party, trusts, **19:26**
Sureties, **30:12**
Tax advantaged investments, **6:3**
Taxable estate, **16:51 et seq.**
Taxable gifts, **16:16, 17:51**
Taxable termination, generation skipping transfer, **26:8**
Tenancy by the entirety, **17:45**
Tenancy in common, **17:45**
Term life insurance, **7:18**
Terminable interest rule, estates, **21:9**
Terminable interests
generally, **16:55**
estates, **21:7**
gifts to charity, **16:20**
Testamentary, trusts, **19:3**
Testamentary dispositions, **14:13**
Title, trusts, **19:3**
Top-heavy compensation plans, **5:31**
Trust preparation, **19:3**
Trust res, **19:3**
Trusts
generally, **19:3**
charitable gifts, **16:19**
complex, **32:8**
simple, **32:7**
Valuations, estates, **35:3**
Value
fair market, **16:58**
fair market on estates, **35:3**
Will provisions, **18:62**

DELIVERY
Gifts, **16:14**

DEMONSTRATIVE GIFTS
Accretions after testator's death, **18:16**
Category distinction, **18:14**
Definition, **18:16**
Elements, **18:16**
Example, **18:16**
Payment source, **18:16**

DEMUTALIZATION
Life insurance, **22:4**

DEPENDENCY EXEMPTION
Generally, **11:8**
Allocation of exemptions, **11:30**

DEPENDENT CARE ASSISTANCE BY EMPLOYER
Factor with respect to choice of entity, **3:99**
Tax exemption, **2:46**

DEPRECIABLE PROPERTY
Recovery of cost, **4:9**

DEPRECIATION
Automobiles, luxury, limitations, **2:51**
Basis of property, **32:26**
Business property, **3:61**
Cattle, **4:9**
Community property, basis adjustment, **10:52**
Electric vehicles, **2:51**
Farm buildings and equipment, **4:9**
Goats, **4:9**
Horses, **4:9**
Income tax deduction, **32:26**
Recapture of partner's distributive share, **3:39**
Section 179 allowance, election of partnership, **3:41**
Sheep, **4:9**

DERIVATIVE BENEFITS
Social security, **13:7**

DESIGNATED BENEFICIARIES
Qualified pension plans, timing of determination, **5:39**

DETERMINATION OF TAX
Partnerships, settlements with partners, **39:16**

DEVISES
Buy-sell agreements, valuation, Section 2703, **27:30**
Crummey powers of withdrawal, **8:15**
Entity freezes, **27:12**
Term usage, **18:12**

DIFFICULT-TO-VALUE PROPERTY
Disposition, **31:24**

DIRECT CAPITALIZATION METHOD
Valuations, **35:19**

DIRECT SKIPS
Definition, **26:10, 37:24**
Disclaimer use, **37:24**

DIRECTORS OF PRIVATE FOUNDATIONS
Family member of grantor, **12:63**

DISABILITY
Termination payments, **2:54**

DISABILITY INSURANCE
Employee contributions, taxation, **2:38**
Payments
income of employee, inclusion, **2:38**
income of employer, inclusion, **2:37**
Premiums, deductibility, **2:37**
Use, **2:36**

DISABILITY RETIREMENT BENEFITS
Deductibility of costs, **3:95**

DISASTERS
Presidentially-declared disasters, deadlines postponed for taxpayers affected by, **34:6, 39:23**

DISCHARGED FARM DEBT
Exclusion from gross income, **4:11**

DISCLAIMER WILLS
Form, **18:73**

DISCLAIMERS
A trusts, **37:21**
Annuities, timing requirements, **37:7**
B trusts, **37:21**
Built-in loss property, **37:12**
Charity, in favor of, officers or directors of charity, **37:15**
Common law v. statute, **37:2**
Community property, **10:54, 10:55**
Consideration, **37:11**
Corpus, **37:13**
Definition, **37:2**
Direct skip transfers, **37:24**
Direction of disclaimant as forbidden, **37:4, 37:14, 37:16**
Disclaimer wills, **18:73**
Economic Recovery Tax Act of 1981, **37:3**
Effect of defective disclaimer, generation skipping trusts, **26:33**
Estate planning device, **37:19 et seq.**
Estate size reduction, **37:20**
Estate tax, generally, **21:15, 21:46, 37:19 et seq.**
Exemption amounts, **37:22**
Fair market value, **37:22**
Family share trusts, **37:21**
Federal statute, **37:2**
Fiduciaries, **37:15**
Filing, **37:6**
Forms
disclaimer creating trust, qualified terminal interest property (QTIP), **37:27**
formula disclaimer, **37:26**
general disclaimer, **37:25**
trustee's disclaimer, **37:28**
Formula disclaimer form, **37:26**
Fractional portion of interest
generally, **37:16**
General disclaimer form, **37:25**
Generation-skipping transfer tax
generally, **26:37, 37:24**
Gift tax, **16:12**
Guardian requirement, incompetent or minor disclaimant, **37:5**
Implied promise, effect, **37:11**
Income disclaimers
generally, **37:13, 37:20**
trustee, form, **37:28**
Income tax reduction, **37:20**
Inter vivos transfers, timing requirements, **37:8**
Interests subject to disclaimer, **37:12, 37:14**
Joint bank accounts, timing requirements, **37:10**
Joint brokerage account, acceptance of benefits exception, **37:11**

DISCLAIMERS—Cont'd
Joint tenancy between spouses, death of cotenant, **37:9**
Joint tenancy interests
revocable joint tenancy, **37:10**
spouses' interests, **37:9, 37:11**
timing of disclaimer, **37:9**
timing requirements, **37:9 to 37:11**
use of property prior to disclaimer, **37:11**
Jointly owned property, **37:7**
Legislative history, **37:3**
Life estates, **37:16**
Life insurance, timing requirements, **37:7, 37:8**
Lifetime transfers, disclaimer timing requirements, **37:6, 37:8 to 37:10**
Mailing, **37:6**
Marital deduction, estate tax
disclaimer use to optimize deduction, **21:72**
increasing, **21:12**
marital share funding, **37:23**
passage requirement for interest transfer, **21:12**
qualified terminable interest property (QTIP) qualifying trust, **37:27**
qualified terminable interest property (QTIP) trust creation, **37:21, 37:27**
Marital share trusts, **37:21**
Minor disclaimant, **37:5**
Minors, **37:17**
Nine-month requirement
death of beneficiary, **37:20**
minors and others under age 21, **37:17**
powers over property, **37:14**
revocable joint tenancies, **37:10**
statutory basis, **37:6**
Officers or directors of charity, **37:15**
Overview, **37:1**
Partial disclaimers, fractional portion of interest, **37:16**
Passage of disclaimed property to another, requirement
powers over property, **37:14**
statutory basis, **37:3**
title transfer, **37:18**
Personal representatives, **37:5, 37:20**
Planning strategies, **37:19 et seq.**
Powers of appointment, **37:11, 37:14**
Powers over property, **37:14**
QTIP trusts
generally, **37:15, 37:21**
creation, form, **37:27**
property, **37:6**
Qualified disclaimers, **37:3 et seq.**
Recording, **37:6**
Refusal requirement, **37:17**
Relation back, predating gift tax, **35:66**
Remainder interests, **37:13, 37:14, 37:16**
Requirements
consideration for disclaimer, absence, **37:11**
disclaimant's direction, absence, **37:4, 37:14, 37:16**

DISCLAIMERS—Cont'd
Requirements—Cont'd
filing, **37:6**
guardian, **37:5**
passage of disclaimed property to another, **37:4, 37:14, 37:16, 37:18**
recording, **37:6**
refusal of benefits, **37:11, 37:17**
signature, **37:5**
statutory basis, **37:4**
timing, **37:6 to 37:10, 37:14**
writing, **37:5**
written transfers treated as disclaimers, **37:18**
Revenue Act of 1978 provision, **37:3**
Revocable joint tenancy interests, timing requirements, **37:10**
Signature requirement, **37:5**
Spousal joint ownership interests
timing requirements for disclaimer, **37:9**
use of property prior to disclaimer, **37:11**
Spousal rollovers, qualification, **33:11**
State disclaimers statutes, **37:18**
State law
defeating tax liens, **37:2**
filing requirement, **37:6**
importance, **37:3, 37:18**
recording requirement, **37:6**
title passage, **37:18**
writing requirement, **37:5**
Statutory requirements, **37:5**
Survivorship rights, **37:9 to 37:11**
Taxable transfers, timing requirement, **37:6 to 37:10, 37:14**
Tenancy by the entirety interests, timing requirements, **37:9**
Terminable interest rule, third party diversion powers, **21:37**
Testamentary transfers, timing requirements, **37:6, 37:7, 37:9**
Timing requirements, **37:6 to 37:10, 37:14**
Trusts
A trusts, **37:21**
B trusts, **37:21**
family share trusts, **37:21**
fiduciary disclaimers, **37:15**
fractional portion of interest, **37:16**
generation-skipping tax avoidance, **37:24**
marital share trusts, **37:21**
partial disclaimers, **37:16**
powers of appointment, **37:14**
QTIP treatment, form, **37:27**
qualified terminable interest property (QTIP) trust creation, **37:21, 37:27**
timing requirements, **37:7 to 37:9**
trustee's disclaimer, form, **37:28**
Undivided portions of interests, **37:16**
Unified credit funding
generally, **37:22**
marital deduction, using, **21:12**

DISCLAIMERS—Cont'd
Untimely, gift tax liability, **37:8**
Use of property prior to disclaimer, **37:11**
Writing requirement, **37:5**
Written transfers treated as disclaimers, **37:18**

DISCLOSURE
Exempt organizations, **12:89**
Gifts, adequately, information required to begin SOL, **16:22**
Private foundations, postings permitted, **12:89**

DISCOUNTS
Business valuation, key man loss, **35:69**
Business valuations, **35:65 to 35:69**
Closely held business application, **35:65 to 35:69**
Interpreting provisions restricting transfer, **35:65 to 35:69**
Key man loss, **35:69**
Marital joint tenancies, **35:14**
Marketability issues, **35:67**
Minority holdings, **35:66**
Restrictions on interest, **35:68**
Stock marketability, **35:65 to 35:69**
Transfer taxes, provisions for avoiding, **35:65 to 35:69**
Valuations of closely held businesses, **35:65 to 35:69**

DISCOVERY
Tax refund litigation, **39:28**

DISCRIMINATION
Employment-based, damage awards, **2:5**

DISGRUNTLED BENEFICIARIES
Alleviation, **31:09**

DISINHERITANCE
Estate planning considerations, **17:26**

DISMISSALS
Tax Court, **39:20**

DISQUALIFIED INDIVIDUALS
Parachute payments, exemption, **2:78**

DISTRIBUTABLE NET INCOME
Definition, **32:3**
Electing small business trusts, **9:29**
Spouse's elective share, **32:37**
Trusts, **30:24**

DISTRIBUTIONS
Charitable remainder trusts, requirements, **12:55**
Deemed, Individual Retirement Accounts, **5:64**
Individual Retirement Accounts, **5:63**
Properly paid, **32:18**
Qualified plans
generally, **5:47**
capital gain treatment, **5:48**
date determination, **5:38**
death benefits, **5:41**
delay until retirement, **5:44**
early distributions, **5:50**

DISTRIBUTIONS—Cont'd
Qualified plans—Cont'd
eliminate pre-retirement right to distributions, **5:38**
excess distributions, excise tax, **5:51**
failure, excise tax, **5:49**
IRAs
generally, **5:63**
deemed distributions, **5:64**
multiple plans, top-heavy rules, **5:33**
requirements, **5:37**
retirement benefits, taxation of, **5:45**
rollovers, **5:46**
Roth account distributions, **5:53**
selection of methods, **5:52**
taxation of, **5:44**
taxation of in-service distributions, **5:35**
withholding requirements, **5:65**
Retirement plans, equal periodic payments, **5:50**
Roth account distributions, **5:53**

DISTRIBUTIONS BY CORPORATIONS
Liquidity planning, **23:11**

DISTRICT COURT TAX REFUND LITIGATION
Appeals, **39:2**
Claims Court comparisons, **39:28 to 39:30**
Commencement, **39:29**
Complaints, **39:29**
Discovery, **39:28**
Forum selection considerations, **39:28 to 39:30**
Jury demands, **39:29**
Jury trials, **39:28, 39:29**
Jury waivers, **39:29**
Place of trial, **39:28**
Precedents, **39:28**
Service of summons and complaint, **39:29**
Supreme Court review of appeals, **39:2**
Writs of certiorari for Supreme Court review of appeals, **39:2**

DIVIDENDS
Capital expenditures, **23:11**
Capitalization as valuation methodology, **35:47**
Constructive dividends, **3:27**
Corporate stock, **23:11, 23:14, 23:21**
Definition, **3:26**
Failure to declare, **16:5**
Fiduciary income tax return
exclusion, **34:23**
preparation, **34:12**
Redemption treatment, comparison for stock, **23:11**
Section 306 stock, **23:14**
Tax treatment, **6:47**

DIVISION OF PROPERTY
See index heading DIVORCE AND SEPARATION

DIVORCE AND SEPARATION
See also index headings ALIMONY; CHILD SUPPORT; SEPARATION AGREEMENTS
Annuities, transfers between spouses, **11:14**
Apportionment of refunds, **10:7**
Attorney's fees, **11:25**
Closely held businesses, planning for transfer of assets, **11:13**
Community property, **10:7, 10:59**
Deferred compensation rights, **11:16**
Division of property
pension funds, **3:84**
separation agreements and decrees, **11:32**
tax consequences, historical background, **11:1**
transfers of property, below
Domestic relations order, **3:84**
Estate and gift tax considerations. Transfers of property between spouses, below
Filing status, determination of, **11:20**
Income tax treatment. Transfers of property between spouses, below
Incomplete gifts, use, **8:33**
Individual Retirement Accounts, **5:63**
Innocent spouse liability
generally, **11:21 to 11:24**
abatement of tax, **11:21**
bankruptcy, **11:21**
community income relief, **11:24**
election of separate liability treatment, **11:21**
equitable relief
generally, **11:22**
limitations period, **11:23**
Tax Court jurisdiction, **11:22**
notice of rights to relief, **11:21**
proposed regulations, **11:21, 11:23**
quick look treatment, **11:21**
res judicata, **11:21**
Tax Court jurisdiction, **11:21, 11:22**
understatements, **11:21**
Joint returns
filing status, determination of, **11:20**
refunds after separation, **10:7**
separation agreements and decrees, **11:35**
Life insurance, transfer between spouses, **11:15**
Marital deduction, estate tax, **21:11**
Marital home. Transfers of property between spouses, below
Nonmarital assets, transfers between spouses, **11:17**
Partnership property, **10:10**
Pension plans, ERISA rules, **5:42**
Property transfers and divisions
community property, **10:7, 10:59**
third parties, transfer to on behalf of spouse, **11:9**
transfers of property between spouses, below
Retirement benefits, **11:16**
Stock options, nonstatutory, **11:16**

DIVORCE AND SEPARATION—Cont'd
Tax consequences prior to Domestic Relations Tax Reform Act of 1984
generally, **11:1 to 11:3**
alimony or spousal support, **11:2**
child support, **11:3**
Tax planning under Domestic Relations Tax Reform Act of 1984
generally, **11:4 et seq.**
alimony, **11:5, 11:6**
attorney's fees, **11:25**
child support, **11:7, 11:8**
filing status, determination of, **11:20**
innocent spouse liability, above
transfers of property between spouses, below
Transfers of property between spouses
generally, **11:9 to 11:19**
annuities, **11:14**
closely held businesses, **11:13**
deferred compensation rights, **11:16**
estate and gift tax considerations
generally, **11:18**
transfer tax planning, **11:19**
income tax treatment
generally, **11:9**
basis, **11:10**
life insurance, **11:15**
marital home
generally, **11:11**
allowable deductions, **11:11**
default and re-acquisition, **11:12**
principal residence rules, **11:11**
nonmarital assets, **11:17**
nonrecognition of gain or loss, **11:9**
retirement benefits, **11:16**
stock options, nonstatutory, **11:16**
transfer tax planning, **11:19**
Unmarried, planning for, **11:42**
Will for troubled marriage, **11:43**

DOCUMENTS
Basic for estate planning, **1:9**
Business agreements, overview, **1:12**
Changes, **15:19**
Complete estate plan, **1:14**
Estate planning, decision making basis, **1:31**
Indexing by computers, **1:25**
Marital agreements, overview, **1:13**
Order, estate tax return, **34:82**
Preparation by computers, **1:25**
Preparation by program, **1:24**
Review by client, **15:19**
Standardized checklists, **1:31**
Trusts, overview, **1:11**
Wills, overview, **1:10**

DOMESTIC IRON ORE
Trust property, **19:26**

DOMESTIC RELATIONS ORDER
Fringe benefit distributions, **3:84**

DOMESTIC RELATIONS TAX REFORM ACT OF 1984
Generally, **11:4 et seq.**
Alimony redefined, **11:5**
Child support
generally, **11:7**
see also index heading CHILD SUPPORT
dependency exemption and other child care provisions, **11:8, 11:30**
Effective date, **11:4**
Tax Cuts and Jobs Act of 2017, treatment of alimony following, **11:6**
Transfers of property between spouses incident to divorce
generally, **11:9 to 11:19**
see also index heading DIVORCE AND SEPARATION

DOMESTIC TRUSTS
Provisions generally, **19:50**

DOMICILE
See also index heading RESIDENCY
Arbitration in dual, state estate tax disputes, **20:23**
Burden of proof upon change, **20:4**
Change, **20:4**
Checklist for change, **20:4**
Children, **20:2**
Death certificate recitation, **20:4**
Declarations of domicile, **20:3, 20:4**
Definition, **20:2**
Determination, **20:2 to 20:4, 31:20**
Dual domicile, state estate taxes, **20:22, 20:23**
Elements, **20:3**
Factors in determining, **20:3**
Health or life care facilities, **13:19**
Hospital stay in different domicile, **20:4**
Intent as element, **20:2 to 20:4**
Multiple domiciles, **20:4**
Multiple state contacts, state estate tax problems, **20:22**
Nursing home in different domicile, **20:4**
Presumption, **20:4**
Residence as factor, **20:2 to 20:4**
Residency distinguished, **20:15, 20:18**
Retraction of decedent as domiciliary after probate, estoppel, **20:22**
Spouses, **20:2**
State law considerations in choice
generally, **20:5 to 20:19**
community property, **20:13**
estate administration, **20:11**
estate taxes, **20:20 to 20:23**
executor qualifications, **20:9**
in testate succession, **20:6**
lifetime taxes, **20:14 to 20:19**

DOMICILE—Cont'd
State law considerations in choice—Cont'd
marital agreement validity, **20:12**
Mortmain Statutes, **20:10**
powers of attorney, **20:10**
property dispositions in general, **20:5**
surviving spouse's statutory rights, **20:7**
taxes, **20:14 to 20:23**
trustee qualifications, **20:9**
Uniform Gifts to Minors Act, **20:10**
Uniform Transfers to Minors Act, **20:10**
will validity, **20:8**
Termination, **20:4**
Timing domicile change, **20:19**
Will provisions, **18:3, 20:4**

DONEES
Children, **8:4, 8:42**
Consideration, **8:35**
Grandchildren, **8:42**
Identity, **8:4**
Lineal descendants, **8:42**
Parents of donor, **8:43**
Spouses
generally, **8:36**
critically ill, **8:37**

DONOR ADVISED FUNDS
Defined, **12:89.50**

DOUBLE TAXATION
Choice of business entity, factor, **3:25**
Definition, **3:2**
Mitigation techniques, **3:28 to 3:31**
S corporations, avoidance, **3:47**

DOWER
Abolition, **20:6**
Election, enforceable rights for spouse, **21:12**
Election by surviving spouse, estate tax marital deduction, **21:71**
Estate tax, **16:50**
Marital deduction, estate tax, **21:6, 21:12**

DRAFTING
Charitable remainder trusts, considerations, **12:71**
Defective QTIP provision, reforming will to cure, **21:74**
Malpractice actions, **1:31**

DURABLE POWERS OF ATTORNEY
Generally, **20:10, 30:05**
Attorney-in-fact, choice, **30:05**
Creation, **17:8**
Defined, retirement planning, **13:24**
Definition, **17:8**
Domicile, factor in choice, **20:10**
Form
generally, **17:9**
retirement planning, **13:25**

DURABLE POWERS OF ATTORNEY—Cont'd
General powers, **30:05**
Real property transactions, **17:11**
Retirement planning, **13:23**
Revocable living trust, use, **19:16**
"Sprung" power, **31:06**
Terminally ill client, execution, **31:06**
Termination of authority, **17:11**
Uses, **17:8**
Validity of transactions, **17:11**

EARNINGS AND PROFITS
Corporate owner diverting, tax evasion threshold, **3:28**

EASEMENTS
Estate tax charitable deduction, **24:19**

ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT
See index heading EGTRRA

ECONOMIC RECOVERY TAX ACT OF 1981
Disclaimers, **37:3**
Gross estate, transfers within three years of death, **16:48**
Marital deduction, percentage limitation removal, **21:1**
Maximum marital deduction formula, **21:69**
Qualified joint interests, prior law, before 1982, **10:27**
Spousal joint ownership
estate tax
generally, **10:20**
before 1982, **10:27**
gift tax, **10:20, 10:22**
prior law
before 1982, **10:24**
income tax, **10:25**

EDUCATION SAVINGS PLANS
Contribution limits, **5:74**
Named beneficiary, **5:74**
Purpose, **5:74**

EDUCATIONAL EXCLUSION
Gift tax, **8:11**

EDUCATIONAL EXPENSES
Charitable deduction, payment of tuition to private religious institution as, **12:6**
Estate planning considerations, **17:18**
Savings bonds, tuition savings bonds, **6:44**
Tuition. See index heading TUITION

EDUCATIONAL ORGANIZATIONS
Charitable giving, **24:5**
Tuition savings bonds, **6:44**

EGTRRA
Adoption expenses, deductibility, **2:46**
Applicable exclusion amount
generally, **17:41**
table, **16:68**

EGTRRA—Cont'd
Applicable exclusion amount—Cont'd
unmarried client planning, **14:9**
Asset freezes, **29:03**
Catch up contributions to IRAs, **5:59**
Contribution limits, **5:29**
Credit shelter trust considerations, **17:41**
Education savings plans, rules liberalized, **5:74**
Estate tax rates, **16:62**
Estate transfers to spouses, **21:8**
401(k) plans, **5:29**
Generation skipping transfer tax, automatic allocation rules, **26:11**
Gift tax, rates, **16:23**
Gifts, tax-free amount, **16:23**
Highly compensated taxpayers, **2:2**
Income shifting, tax rates, **9:3**
IRA contribution limitations, **5:59**
Nonqualified retirement plan limitations, **5:3**
Postmortem planning, **33:21**
Qualified retirement plans, **5:29**
Qualified trust severances, **26:45**
Retroactive allocation of GST exemption
generally, **26:11**
postmortem planning, **33:21**
Special needs children, adoption expenses, **2:46**
State estate taxes, **16:69**
Tax rates, **1:3**
Trust severances, **26:45**

ELDER ABUSE
Misappropriation by caregiver, **8:54**

ELECTING INVESTMENT PARTNERSHIPS (EIPs)
Restrictions on partnership allocations, **3:43**

ELECTING SMALL BUSINESS TRUSTS (ESBTs)
Comparison with QSST, **9:29**
Distributions, effect, **9:29**
S corporation shareholders, requirements, **23:39**
S corporations, **38:06**
Trusts, overview, **19:26**
Trusts as shareholders, estates, special assets, **38:06**

ELECTIONS
Administration expenses, current regulations apply, **16:55**
Check-the-box entity classification, **3:2**
Deferral of income, nonqualified deferred compensation plans, **2:8**
Executors
alternate valuation, **34:74**
ESOP elections, **34:79**
form 706 filings, **34:74 to 34:79**
installment tax payments, **34:77**
QTIP election, **34:76**
reversionary interest postponement, **34:78**
special use valuation, **34:75**
Expenses of administration, current regulations apply, **16:55**

ELECTIONS—Cont'd
401(k) contributions, ''opt out'' election, **5:10**
Incentive stock option not treated as one, **2:63**
Innocent spouse, election of separate liability treatment, **11:21**
''Late'' elections, allowance of, **4:22**
Protective election, special use valuation, **38:10**
QTIP
contingent on election, **21:38 et seq.**
life estate, **21:38 et seq.**
S corporations, **3:46**
Special use valuation
estate tax return, **4:22**
recapture agreement, **34:75**
Surviving spouse
augmented estate, **20:7**
capital gain by estate to satisfy elective share, **20:7**
checklist, **20:7**
community property, **10:44**
conflict of laws, **20:7**
curtesy, **21:71**
dower, **21:71**
elective share, **20:7**
fraud by decedent in previous transfers, **20:7**
homestead, **20:7**
life estate as form of elective share, **20:7**
marital deduction qualification, **20:7**
more than one state, elections in, **20:7**
probate estate of decedent, limitation, **20:7**
size and form, **20:7**
state law variances, **20:7**
statutory share, **21:71**
time and manner, **20:7**
trusts precluding elective share, **20:7**
waiver, **20:7**
will renunciation as requirement, **20:7**
Trust status, foreign or domestic, **32:63**

ELECTIVE SHARE CLAIMS
Marital deduction qualification, **33:12**

ELECTRIC VEHICLES
Depreciation deduction, **2:51**

ELECTRONIC FILING PROGRAM
Who may participate, **1:23**

ELIGIBLE WORKER-OWNED COOPERATIVES
Administrator's estate tax return filing requirement, **16:57**
Revenue Reconciliation Act of 1989
executor elections, **34:79**

EMPLOYEE BENEFIT PLANS
Continuation coverage, penalties for failure to provide, **2:43, 2:46**
Control over assets in account, subject to fiduciary rules, **5:43**
Estate tax effects, **5:43**

EMPLOYEE BENEFIT PLANS—Cont'd
Frozen deposits, **5:65**
Loans, **5:36**
Nondiscrimination requirement, **2:35**
Postmortem estate planning, **33:36 to 33:40**
Reporting requirements, **2:35**
Rollovers, **5:46**
Separation agreements, **11:33**
Statutory conditions, **2:35**
Statutory requirements, **2:43**
Withholding, **5:65**

EMPLOYEE BUY-OUTS
Tenured faculty positions, property right v. employee compensation, **3:20**

EMPLOYEE COMPENSATION PLANS
Book value shares, **2:74**
Convertible debentures, **2:73**
Golden parachute payments, **2:77 to 2:79**
Junior common stock, use, **2:72**
Non-common stock, equity-based compensation, **2:71 to 2:76**
Phantom stock, **2:76**
Stock appreciation rights, **2:75**
Top paid group, elected treatment, **2:2**

EMPLOYEE FRINGE BENEFITS
See index heading FRINGE BENEFITS

EMPLOYEE STOCK OWNERSHIP PLANS
Administrator's estate tax return filing requirement, **16:57**
Definition, **5:9**
Partial interest exclusion, stock ownership, **5:9**
Postmortem planning, use, **33:17**
Revenue Reconciliation Act of 1989
executor elections, **34:79**
postmortem transfer tax options, **33:17**
Sale of securities, estate tax deduction, **33:17**

EMPLOYEE STOCKS
Availability, **3:91**

EMPLOYEE TRUST ACCOUNTS
Retirement contributions, **5:56**

EMPLOYEE WELFARE BENEFIT PLANS
Reporting requirements, **2:44**

EMPLOYER IDENTIFICATION NUMBER (EIN)
Form SS-4, **34:117**
Necessity, **34:116**
Obtaining, **34:10**
Series or block
fiduciary income tax return, **34:10**
Form SS-4, **34:116**

EMPLOYER PROVIDED MEALS
Exclusion from income, **2:54**

EMPLOYMENT CONTRACTS
Form, **2:4**
Necessity, **2:3**

EMPLOYMENT TAXES
Buy-outs of employees, tenured faculty position, **3:20**
Divorce or separation, allocation of taxes, **11:20**
Method of deposit, **3:20**

ENCUMBERED PROPERTY
Charitable contribution deduction, **12:8**

ENDORSEMENT METHOD
Split dollar insurance, tax implications, **2:24**

ENDOWMENT CONTRACTS
Tax free exchanges, **7:7, 22:8**

ENDOWMENT POLICIES
Powers of appointment over proceeds, **21:44**

ENERGY CONSERVATION
Credits against tax, **3:21**

ENTERPRISE
Joint purchases, unmarried client, **14:19**
Sale of remainder interest, unmarried client, **14:19**

ENTERTAINMENT EXPENSES
Deductibility, restrictions, **2:51**
OBRA 93, **2:51**
Reporting requirements, **2:52**

ENTIRE INTEREST CONCEPT
Estate tax marital deduction, **21:33**

ENTITY CLASSIFICATION
Check-the-Box system, **3:2**
Corporations, **3:2**
Limited liability companies, **3:6**
Limited partnerships, **3:5**
Partnerships, **3:4**
Prior law analysis, **3:5**
S corporations, **3:3**

ENTITY FREEZES
Generally, **27:01**
See also index headings ASSET FREEZES; HOLDING COMPANY FREEZES; PARTNERSHIP FREEZES; PREFERRED STOCK RECAPITALIZATIONS
Asset protection, family partnerships
generally, **27:99**
charging order effect, **27:101**
creditor of partner, **27:100**
tax consequences of charging order, **27:102**
Attributes effecting valuation, **27:26**
Basic structure
corporate freeze, **27:10**
partnership freezes, **27:11**
Business purpose, **27:12**
Buy-out arrangements, **27:58**

ENTITY FREEZES—Cont'd
Buy-sell agreements, valuation, Section 2703, **27:30**
Chapter 14 overview, **27:04**
Children not in business, providing for, **27:111**
Choice of design
generally, **27:32**
assets involved, **27:35**
design process, **27:36**
simple solutions, **27:33**
timing considerations, **27:34**
Choice of entity, **27:09**
Corporations, family controlled
business purpose requirement, **27:38**
buy-outs, **27:58**
continuity requirement, **27:39**
distributions of stock, **27:37**
estate tax payments, **27:59**
holding company issues, **27:56**
income tax issues, **27:43**
loss of S election, **27:42**
plan of reorganization requirement, **27:40**
preferred stock redemptions, **27:55**
Section 305 stock
generally, **27:44**
application to recapitalization, **27:53**
common and preferred stock, **27:48**
conversion privilege, **27:54**
convertible preferred stock, **27:50**
disproportionate distributions, **27:47**
distributing preferred stock, **27:49**
distributions other than money, **27:46**
exceptions to nonrecognition, **27:45**
excess redemption premium, **27:52**
imputed distributions, **27:51**
Section 306 stock, generally, **27:55**
step transactions, **27:41**
tax free formation, **27:57**
Cumulative preferred equity interest, **27:107**
Debt as consideration, **27:17**
Devise prohibition, **27:12**
Entity choice, **27:09**
Estate tax imposition
generally, **27:14**
adverse interest approval, **27:22**
alterable transfers, **27:21**
Byrum doctrine, **27:20**
consideration given, **27:23**
decedent's interest in property, **27:15**
lapsing interests, **27:16**
Section 2036, **27:18**
Section 2036(b), **27:19**
Section 2038, **27:21**
string provisions, **27:17**
transferees with limited funds, **27:24**
Estate tax payments, **27:59**

ENTITY FREEZES—Cont'd
Family limited partnerships, sale of remainder interest, **27:108**
Family partnerships, life insurance, use with
generally, **27:103**
general rules, **27:104**
ownership by partnership, **27:105**
transfers to fund premiums, **27:106**
Family succession planning
children not in business, providing for, **27:111**
management continuity, **27:109**
surviving spouse, providing for, **27:110**
Forms for transactions
agreement of limited partnership, **27:114, 27:115**
articles of amendment, corporation, **27:119**
certificate of limited partnership, **27:113**
guidelines, **27:112**
IRS request for information, **27:118**
joint action without a meeting, **27:121**
minutes of commencing operation plan, **27:116**
minutes of operation plan, **27:117**
recapitalization plan, corporation, **27:120**
shareholders and directors action, **27:121**
Grantor income trusts, **27:02**
Grantor retained income trusts, alternative, **28:3**
Gratuitous transfer principles, **27:13**
Historical background, **27:02**
Holding company issues, **27:56**
Information request, IRS estate tax examination, **27:118**
Interfamily sales, **27:02**
Lapses of liquidation rights, **27:31.10**
Lapses of voting rights, **27:31.10**
Leveraged gifts, **27:06, 27:108**
Liquidation right restrictions, **27:31.20**
Liquidation value, Section 2704, **27:31**
Outright gift, **27:02**
Partner recognition
conduct of business, **27:73.40**
income distributions, **27:73.30**
management participation, **27:73.20**
retained controls, **27:73.10**
summary, **27:73.50**
Partnerships, family controlled
generally, **27:60**
asset protection, **27:68**
capitalization, **27:80**
disguised sales, **27:83**
investment company, **27:82**
nonrecognition rule, **27:81**
Chapter 14 valuations
generally, **27:94**
Section 2701, **27:95**
Chapter 14 valuations, Section 2702, **27:96, 27:97**
Chapter 14 valuations, Section 2704, **27:98**
check-the-box regulations, **27:71**

ENTITY FREEZES—Cont'd
Partnerships, family controlled—Cont'd
death of partner, **27:86**
basis determination, **27:90**
distributive share, **27:87**
losses, **27:88**
death of partner, IRD, **27:89**
distributions, **27:84**
estate tax reduction, **27:66**
fiduciary accounting issues
generally, **27:91**
distributions to fiduciaries, **27:92**
estate tax allocations, **27:93**
FLP regulations, **27:72**
gifting, **27:64**
gifts before partnership exists, **27:64**
gifts of future interests, **27:78**
gifts of interests, **27:76**
completed, **27:77**
income tax, **27:79**
income tax planning, **27:63**
income tax principles, **27:70**
liquidations, **27:84**
marketable securities, **27:85**
management and control, **27:65**
minors as partners, **27:74**
organization, **27:69**
overview of benefits, **27:62**
partner recognition, **27:73**
state tax avoidance, **27:67**
structure of freeze, **27:61**
trusts as partners, **27:75**
Postmortem freezes, **27:08**
Preferred ownership interest, **27:02**
Purpose, **27:02**
Recapitalizations
business purpose requirement, **27:38**
continuity requirement, **27:39**
distributions of stock, **27:37**
income tax issues, **27:43**
loss of S election, **27:42**
overview, **27:07**
partnerships
generally, **27:60**
asset protection
generally, **27:68, 27:99**
charging orders, **27:100**
general v. limited, **27:101**
tax consequences of charging order, **27:102**
capitalization, **27:80**
disguised sales, **27:83**
investment company, **27:82**
nonrecognition rule, **27:81**
Chapter 14 valuations
generally, **27:94**

ENTITY FREEZES—Cont'd
Recapitalizations—Cont'd
partnerships—Cont'd
Chapter 14 valuations—Cont'd
Section 2701, **27:95**
Chapter 14 valuations, Section 2702, **27:96, 27:97**
Chapter 14 valuations, Section 2704, **27:98**
check-the-box regulations, **27:71**
creditor protection benefits, **27:99**
death of partner, **27:86**
basis determination, **27:90**
distributive share, **27:87**
losses, **27:88**
death of partner, IRD, **27:89**
distributions, **27:84**
estate tax reduction, **27:66**
fiduciary accounting issues
generally, **27:91**
distributions to fiduciaries, **27:92**
estate tax allocations, **27:93**
FLP regulations, **27:72**
gifting, **27:64**
gifts of future interests, **27:78**
gifts of interests, **27:76**
completed, **27:77**
income tax, **27:79**
income tax planning, **27:63**
income tax principles, **27:70**
life insurance, use with
generally, **27:103**
general rules, **27:104**
ownership by partnership, **27:105**
transfers to fund premiums, **27:106**
liquidations, **27:84**
marketable securities, **27:85**
management and control, **27:65**
minors as partners, **27:74**
organization, **27:69**
overview of benefits, **27:62**
partner recognition, **27:73**
retention of preferred interest, **27:107**
state tax avoidance, **27:67**
structure of freeze, **27:61**
trusts as partners, **27:75**
plan of reorganization requirement, **27:40**
preferred stock redemptions, **27:55**
Section 305 stock
generally, **27:44**
application to recapitalization, **27:53**
common and preferred stock, **27:48**
conversion privilege, **27:54**
convertible preferred stock, **27:50**
disproportionate distributions, **27:47**
distributing preferred stock, **27:49**
distributions other than money, **27:46**
exceptions to nonrecognition, **27:45**

ENTITY FREEZES—Cont'd
Recapitalizations—Cont'd
Section 305 stock—Cont'd
excess redemption premium, **27:52**
imputed distributions, **27:51**
Section 306 stock, generally, **27:55**
step transactions, **27:41**
Remainder interest sale, family limited partnerships, **27:108**
Retention of preferred interest, **27:107**
Reverse freezes, retention of preferred interest, **27:107**
Section 351 transactions, **27:57**
Section 2036(c), background, **27:03**
Section 2701 valuation, **27:29**
generally, **27:29**
compounding rule, **27:29.50**
elections, **27:29.50**
exceptions to application, **27:29.40**
lower value rule, **27:29.10**
minimum value rule, **27:29.20**
subtraction method, **27:29.30**
Section 2703 valuation, buy-sell agreements, **27:30**
Section 2704 valuation
lapse of rights, **27:31.10**
liquidation right restrictions, **27:31.20**
liquidation value, **27:31**
Sections 2701-2704, overview, **27:04**
State law default rules, **27:31.30**
Strategy determination
generally, **27:32**
assets involved, **27:35**
design process, **27:36**
simple solutions, **27:33**
timing considerations, **27:34**
Surviving spouse, providing for, **27:110**
TAMRA 1988, statutory restriction of valuation freezes, **27:03**
Timing of gift of partnership interest, **27:64**
Types of transactions, **27:05**
Valuation
dividend coverage, **27:28.20**
historical background, **27:28**
liquidation coverage, **27:28.30**
other factors, **27:28.50**
Section 2701, **27:29**
state law default rules, **27:31.30**
stated yield, **27:28.10**
voting rights, **27:28.40**
Valuation principles generally, **27:25**

ENTITY PURCHASE AGREEMENTS
Closely held corporations, **23:33**

ENTRY OF JUDGMENT ON TAX LIABILITY
Limitations period, starting of, **1:31**

ENVIRONMENTAL LIABILITY
Planning opportunities, **31:80**

EQUALIZATION CLAUSES
Advisability, **18:50**
Reverse presumption clause combination
form, **21:24**
survivorship, **21:23**
Spouses with nearly equal estates
form, **21:28**
survivorship clauses, **21:27**

EQUIPMENT LEASING
Tax advantaged investment, **6:42**

EQUIPMENT TRUSTS
Abusive use of devise, **19:1**

EQUITABLE ADJUSTMENT
Definition, **33:48**

EQUITABLE RECOUPMENT DOCTRINE
Period of limitations, **39:23**
Tax Court, **39:23**

EQUITY SECURITIES
Compensation arrangements, **3:18**

EQUITY SPLIT DOLLAR ARRANGEMENTS
Income and gift tax effects, **2:24**

ERISA
Divorcing spouses, **11:16**
Marital property rights, **5:42**
Nonqualified deferred compensation plans, requirements, **5:5**
Vesting rules, choices, **5:24**

ESBT
See index heading ELECTING SMALL BUSINESS TRUSTS

ESCROW LETTER
Power of attorney form, **17:10**

ESTATE ADMINISTRATION
Generally, **20:1, 20:2**
See also index heading ADMINISTRATION OF ESTATES

ESTATE FREEZES
Deemed gifts, **16:11**
Revenue Reconciliation Act of 1990, generally, **27:03**
Valuation, buy/sell agreements, **23:35**

ESTATE PLANNING
See also index heading ESTATE PLANNING FOR FARMERS
Additional estate tax, imposition, **31:63**
Administration costs, cash needs, **17:35**
Adopted children, **17:16**
Age of beneficiary at distribution, **17:17**
Alternative valuation, return filed late, **33:14**
Annual gift exclusion, **17:39**
Asset freezing techniques, installment sales to grantor trusts, **29:19 to 29:36**
Assets of client
effect on specific plan, **17:27**

ESTATE PLANNING—Cont'd
Assets of client—Cont'd
listing, **15:8**
Basic estate planning letter, form, **15:17**
Basic objective, **15:1**
Basic restrictions, **17:2**
Beneficiaries, considerations, **17:14**
Business plan integration, closely held businesses, **23:2 et seq.**
Businesses, discretion over business clause, **17:33**
Charitable contributions
income tax contributions, contrast, **24:3**
planning, **24:2**
Children, considerations, **17:16**
Clients
assets, **15:8**
attitudes, determination, **15:2**
conflicts, resolution, **15:5**
identity, **15:5**
initial conference, attendance, **15:7**
intent determination, **15:2**
liquidity, **17:34**
motivation, **15:1**
planning process, discussion, **15:7**
relationships, importance, **15:5**
Closely held businesses
generally, **17:28, 23:1 et seq.**
buy-sell agreement, use, **17:29**
considerations, **15:2**
control of operations, provision, **17:30**
corporate form as determining control of business, **17:30**
key employees, provision, **17:32**
transfer of equity interest, **17:29**
value of interest, **17:31**
Collateral relatives, **17:16**
Complex estate planning letter, form, **15:18**
Computer programs available, **1:26**
Computer use, **1:22**
Concerns of surviving spouse, **17:15**
Credit shelter trust, use, **17:41**
Custom-made plans, creation, **15:4**
Diagrams, use, **15:16**
Disabled beneficiary, consideration, **17:23**
Disinheriting specific family member, **17:26**
Documents, review by client, **15:19**
Election of surviving spouse, **17:26**
Estate freezing techniques, **14:20**
Estate planning guide, form, **15:11**
Estate taxes, factor in liquidity, **17:35**
Existing documents, review, **15:8**
Explanation of plan, **15:16**
Farmers. See index heading ESTATE PLANNING FOR FARMERS
Federal credit, **17:39**
Fees
deductibility, **15:22**
determination, **15:22**

ESTATE PLANNING—Cont'd
Fees—Cont'd
discussion, **15:7**
ranges, **15:22**
Financial ability of beneficiary, consideration, **17:20**
Financial list, review, **15:8**
Foregoing of business opportunity, use of tactic, **17:39**
Funeral costs, cash needs, **17:35**
Gifts, usefulness, **17:49 to 17:52**
Grandchildren, **17:16**
Grantor trusts, installment sales to, **29:19 to 29:36**
Gross estate, estimation, **15:8**
Health care surrogate, designation of, **17:12, 17:13**
Imminent death
access to will, **31:13**
administration of estate, facilitation, **31:19 to 31:27**
advisors, identification, **31:05**
ancillary administration, avoidance, **31:21**
annual gift tax exclusion, **31:43**
assets
disposition, **31:24**
location and extent, **31:04**
sufficiency for taxes and expenses, **31:27**
basis of gifts, consideration, **31:50**
beneficial interests in trust, review, **31:76**
burial arrangements, preparation, **31:08**
bypass trusts, eligibility for tax savings, **31:23**
changed circumstances, redrafting, **31:15**
charitable gifts, **31:49**
client as beneficiary under other's will, **31:32**
closely held business as major asset, **31:38**
closely held businesses, review, **31:64 to 31:71**
commuting trust to avoid estate, **31:76**
current income tax returns, timely filing, **31:60**
current litigation, review, **31:26**
custodial property, review, **31:30**
debts, payment before death, **31:41**
difficult-to-value property, disposition, **31:24**
disgruntled beneficiaries, alleviation, **31:09**
distributions, importance of timing, **31:09**
domicile, determination, **31:20**
durable power of attorney, execution, **31:06**
elements of gift, **31:51**
employee benefits, review, **31:63**
estate taxes, review, **31:33**
exercise of power of appointment, form, **31:11**
existing powers of appointment, review, **31:10**
farm estate, increasing liquidity, **31:38**
fiduciary appointments, **31:18**
fiduciary relations, **31:28 to 31:32**
flower bonds, payment of estate tax, **31:34**
funeral arrangements, preparation, **31:08**
"gain" property transfers, **31:56**
gift tax returns, **31:48**
gifts, use, **31:42**

ESTATE PLANNING—Cont'd
Imminent death—Cont'd
gifts in excess of annual exclusion, **31:45**
in terrorem clause, use, **31:09**
income in respect of decedent, tax treatment, **31:59**
insurance beneficiaries, review, **31:62**
inter vivos trusts, use, **31:25**
interests in trusts or estates of others, disclaimer, **31:23**
interrelationship between competing interests, minimizing, **31:09**
IRA funding, possibility, **31:63**
joint tenancy property, disposition, **31:36**
life-sustaining procedures, withholding, **31:07**
liquidity of estate, determination, **31:27**
living trusts, use, **31:25**
living will, execution, **31:07**
location of will, **31:13**
"loss" property transfers, use, **31:57**
marital agreements, determination of existence, **31:22**
minority ownership, gifts to achieve, **31:46**
net operating losses, deduction, **31:58**
partnership interests, **31:74**
passive loss activities, **31:77**
payment of debts, **31:41**
personal representative, review of choice, **31:29**
persons named as fiduciary in will, review, **31:29**
physicians, special provisions, **31:17**
previously taxed property estate tax credit, **31:37**
private annuities, use, **31:40**
property, reduction of estate tax value, **31:35**
psychological factors, **31:03**
publicly traded stock as major asset, **31:38**
qualified plan benefits, charitable gift, **31:63**
resignation of client as fiduciary, **31:31**
S corporation interests, **31:72, 31:73**
sole proprietorship, disposition, **31:75**
specific assets, determination of action, **31:61**
specific devises, use, **31:16**
split gifts, advantages, **31:44**
split-interest gifts, **31:55**
state gift taxes, **31:47**
trustee, review of choice, **31:29**
trusts, review and revision, **31:14**
unified credit, funding, **31:39**
will contests, preparation of defense, **31:09**
will preparation, **31:12 to 31:18**
Implementation of plan, **15:19**
In testate succession, avoidance, **17:3**
Income in respect of decedent techniques, **32:55**
Information analysis, **15:13**
Information needed, checklist, **15:12**
Inheritance taxes, factor in liquidity, **17:35**
Initial conference, **15:7**
Installment obligations, **15:8**
Installment sales to grantor trusts, **29:19 to 29:36**
Intended beneficiaries, information, **15:9**

ESTATE PLANNING—Cont'd
Inter vivos trusts
characteristics, **17:5**
use, **1:11**
Joint death planning, **17:43**
Joint property
death of first joint tenant, impact, **17:48**
estate tax treatment, **17:47**
gift tax treatment, **17:46**
income tax treatment, **17:48**
use, **17:45**
Joint revocable trusts, use, **17:42**
Key employee, provision, **17:32**
Life insurance, source of liquidity, **17:36**
Liquidity
cash requirements of surviving family members, **17:35**
determination, **17:34**
Marital bequest, use of in-kind distribution to fund, **32:45**
Medical costs, cash needs, **17:35**
Objectives of client, **17:2**
Overview of techniques, **17:1**
Passive activity losses, **32:70 et seq.**
Plan development, **15:13**
Planning process
generally, **15:1**
discussion with client, **15:7**
Planning team
generally, **1:15**
coordination of professions, **1:21**
Portability election, **33:21.50**
Postmortem planning
generally, **33:01 et seq.**
administration expenses estate tax deduction, **33:20, 33:23**
alternate valuation, **33:14**
capital losses, income tax deduction, **33:29**
casualty losses, estate tax deduction, **33:20**
casualty or theft losses, deduction, **33:23**
closely held stock redemption, **33:33**
corporate liquidation, **33:34**
disclaimers, use, **33:11**
distributions from estate
impact, **33:41**
timing, **33:42**
election to take against will, **33:12**
employee stock ownership plans, **33:17**
employer-paid death benefit exclusion, **33:37**
equitable adjustments, **33:48**
estate as separate taxpayer, **33:26**
estate fiscal year, election, **33:26**
estate tax exclusions, **33:39**
estate tax return
elections available, **33:13**
extension of time to file, **33:18**
filing, **33:10**
estates taxes, extension of time to pay, **33:19**

ESTATE PLANNING—Cont'd
Postmortem planning—Cont'd
estimated income tax payments, **33:05, 33:27**
excess income tax deduction, treatment, **33:28**
filing status of decedent, **33:03**
final gift tax returns, **33:09**
final income tax returns, **33:02 to 33:08**
importance, **33:01**
income earned by estate, reporting, **33:22**
income in respect of decedent, distributions, **33:46**
income tax return, preparation, **33:22**
interest expense, income tax deduction, **33:23**
liquidation of corporation, **33:34**
marital clauses, funding, **33:44**
medical expenses, estate tax deduction, **33:20**
million-dollar generation skipping tax exemption, **33:21**
net operating losses, income tax deduction, **33:29**
partnership basis adjustment, **33:35**
payment of estate taxes, responsibility, **33:20**
personal representative fees, waiver, **33:25**
property not subject to claims, administration expenses, **33:24**
QTIP trust, qualification for marital deduction, **33:16**
qualified deferred compensation plans, lump-sum distributions, **33:38**
recognition of gain on income tax return, **33:30**
S corporation shares, election, **33:32**
sale of securities to ESOP, deduction, **33:17**
shifting taxable income by distributions, **33:43**
special use valuation, **33:15**
specific devises, funding, **33:44**
surviving spouse election, **33:12**
trapping distributions, **33:45**
treasury bond interest, accrual, **33:07**
unused loss carryovers, treatment, **33:29**
Powers of appointment, usefulness, **17:53**
Powers of attorney, use, **17:7**
Prenuptial agreements, use, **17:26**
Presumption of survivorship
form, **17:44**
provision in will, use, **17:43**
Primary purpose, **17:2**
Problems. See index heading ESTATE PLANNING PROBLEMS
Profit-sharing plans, source of liquidity, **17:36**
Qualified pension plans, source of liquidity, **17:36**
Questionnaires, use, **15:6**
Recommendations to client, **15:13**
Relevant information, obtaining, **15:6**
Salary continuation plan, source of liquidity, **17:36**
Second marriage situations, **17:26**
Selling expenses, income tax deduction, **33:23**
Separate trust for education of beneficiary, form, **17:18**
Simultaneous deaths, use of PTP credit, **31:37**
Special needs of beneficiaries, **15:9**
Spendthrift provisions
form, **17:22**

ESTATE PLANNING—Cont'd
Spendthrift provisions—Cont'd
use, **17:21**
Spouse, providing security, **17:15**
Status of plan, review, **15:21**
Stock purchase agreement, source of liquidity, **17:36**
Subsequent conferences, **15:10**
Surviving spouse rights, **31:63**
Tax-free transfers, **17:39**
Techniques, overview, **17:1**
Testamentary trusts, characteristics, **17:5**
Transfer taxes, minimization, **15:3**
Trusts
outright gifts, comparison, **17:6**
use, **17:4**
Unified credit, use by both spouses, **17:42**
Unified tax, **17:38**
Uniform Simultaneous Death Act, presumptions, **17:43**
Unmarried clients, **14:1 to 14:21**
Update of plan, **15:21**
Wills, use, **17:3**
Written explanation, advantages, **15:16**

ESTATE PLANNING FOR FARMERS
Alternate valuation, **4:12**
Disclaimers, **4:12**
Marital deduction, **4:12**
Qualified terminable interest election, **4:12**
Special use valuation, **4:12, 4:13**
Unified estate and gift tax credit, **4:12**

ESTATE PLANNING PROBLEMS
Installment sales
asset freeze technique, **29:16**
cancellation provision, drafting, **29:18**
self-canceling obligations, **29:17**

ESTATE TAX
See also index heading FEDERAL ESTATE TAX RETURNS
Abatement of interest, **39:31**
"Additional" estate tax, imposition, **31:63**
Additions, **39:31**
Adjusted gross estate, definition, **4:34**
Adjusted taxable gifts, estate tax computation, **16:59**
Administration expenses deduction, **16:52**
Alimony trust, value, **8:53**
Alternate valuation, **16:58**
Alternative valuation, return filed late, **33:14**
Amendable transfers during life, **16:45**
Annuities
individual retirement annuities, **16:30**
refunds on annuities, **16:27**
survivor annuities, **16:30**
Appeals, **39:2, 39:3, 39:16 et seq.**
Applucable exclusion amount table, **16:68**
Apportionment
generally, **18:9**

ESTATE TAX—Cont'd
Apportionment—Cont'd
protecting gifts, **18:10**
Artwork exception for nonresidents, **16:70**
Attorneys' fees deduction, **16:52**
Audits, **39:2 et seq.**
Automatic QTIP election, **16:30**
Basis adjustment, community property, **10:52**
Beneficiary liability upon distribution, **39:11**
Brokerage accounts, joint, **10:35**
Business interest retention after transfer, **16:42**
Casualty losses, **16:51, 16:53**
Chapter 14 valuations, background, **27:04**
Charitable deduction, **16:3, 16:51, 16:54**
Charitable gifts, reforming for deductibility, **33:20**
Charitable pledges, **16:52**
Claims against estate, deduction, **16:52**
Closely held business
major asset, **31:38**
value, **31:71**
Closely held stock, valuation, **23:27 to 23:29**
Computation, **16:59**
Conservation easement, where deceased's co-tenant takes charitable income tax deduction, **12:88, 24:19**
Court costs deduction, **16:52**
Credit shelter trusts and marital deduction, use of, **28:1**
Credits against tax, **16:60 et seq.**
Curtesy, **16:50**
Custodianship accounts, **30:20, 30:21**
Deductions
administration expenses, **16:52, 33:20**
attorneys' fees, **16:52**
casualty losses, **16:51, 16:53, 33:20**
charitable deduction, **16:3, 16:51, 16:54**
charitable pledges, **31:49**
claims against estate, **16:52**
court costs, **16:52**
deductions in respect of decedent, **16:52**
expenses, **16:51, 16:52**
funeral expenses, **16:52, 18:7**
indebtedness, **16:51, 16:52**
marital deduction, **16:51, 16:55, 21:1 et seq.**
medical expenses, **18:7, 33:20**
mortgages, **16:52**
state estate taxes on charitable contributions, **16:62**
taxes, **16:51, 16:52**
waiver, **16:52, 16:53**
Deductions in respect of decedent, **16:52**
Deemed gifts by surviving spouse, community property
life insurance, **10:42**
widow's election, effect, **10:44**
Deferral of liability, closely held businesses, **23:15, 23:17**
Disclaimers, **37:19 et seq.**
Disposition of limited partnership interest, **25:13**
Divorce, transfers of property between spouses. See index heading DIVORCE AND SEPARATION

ESTATE TAX—Cont'd
Dower, **16:50**
Estate tax, retained interests or rights on gifts, **16:40**
Estate tax of another, estate tax credit, **16:65**
Estate trusts
marital deduction, **16:55, 21:15, 21:46**
surviving spouse's tax, **16:49**
Executor's liability, **39:10**
Expenses deduction, **16:51, 16:52**
Extension of time to pay
application, filing, **36:08**
approval, reasons, **36:07**
automatic deferral, **36:06**
coordination with generation skipping transfer tax, **26:40**
discretionary deferral, **36:06**
portions attributable to remainder or reversionary interests, **36:09**
qualifications, **36:06**
reasonable cause, **36:06**
Federal credit, **17:39**
Fiduciaries
incidents of ownership over life insurance policy, **16:29**
retained interests in property transferred, **16:42**
Fiduciary income tax return deduction, **34:24**
Fifteen-year deferral
acceleration of deferred tax, **4:42**
amount deferred, **4:41**
attribution rules, **4:39**
interest in closely held business, requirement, **4:34**
interest on deferred tax, **4:41**
manner of election, **4:40**
time of election, **4:40**
trade or business test, **4:35**
Flower bonds
use as payment, **18:11, 31:34**
value, **33:20**
Foreign estate taxes credit, **16:64**
Funeral expenses deduction, **16:52, 18:7**
General powers of appointment
general powers at death, **16:32**
gross estate includibility, **16:27, 16:31 to 16:34, 16:36**
powers to a class of persons, **16:32**
Generation skipping tax, coordination, **26:38**
Gift tax
credit on estate tax, **16:63**
differences, **16:3**
significance to estate tax planning, **16:4**
unification with estate tax, **16:2, 17:38**
Gifts
donor retention of interests or rights, **16:40, 30:25**
lifetime, estate tax computation, **16:59**
possession or enjoyment right retained, **16:44**
within three years of donor's death, **16:48**
Grantor retained income trusts, treatment, **28:3**
Grantor trust installment sales, issues with asset freeze devise, **29:32**

ESTATE TAX—Cont'd
Grantor trusts, income tax paid by trust, **16:42**
Gross estate, **16:26 et seq., 16:58**
Guardianship accounts, **30:20, 30:21**
Hypothetical gift tax, estate tax computation, **16:59**
Income interest or right retention, after lifetime transfer, **30:25**
Income interest retained after transfer, **16:42 to 16:44**
Income shifting, effect, **9:4**
Indebtedness deduction, **16:51, 16:52**
Individual retirement accounts or annuities, **16:30**
Individually held property, **10:19**
Inheritance taxes
credit, **16:62**
deductibility, **16:52**
Installment payments
acceleration, **36:21**
acceleration of payments, **36:21**
business interests, inclusion, **36:10**
charitable deduction, effect of election, **36:20**
deficiencies, interest rate, **36:15**
deficiency election, **36:15**
election, **34:77, 36:10, 36:14**
exchanges of stock, effect, **36:21**
gifts within three years of death, inclusion, **36:10**
interest on installments, **36:13**
interest on unpaid balance, **36:12**
interest rates, **4:41**
judicial review, **36:16**
notice of election to pay in installments, form, **36:17**
overpayments, **36:11**
portion payable in installments, **36:11**
protective election, filing, **36:12**
protective notice of election, **36:18**
qualification, **13:28**
redemption of stock to pay taxes, effect, **36:21**
requirements, **36:10**
review by IRS, **36:16**
tax attributable to closely-held business interests, **36:11**
tax on prior transfers, credit, **36:19**
thirty-five percent test, **36:10**
time, **36:12**
Insurance, surviving spouse taxation, **16:49**
Interpolated terminal reserve value, life insurance, **10:42**
Irrevocable life insurance trusts, **22:28**
Irrevocable trust property, **19:59**
Joint bank accounts, **10:33**
Joint brokerage accounts, **10:35**
Joint stock accounts, **10:35**
Joint tenancy with right of survivorship, **16:37 to 16:39**
Jointly held property, **10:23**
Land trusts, **10:38**
Legacy taxes
credit, **16:62**
deductibility, **16:52**
Letter for discharge from liability for estate tax, **34:134**

ESTATE TAX—Cont'd
Liability, **16:66, 39:10, 39:33**
Liability of executor, errors of agent, **16:66**
Liens
general liens, **39:33**
priority over state tax liens, **16:66**
Section 6324A, deferred payments, **36:10**
special liens, **16:66, 39:10, 39:11, 39:33**
Life estates
power of appointment exercise or release, retain life estate, **16:34 to 16:36**
retention after transfer of remainder interest, **16:40 to 16:44**
Life insurance
generally, **22:12 to 22:16**
community property, **10:42**
gifts of policies on donor's life, **16:48**
gross estate includability, **16:27**
ownership of proceeds, **22:18, 22:24**
proceeds of insurance on decedent's life, **16:29**
recovery of tax on proceeds by personal representative, **18:9**
Lifetime transfers with retained interests, **16:40 et seq.**
Limitation of charitable deduction, **24:13**
Loans for payment, **36:05**
Marital deduction
generally, **16:3, 16:51, 16:55, 21:1 et seq.**
use, **17:40**
Marital deduction trusts, **16:49, 19:36**
Maximum bracket, **4:13**
Medical expense deduction, **18:7**
Minimizing, **15:3**
Mortgages, deduction, **16:52**
Mutual fund shares, valuation, **35:31**
Nonprobate assets, **16:28 et seq.**
Nonresidents, **16:70**
Nonspousal joint interests, **10:31**
Nonspousal joint ownership with right of survivorship, **16:37, 16:39**
One-half rule, tenancies between spouses, **16:38**
Overview, **16:1**
Partnership interests, gross estate includability, **16:27**
Payment
charitable trust, use, **12:66**
responsibility, **33:20**
sufficiency of assets, **31:27**
Payment source, will or state law provisions, **18:8**
Planning strategies, **1:5 to 1:7**
Possession or enjoyment right retained, **16:43**
Postmortem planning
disclaimers, use, **33:11**
election to take against will, **33:12**
partial exclusion from estate's income, **33:39**
surviving spouse election, **33:12**
Powers of appointment
general powers, **16:27**

ESTATE TAX—Cont'd
Powers of appointment—Cont'd
gross estate includibility, **16:31 et seq.**
nongeneral powers, gross estate includibility, **16:31 et seq.**
retain interest at exercise or release, **16:35**
Powers over enjoyment
retained transfer, **16:46**
retention after lifetime property transfer, **30:25**
retention after property transfer, **16:45**
Powers to change beneficiaries, retained transfer, **16:46**
Previously taxed property credit
generally, **26:39**
terminally ill client, application, **31:37**
Probate assets, gross estate includability, **16:27**
Property taxes, deductibility, **16:52**
Publicly traded stock as major asset, **31:38**
QTIP election, qualifying income interest, **16:30**
QTIP life estates, **16:55, 21:38 et seq.**
Qualified joint interests
generally, **10:23**
prior law, before 1982, **10:27**
Qualified plans, **16:30**
Rates, **16:2, 16:59**
Recapture of savings, **4:30**
Recovery by executor, estate tax from others, **16:66**
Recovery by executor of estate tax from others, **18:9**
Reduction of charitable deduction, **24:13**
Refund claims, **39:22 et seq.**
Restricted securities, valuation, **35:31**
Retained interests in property transferred, **16:40 et seq.**
Retained interests transferred during life, **30:25**
Retained right to alter lifetime transfer, **16:40**
Retroactive increase in rate, **16:1**
Returns
adjusted taxable gifts, **34:63**
alternate valuation
generally, **33:14**
election, **34:74**
audits, **39:2 et seq.**
basic information, **34:62**
close corporation interests, **34:69**
completed forms, **34:112 to 34:115**
computation of tax, **16:59**
credits, **34:99 to 34:104**
deductions, **34:92 to 34:98**
discharge of execution from personal liability, **34:132**
document filing with returns, **39:6**
domicile, **34:62**
elections available, **33:13**
elections by executor, **34:74 to 34:79**
employer identification number, necessity, **34:116**
ESOP election, **34:79**
extension of time to pay estate tax, application, **34:128**
failure to file, **39:31**
family-owned business interest deduction, **34:99**

ESTATE TAX—Cont'd
Returns—Cont'd
filing
generally, **33:10**
extension of time, **33:18, 34:126**
filing place, **39:4**
filing requirements, **34:60**
Form 56: notice concerning fiduciary relationship, **34:120**
Form 712: life insurance statement, **34:122**
Form 4810: request for prompt assessment, **34:131**
Form SS-4: employer identification number, **34:117**
gathering information, **34:59**
generation-skipping tax
completed form, **34:113**
computations, **34:105 to 34:110**
gift tax credit, **34:102**
gift tax returns previously filed, **34:67**
gross estate, **34:80 to 34:91**
information about decedent, **34:64**
installment payments of tax, election, **34:77**
late filing, effect, **33:14**
life insurance policies, **34:68**
life insurance statement, filing, **34:121**
lifetime transfers by decedent, **34:70**
necessity, **39:31**
notice of fiduciary relationship, necessity, **34:119**
other forms to file, **34:116 to 34:134**
partnership interests, **34:69**
personal information about decedent, **34:65**
place of filing, **34:60**
powers of appointment, **34:72**
QTIP election, **34:76**
QTIP property in surviving spouse's estate, **34:66**
rate of tax, **16:59**
refund due deceased taxpayer, claim, **34:124**
request for prompt assessment, **34:130**
requirements, **16:57, 16:66**
reversionary interests, postponement of tax, **34:78**
revocable living trust, completed form, **34:112**
Schedule A: real estate valuation, **34:83**
Schedule A-1: special use valuation, **34:83**
Schedule B: stocks and bonds, **34:84**
Schedule C: mortgages, notes receivable and cash, **34:85**
Schedule D: insurance on decedent's life, **34:86**
Schedule E: joint property, **34:87**
Schedule F: miscellaneous, **34:88**
Schedule G: transfers during life, **34:89**
Schedule H: powers of appointment, **34:90**
Schedule I: annuities, **34:91**
Schedule J: funeral and administrative expenses, **34:93**
Schedule K: debts, **34:94**
Schedule L: net loss during administration, **34:95**
Schedule M: marital deduction, **34:96**
Schedule N: ESOP deduction, **34:97**
Schedule O: charitable deduction, **34:98**

ESTATE TAX—Cont'd
Returns—Cont'd
Schedule P: foreign estate tax credit, **34:103**
Schedule Q: prior transfer tax credit, **34:104**
Schedule R: GST tax computation, **34:106**
Schedule R-1: notice to trustee, **34:110**
Schedule T: family-owned business interest deduction, **34:99**
signatures, **34:62**
small estates, **34:61**
sole proprietorship interests, **34:69**
special use valuation
generally, **33:15**
election, **34:75**
state estate tax credit, **34:101**
trusts, interests held by decedent, **34:71**
unified credit, **34:100**
Revenue Act of 1987, business interest retention, **16:42**
Reversion retained with property transfer, **16:47**
Reversionary interests
power of appointment exercise or release, retain reversionary interest, **16:34 to 16:36**
survival required for transferred interest, **16:47**
survivor required for transferred interest, **16:48**
survivorship, for transferred interest, **16:40**
trustor's reversion in gift in trust, **30:25**
Revocable transfers, during life, **16:45**
Ruling requests, addresses of IRS, **39:2 et seq.**
Sale of securities to ESOP, deduction, **33:17**
Section 302 exchange redemption, **36:28**
Section 6324A
bond requirement, **36:10**
special lien for estate taxes, **36:10**
Sections 2036 and 2038, compared, **16:46**
Significance, **16:25**
Simultaneous deaths
effect on tax credit, **16:65**
use of PTP credit, **31:37**
Solely owned property, **10:19**
Special interests retained, power of appointment's exercise, **16:36**
Special liens, **16:66, 39:10, 39:11, 39:33**
Special use valuation, notice of election, **4:22**
Split gifts from spouses to third parties during life, **16:2**
Spousal joint interests
generally, **10:23**
prior law, before 1982, **10:27**
Spousal joint ownership property with right of survivorship, **16:37 to 16:39**
State estate tax credit
availability, **16:62**
refunds on Federal tax for additional state taxes, **39:23**
state taxation, **20:20 to 20:23**
State tax credits, table of amounts, **16:69**
Statute of limitations extendibility, **39:14, 39:27**
Statutory share of spouse, **16:50**

ESTATE TAX—Cont'd
Step-children as members of decedent's family, **4:15**
Stock accounts, joint, **10:35**
Stock redemption to pay estate taxes
acceleration of installment payments, coordination, **36:26**
cautions in making redemption, **36:27**
distributions four years after death, limitations, **36:23**
financial stability of business, consideration, **36:27**
limitations on qualifying amount, **36:23**
qualifying stock, **36:24**
time to redeem, **36:25**
treatment, **36:22**
Strings retained on transferred interests, **16:40 et seq.**
Succession taxes
credit, **16:62**
deductibility, **16:52**
Surviving spouses, interests in marital deduction trusts, **16:49**
Survivor annuities and other payments, **16:30**
Survivorship requirement
property transfers, **16:47**
retained right to alter lifetime transfer, **16:40**
reversion retained, property transfers, **16:48**
Tax on prior transfers as estate tax credit, **16:65**
Taxable estate, **16:51 et seq.**
Taxable gifts
donor retention of interests or rights, **16:40**
estate tax computation, **16:59**
Tenancy by the entirety, **10:23, 16:37 to 16:39**
Tenancy in common, **17:47**
Tentative taxes, **16:59**
Terminally ill clients
closely held business, value, **31:71**
debts, payment before death, **31:41**
previously taxed property credit, application, **31:37**
private annuities, use, **31:40**
restrictions on property, **31:35**
review, appropriateness, **31:33**
Testamentary transfers to surviving spouse, **21:1 et seq.**
Third parties, property held jointly with, **10:31**
Transferred property during life, retained interests or rights, **16:40 et seq., 30:25**
Transfers effective at death, **16:47**
Treasury bills and notes, **10:36**
Trusts, inclusion of assets in gross estate, **16:27**
Unified credit
generally, **16:2, 16:3, 16:59, 16:61**
gift tax credit, distinguished, **8:31**
use by both spouses, **17:42**
Valuation
buy-sell agreements, **23:26 et seq.**
credit for another's estate taxes, **16:65**
definition, **35:3**
fair market value, **35:3**
gifts, **8:31**
gross estate, **16:58**

ESTATE TAX—Cont'd
Valuation—Cont'd
overstatement penalties, **35:4**
principles, **35:1 to 35:74**
reversionary interests, **16:47**
stock, closely held corporation, **23:27 to 23:29**
understatement penalties, **35:5**
understatements, **39:31**
Voting rights retained after stock transfer, **16:42 to 16:44**
Waiver of deduction, **16:52, 16:53**

ESTATE TAX CHARITABLE CONTRIBUTIONS
See also index heading INCOME TAX CHARITABLE CONTRIBUTIONS
Art work, separate property, **24:28**
Bequest by decedent, requirement, **24:7**
Charitable lead trusts, **12:48**
Charitable remainder trusts
benefits of deduction, **24:21**
disclaimer, drafting, **24:23**
marital gifts, combination, **24:24**
non-charitable beneficiary, protection, **24:23**
payment of tax, **12:66**
settlement of defective trusts, **24:22**
Contribution to qualifying charities, **24:10**
CRUTs, multiple with related beneficiaries, self-dealing prohibition, **24:26**
Deduction requirements, **24:6**
Definition, **24:26**
Disqualification of deduction, **24:15**
Educational organizations, eligibility, **24:5**
Eligible organizations, **24:4**
Enforceable pledges, deductibility, **24:32**
Estate taxes, reduction of deduction, **24:13**
Forms used, **24:36**
Fraternal societies, eligibility, **24:5**
Generation skipping tax, applicability, **24:35**
Gifts of partial interest
charitable remainder trusts, **24:20 to 24:24**
easements, **24:19**
farm, transfer of remainder interest, **24:17**
personal residence, transfer of remainder interest, **24:17**
pooled income funds, **24:25**
qualified real property, limitation, **24:19**
qualifying, **24:16**
undivided portion of entire interest, **24:18**
Life insurance bequests, **24:30**
Termination of charitable lead trust, liability for GST tax, **24:35**

ESTATE TAX LIENS
Attachment, **16:66, 39:33**
Bankruptcy stay provisions, **39:33**
Certificates of release, **39:33**
Cumulation with other liens, **39:33**
Deferred tax, **39:10, 39:11, 39:33**
Divestment, **16:66, 39:33**
Duration, **16:66, 39:33**

ESTATE TAX LIENS—Cont'd
General liens, **39:33**
Notice and demand, **39:33**
Priority, **16:66, 39:33**
Priority over state tax liens, **16:66**
Reattachment after divestment, **16:66, 39:33**
Special use valuation additional tax, **39:33**
Validity, **39:33**

ESTATE TAX PAYMENTS
Entity freezes, methods to accomplish, **27:59**

ESTATE TRANSFERS TO SPOUSES
EGTRRA 2001, **21:8**

ESTATE TRUSTS
Characteristics, **18:45**
Definition, **16:55**
Marital deduction, estate tax, generally, **16:55, 21:15, 21:46**
Marital deduction trusts, qualifications, **19:36**
Surviving spouse's estate tax, **16:49**
Use, **18:45, 21:46**

ESTATES
See also index headings ESTATE TAX; EXECUTORS; INCOME TAXATION OF ESTATES AND TRUSTS; LIQUIDITY OF ESTATES; PERSONAL REPRESENTATIVES; SPECIAL ASSETS
Abatement of interest, error in estate tax determination, **39:31**
Administration
ancillary administration, **20:24 to 20:27**
avoidance or short-cuts, **20:11**
computers, use, **1:25**
conflict of laws, **30:39**
expenses, deductibility, **19:27**
state law variances, **20:11**
Administration expenses
effect on marital share, **21:54**
effect on marital share valuation, **21:53**
Alternative minimum tax, applicability, **32:64**
Alternative valuation, return filed late, **33:14**
Ancillary administration, **20:24 to 20:27**
Attorneys, personal representatives for estate, **18:59**
Augmented estates, **20:7**
Augmented residue, **18:42**
Blockage, definition, **35:33**
Business entities
valuation
attributes effecting valuation, **27:26**
historical background, **27:28**
Capital gains
holding period, **32:15**
includable gain, recognition, **32:16**
income taxation, **32:14**
sale within two years of transfer, **32:16**
tax rates, **1:3**
Closely held businesses, planning, **23:3, 23:6 et seq.**
Closely held stock, postmortem redemption, **33:33**

ESTATES—Cont'd
Collections, appraisal, **35:12**
Community debts, **10:60**
Community property
definition, **10:7**
income during administration, **10:60**
partition, **10:59**
Conflict of laws rule for administration, **30:39**
Contingent claims, effect on estate value, **16:52**
Corporations, postmortem liquidation, **33:34**
Corpus
disclaimers, **37:13, 37:28**
form, disclaimer by trustee, **37:28**
Death benefits inclusion, **18:36**
Decedent's final return, joint return limitations, **33:04**
Deductions in respect of decedent, **10:53, 32:54**
Disclaimers
generally, **37:1**
creating trust that qualifies for QTIP treatment, form, **37:27**
formula, form, **37:26**
general, form, **37:25**
postmortem planning, use, **33:11**
trustee, **37:28**
Distributions
basis of property, **32:41**
character after distribution, **32:38**
fractional share formula, **33:44**
included in income, **32:37**
income in respect of decedent, **33:46**
pecuniary fairly representative clause, **33:44**
pecuniary fixed sum formula, **33:44**
shifting taxable income, **33:43**
tax impact, **33:41**
tier system, **32:39**
timing, **33:42**
trapping distributions, **33:45**
Equitable adjustments, **33:48**
Estate assets, listing, **15:8**
Estate tax returns
alternate valuation, **33:14**
elections available, **33:13**
filing
generally, **33:10**
extension of time, **33:18**
special use valuation, **33:15**
Estate taxes, payment, **33:20**
Estate trusts, **19:36**
Estimated income tax
addition for failure to pay, **39:31**
payments, **32:65**
Expenses for production of income, **32:27**
Expenses relating to tax exempt income, allocation, **32:31**
Extension of time to pay estate taxes
application, filing, **36:08**
approval, reasons, **36:07**

ESTATES—Cont'd
Extension of time to pay estate taxes—Cont'd
automatic deferral, **36:06**
discretionary deferral, **36:06**
portions attributable to remainder or reversionary interests, **36:09**
qualifications, **36:06**
reasonable cause, **36:06**
Fiduciary income tax returns
accrued wages, **34:18**
adjusted total income, **34:22**
alternative minimum tax, **34:28**
amortization, allocation, **34:14**
balance due, **34:30**
business income, **34:15**
capital gain or loss, **34:16**
charitable deduction, **34:21**
computation of tax, **34:26 to 34:30**
credits, **34:27**
deductions, **34:19 to 34:25**
depletion, allocations, **34:14**
depreciation, allocations, **34:14**
dividend exclusion, **34:23**
dividend income, **34:12**
election to recognize gain, **34:33**
employer identification number, **34:10**
estate open for two or more years, explanation, **34:33**
estate tax deduction, **34:24**
exemption, **34:25**
farm income, **34:15**
fiduciary fees, deductions, **34:21**
filing requirements, **34:4**
general identifying information, importance of accuracy, **34:11**
gross tax, computation, **34:26**
income and losses from other estates or trusts, **34:13**
income distribution deduction, **34:22**
income or loss, **34:12 to 34:18**
individual retirement account distributions, **34:18**
interest deductions, **34:20**
interest income, **34:12**
investment credit, recapture, **34:28**
management of property expenses, deduction, **34:21**
net rent income, **34:14**
ordinary gain or loss, **34:17**
partnership income or losses, **34:13**
payment of tax, **34:8**
payments, listing, **34:29**
place to file, **34:7**
preparation tips, **34:34**
professional service fees, deduction, **34:21**
profit-sharing plan distributions, **34:18**
reduction of deductions, **34:19**
retirement plan distributions, **34:18**
royalty income, **34:14**
S corporation distributions, **34:18**

ESTATES—Cont'd
Fiduciary income tax returns—Cont'd
Schedule A: charitable deduction, preparation, **34:31**
Schedule B: income distribution deduction, preparation, **34:32**
tax rate, **34:26**
taxable year, choice, **34:9**
time to file, **34:6**
Forgiven debts, income to estate, **18:30**
Funeral expense liability, **18:7**
Gross estate
generally, **16:26 et seq.**
powers of appointment, **16:31 et seq.**
Holding periods, capital gains, **1:3**
Income
administration expense payments from income, **18:8, 18:11**
administrative and judicial proceedings, **39:1 et seq.**
claim payments from income, **18:8, 18:11**
community property, **10:53, 10:60**
disclaimer by trustee, form, **37:28**
disclaimers, **37:13, 37:28**
earned by estate, reporting, **33:22**
exemption, **34:25**
forgiveness of debts, **18:30**
liability of executor for income tax, **39:10**
state and municipal taxation, **20:18**
tax determination, **39:1 et seq.**
tax payments from income, **18:8, 18:11**
Income in respect of decedent
generally, **10:53**
acceleration of tax, **32:53**
character of income, **32:50**
classification factors, **32:48**
death benefits, **32:51**
definition, **32:47**
examples, **32:49**
exception, **32:53**
installment obligation, exception, **32:53**
partnership receipts, **32:52**
planning techniques, **32:55**
salary payments, **32:51**
Income tax returns
administration expenses, deduction, **33:23**
casualty or theft losses, deduction, **33:23**
closely held corporation stock, redemption, **33:33**
corporate liquidations, **33:34**
employer-paid death benefit exclusion, **33:37**
estimated payments, **33:27**
excess deductions, treatment, **33:28**
excess retirement accumulations, **33:40**
excise tax, former law, **33:40**
fiscal year, election, **33:26**
interest expenses, deduction, **33:23**
partnership basis adjustment, **33:35**
preparation, **33:22**

ESTATES—Cont'd
Income tax returns—Cont'd
property not subject to claims, deduction, **33:24**
qualified deferred compensation plans, lump sum distributions, **33:38**
recognition of gain, election, **33:30**
S corporation election, **33:32**
selling expenses, deduction, **33:23**
separate taxpayer, advantages, **33:26**
unused loss carryovers, **33:29**
Income taxation
administration expenses, deduction, **32:27**
alternative minimum tax, **32:64**
applicability of rules, **32:5**
beneficiaries' gross income, inclusion of distribution, **32:37**
bequest of personal effects, **32:36**
bookkeeping, **32:9**
business expense deduction, **32:21**
capital gains and losses, **32:14**
charitable deduction, **12:18, 32:24**
common deductions, **32:20 to 32:30**
deductions, **32:17 to 32:34, 34:19 to 34:25**
depreciation and depletion deduction, **32:26**
distributable net income, **32:3**
distribution deduction, **32:18**
distributions to beneficiaries, **32:35 to 32:46**
election between estate and income tax deduction, **32:32**
estate tax deduction, **32:28**
estimated payments, **32:65**
excess deductions, **32:33**
excise and stamp taxes, deduction, **32:23**
exclusions, **32:10**
Federal import duties, deduction, **32:23**
fiduciary accounting income, taxable income distinguished, **32:4**
foreign taxes, deduction, **32:23**
income items, **32:11 to 32:16**
in-kind distributions, **32:40**
interest deduction, **32:22**
losses, deduction, **32:25**
monetary bequests, **32:36**
personal exemption, **32:19**
personal property income, **32:13**
personal property taxes, deduction, **32:23**
qualified plan distributions, **32:46**
real estate taxes, deduction, **32:23**
real property income, **32:12**
return, duty to file, **32:2**
sales taxes, deduction, **32:23**
specific gifts, exclusion from income, **32:36**
tax credits, availability, **32:34**
taxable entity, **32:9**
taxable year, **32:66**
2 percent limitation for miscellaneous deductions, **32:30**
unused loss carryovers, **32:33**

ESTATES—Cont'd
Individually held property, **10:2**
In-kind distributions
generally, **32:40**
gain or loss, **32:42**
gain recognition election, **32:43**
Kenan gains, **32:44**
marital bequests, funding, **32:45**
pecuniary legacies, **32:44**
Section 643(e) election, **32:43**
Installment payment of estate taxes
acceleration of payments, **36:21**
bond requirement, **36:10**
business interests, consideration, **36:10**
charitable deductions, effect of election, **36:20**
deficiency election, **36:15**
election, **36:10, 36:14**
exchanges of stock, effect, **36:21**
gifts within three years of death, consideration, **36:10**
interest on installments, **36:13**
judicial review, **36:16**
notice of election to pay in installments, form, **36:17**
portion payable in installments, **36:11**
protective notice of election, **36:18**
redemption of stock to pay taxes, effect, **36:21**
requirements, **36:10**
review by IRS, **36:16**
tax on prior transfers credit, **36:19**
taxes attributable to closely-held businesses, **36:11**
thirty-five percent test, **36:10**
time, **36:12**
Investment advice, deductibility, **32:30**
Leaseholds, valuation, **35:21**
Liability of executor for estate's income taxes, **39:10**
Liens, Section 6324A, deferred payments, **36:10**
Life insurance proceeds inclusion, **18:36**
Liquid assets, necessity, **36:02**
Liquidity
accumulation of income, **36:03**
buy-sell agreements, **23:7**
closely held corporations, **23:6**
corporate recapture tax, **23:12**
corporate redemptions, **23:11**
employee benefit plan distributions, **36:03**
enhancement, methods, **36:03**
flower bonds, redemption, **36:03**
leasing assets, **36:04**
life insurance proceeds, **36:03**
loans to estate, **36:05**
minimization of estate taxes, **36:03**
partnerships, **23:10**
planning for limited partnerships, **23:9**
redemption agreements, **23:11 to 23:14**
sales of assets, **36:03, 36:04**
sole proprietorships, **23:8**

ESTATES—Cont'd
Loans between beneficiaries and estates
income shifting, **9:24**
interest payments, **36:05**
related taxpayer issues, **36:05**
Marital clauses, funding, **33:44**
Marital deduction, **21:1 et seq.**
Medical expense liability, **18:7**
Mineral interests, valuation, **35:22**
Net operating losses, deductibility, **31:58**
Nonprobate assets, **16:28 et seq., 18:19**
Partition of community property, **10:59**
Partnership basis adjustment, **33:35**
Partnership interests, close of partnership year, **32:52**
Payment of estate tax, extension of time, **33:19**
Personal exemption, **32:19**
Personal representative fees, waiver, **33:25**
Planning during life, **23:1 et seq.**
Pooled income fund, inclusion, **24:25**
Postmortem liquidity, **36:02**
Probate assets, **16:27**
Probate procedures, state law variations, **20:11**
Qualified plan distributions, tax treatment, **32:46**
Residuary assets, payment of expenses, **19:28**
Residue
assets included, **18:42**
augmented residue, **18:42**
dispositions with and without will, **18:42**
Restricted securities, valuation, **35:32**
S corporation shares, postmortem election, **33:32**
Section 302 exchange redemption, **36:28**
Section 6324A, special lien for estate taxes, **36:10**
Size reduction by disclaimer, **37:20**
Small estates, **34:61**
Special assets
disposition of S corporation stock, **38:05**
estate as S corporation shareholder, **38:04**
farmland, **38:08 to 38:11**
flower bonds, **38:07**
installment payments and income items, **38:19**
life insurance on another, **38:18**
overview, **38:01**
partnership interests, **38:12 to 38:15**
physician's estate, **38:16**
problems, **38:02**
S corporation stock, **38:03 to 38:06**
tax shelters, **38:12 to 38:15**
trusts as S corporation shareholder, **38:06**
Special interests, effect, trusts as shareholders, **38:06**
Special use valuation, **35:25**
Specific devises, funding, **33:44**
State law variations in administration, **20:11**
Stock redemption to pay estate taxes
acceleration of installment payments, coordination, **36:26**
cautions in making redemption, **36:27**

ESTATES—Cont'd
Stock redemption to pay estate taxes—Cont'd
distributions four years after death, limitations, **36:23**
financial stability of business, consideration, **36:27**
limitations on qualifying amount, **36:23**
qualifying stock, **36:24**
time to redeem, **36:25**
treatment, **36:22**
Tax attributes, contingent claims, **16:52**
Taxable estate, **16:51 et seq.**
Throwback rules, accumulation of income, **32:57**
Transfers to surviving spouse, **21:1 et seq.**
Trusts as shareholders, electing small business trusts, **38:06**
Valuation
agricultural personalty, **35:10**
appraisals, use, **35:8 to 35:9**
appraiser, selection, **35:9**
artwork, appraisal, **35:12**
burden of proof, **35:8**
comparable properties omitted, **35:26**
crops, **35:10**
equity issues, **35:29**
farm machinery, **35:10**
farms, **35:26**
fungibles, **35:34**
generally, **27:25**
household articles, **35:11**
investment properties, **35:15**
investment value approach, **35:18**
livestock, **35:10**
market data approach, **35:17**
methods for real property, **35:16 to 35:20**
motorized vehicles, **35:10**
noninvestment properties, **35:15**
overstatement penalties, **35:4**
personal effects, **35:11**
real property, **35:14 to 35:27**
securities other than stocks and bonds, **35:34**
similar real properties, comparison, **35:17**
stocks, **35:29**
tangible personal property, **35:10**
timberland, **35:23**
understatement penalties, **35:5**

ESTB
See index heading ELECTING SMALL BUSINESS TRUSTS (ESTB)

ESTIMATED INCOME TAX PAYMENTS
Estates, **32:65**
Final income tax return of decedent, **33:05**
Temporary relief from, **33:27**
Trusts, **32:65**

ESTIMATED TAX
Failure to pay, **39:31**

ESTOPPEL
Spouse's prior position, **39:3**

EXAMINATION GUIDELINES
SEP IRAs, **5:67**

EXCESS CONTRIBUTIONS
Individual Retirement Accounts, **5:62**

EXCESS DISTRIBUTIONS
Excise tax
grandfathered amounts, **5:51**
marital deduction, effect, **5:51**

EXCESS EARNINGS
Definition, **35:58**

EXCISE TAXES
Charitable organizations, extracting value from, **12:6**

EXCLUSIONS FROM GROSS ESTATE
Adoption expenses, **2:46**
Conservation easement
amount of exclusion, **34:92**
filing requirements, **34:81**
Damage awards, **2:5**
Principal residence sale gains, **20:19**
Use in gift planning, **8:9 to 8:34**

EXCLUSIONS FROM INCOME
Disability insurance benefits, **2:38**

EXCURSION FARES
Deductibility restrictions, **2:51**

EXECUTORS
See also index headings FIDUCIARIES; PERSONAL REPRESENTATIVES
Agent errors, liability of executor, **16:66**
Ancillary executors, **20:24**
Applications for prompt determination of tax, **39:10**
Bonds
deferred estate taxes, **39:10, 39:33**
fiduciary bonds, **20:9**
Deferred estate tax special lien election, **39:33**
Definition, **16:66**
Discharge from personal liability for unpaid taxes, **39:10**
Elections, special use valuation, **34:75**
Estate tax payment requirement, **16:66**
Estate tax return filing requirement, **16:57, 16:66**
Incumbency evidence requirement for tax refund claims, **39:25**
Interest liability, tax deficiency for distributions, **16:66**
Liability for unpaid taxes
generally, **39:10**
errors of agent, **16:66**
Personal representative as inclusive term, **30:08**
Powers determined, state law, will, or appointing document, **20:11**
Qualifications, **20:9**
Recovery rights from others, **16:66**
Refund claims for tax overpayments, **39:25**
Residency requirement, **20:9**

EXECUTORS—Cont'd
Resubmission of request for discharge from personal liability, **39:10**

EXEMPT ORGANIZATIONS
Personal benefit contracts, **12:42**

EXEMPT PROPERTY
Allowance
funding, **18:21**
will provisions, **18:38**
Family allowance, **20:7**
Homestead, **10:14, 18:33, 20:7**
Personal property, **18:21**
Personal property allowance of surviving spouse, **20:7**
Surviving spouse's rights, **20:7**
Testamentary gifts, **18:21**
Uniform Probate Code, surviving spouse's personal property allowance, **20:7**

EXEMPTIONS
Section 2033A, family owned businesses, gross estate determination, **38:20**
Tax Cuts and Jobs Act, **1:3**

EXORDIUM
Wills, **18:2**

EXPATRIATES
Unified credit, **16:70**

EXPATRIATION
Tax motivation, **1:4**

EXPENSE DEDUCTIONS
Charitable services, **12:6**
Environmental cleanup, **2:50**
Executive compensation, **2:40**
Interest payments, tax deficiencies, **2:50, 39:31**
Leased vehicles, **2:51**
Malpractice insurance, year of retirement, **2:50**
Substantiation methods, **2:51**
Tax assistance, **2:51**
Travel and entertainment, **2:51**

EXPENSES
Joint tenancy property expense allocation, **10:6**
Nonspousal joint ownership property expense allocation, **10:29**
Retirement considerations, **13:5**

EXPERT OPINIONS
Charitable gifts, works of art, **12:35**
Valuation, works of art, **35:12**

EXPRESS TRUSTS
See also index heading TRUSTS
Acceptance of property, necessity, **19:12**
Consideration, necessity, **19:7**
Personal property, Statute of Frauds, impact, **19:13**
Real property, Statute of Frauds, impact, **19:13**

EXTENSION OF TIME
Deferred payments, timing of election for, **36:14**
Form 4768, application of extension of time, **34:129**
Form 7004, application for automatic extension of time to file certain business income tax, information, and other returns, **34:126**
Roth IRA, recharacterization of, **5:73**
Special use election, **4:22**

FAMILY ALLOWANCE
Amount, **20:7**
Marital deduction, estate tax, **18:38, 21:12, 21:16**
Payment form, **20:7**
Petition requirement, **20:7**
Purpose, **20:7**
Will provisions, **18:38**

FAMILY ATTRIBUTION PRINCIPLE
Redemption of corporate stock, **23:12**
Valuation technique, **35:63**

FAMILY BUSINESS ASSETS
Estate exclusion election, historical development, **38:20**
Estate tax deduction, calculating amount, **34:99**
Section 2033A, exemption permitted estates, **38:20**

FAMILY BUSINESSES
Advantages of family partnership, **23:20**
Bona fide business arrangement requirement, buy/sell agreements, **23:31**
Cross purchase agreements, **23:33**
Equalization of estate distributions, **23:24**
Estate tax deduction
calculating amount, **34:99**
filing requirements, **34:80**
Family attribution, redemption of corporate stock, **23:12**
Family partnerships, **23:20**
Recapture tax, **23:12**
Redemption of corporate stock, **23:12**
Section 2033A, exemption permitted estates, **38:20**

FAMILY LIMITED PARTNERSHIPS
Chapter 14 application, valuation of interests, **27:98**
Entity freezes
asset protection
generally, **27:68, 27:99**
charging orders, **27:100**
general v. limited, **27:101**
tax consequences of charging order, **27:102**
capitalization, **27:80**
disguised sales, **27:83**
investment company, **27:82**
nonrecognition rule, **27:81**
Chapter 14 valuations
generally, **27:94**
Section 2701, **27:95**
Chapter 14 valuations, Section 2702, **27:96, 27:97**
Chapter 14 valuations, Section 2704, **27:98**

FAMILY LIMITED PARTNERSHIPS—Cont'd
Entity freezes—Cont'd
check-the-box regulations, **27:71**
creditor protection benefits, **27:99**
death of partner, **27:86**
basis determination, **27:90**
distributive share, **27:87**
losses, **27:88**
death of partner, IRD, **27:89**
distributions, **27:84**
distributions to fiduciaries, estate tax allocations, **27:93**
estate tax reduction, **27:66**
fiduciary accounting issues
generally, **27:91**
distributions to fiduciaries, **27:92**
FLP regulations, **27:72**
gifts of future interests, **27:78**
gifts of interests, **27:76**
completed, **27:77**
income tax, **27:79**
income tax principles, **27:70**
liquidations, **27:84**
marketable securities, **27:85**
management and control, **27:65**
minors as partners, **27:74**
organization, **27:69**
partner recognition
generally, **27:73**
conduct of business, **27:73.40**
income distributions, **27:73.30**
management participation, **27:73.20**
retained controls, **27:73.10**
partner's creditors
protection from, **27:100, 27:101**
tax consequences of charging order, **27:102**
state tax avoidance, **27:67**
trusts as partners, **27:75**
Leveraged gifts, **27:108**
Life insurance, use with
generally, **27:103, 27:104**
ownership by partnership, **27:105**
transfers to fund premiums, **27:106**
Retention of preferred interest, **27:107**
Sale of remainder interest, **27:108**
Section 2704 valuation, **27:98**
Valuation issues, assignee interests, **27:98**

FAMILY OWNED BUSINESS INTERESTS
Estate tax deduction
calculating amount, **34:99**
filing requirements, **34:80**
Interest deduction, **34:99**
Section 2033A, exemption permitted estates, **38:20**

FAMILY PARTNERSHIPS
See also index heading FAMILY BUSINESSES
Advantages, **23:20**

FAMILY PARTNERSHIPS—Cont'd
De minimis exception, **9:26**
Income shifting vehicle, **9:27**

FAMILY RESIDENCE TRUSTS
Abusive use of devise, **19:1**

FAMILY SHARE TRUSTS
Creation, **19:32**
Definition, **17:41**
Description, **18:45**
Disclaimers, **37:21**
Estate tax reduction, **21:3**
Formula marital deduction clauses, combination use, **21:55**

FAMILY SUCCESSION PLANNING
Children not in business, providing for, **27:111**
Management continuity, **27:109**
Surviving spouse, providing for, **27:110**

FAMILY TRANSFERS
Attributed ownership, minority discount, **17:50**
Grantor retained interest trusts, **28:5**

FANNIE MAE'S
Tax advantaged investment, **6:44**

FARM BUILDINGS AND EQUIPMENT
Depreciation, **4:9**

FARM METHOD OF VALUATION
Special use valuation, allowable deductions, **4:26**

FARM OPERATIONS
See also index heading FARMERS AND RANCHERS
Capitalization of expenses, **4:8**
Deductible expenses, **4:8**
Fiscal year, considerations, **4:7**
Hobby loss concerns, **4:10**
Nonactive owner, choice of entity, **4:4**
Non-profitable activities, limitations on deductions, **4:10**
Personal and business use, allocations, **4:8**
Prepayment of expenses, **4:8**
Preproductive carrying expenses, one-time deduction, **4:8**
Profit-making intentions, factors, **4:10**

FARM PROPERTY
Special use valuation, **4:13 to 4:32**
Valuation, fractional interest discount, **35:14**

FARMERS AND RANCHERS
Generally, **4:1 et seq.**
Accounting methods, availability, **4:6**
Accrual method of accounting, **4:6**
AMT calculations, installment payments, **4:6**
Buildings, depreciation, **4:9**
Business considerations in choice of entity, **4:3**
Business operation, form of entity, **4:2**
Capitalization-of-rent valuation formulas, **35:26**
Cash method of accounting, **4:6**
Cattle, depreciation, **4:9**

FARMERS AND RANCHERS—Cont'd
Comparable properties omitted, multiple factor method used, **35:26**
Conditioning of land, deductibility, **4:8**
Conservation Reserve Program (CRP), rent equivalency, **4:11**
Corporation as form of entity, **4:3**
Crops and livestock, deductibility, **4:8**
Crop-sharing arrangement, effect on estate tax deferral eligibility, **4:36**
Discharged debt, exclusion from gross income, **4:11**
Estate planning, application, **4:12**
Estate tax deferral
eligibility requirements, **4:34**
trade of business test issue, **4:35**
Farm, definition, **38:09**
Farm income, fiduciary income tax return line, **34:15**
Farm method of valuation, **4:26**
Farming syndicates, deductibility, **4:8**
Farm-price inventory method of accounting, **4:6**
Feed, deductibility, **4:8**
Fertilizer, deductibility, **4:8**
Fractional share marital deduction formula, use, **4:12**
Gasoline excise tax credit, **4:10**
Gift program, use, **4:12**
Goats, depreciation, **4:9**
Gross cash rentals, definition, **35:26**
Horses, depreciation, **4:9**
Income tax
considerations in choice of entity, **4:4**
rates, consequences, **4:4**
Incorporation, estate tax deferral eligibility, **4:36**
Installment payments, AMT calculations, **4:6**
Leasing property during retirement, **13:26**
Limitation of liability, importance, **4:3**
Limited partnership as form of entity, **4:3**
Liquidation, **4:5**
Machinery and equipment, depreciation, **4:9**
Marital deduction, application, **4:12**
Multiple factor method, **35:26**
Multiple-factor method of valuation, **35:27**
Net share rentals, valuation, **35:26**
Nonactive interest in farm operation, **4:4**
Ordinary and necessary expenses, deductibility, **4:8**
Postmortem estate planning, **4:12**
Primary assets, **4:1**
Proprietorship as form of entity, **4:3**
Remainder interest in farm, eligibility for estate tax deduction, **24:17**
Rental income, Conservation Reserve Program (CRP), **4:11**
Residual marital deduction, **4:12**
Sale in bulk, **4:5**
Seed, deductibility, **4:8**
Selection of entity, **4:3**
Sheep, depreciation, **4:9**
Soil and water conservation expenditures, deductibility, **4:8**

FARMERS AND RANCHERS—Cont'd
Special use valuation
generally, **4:12, 4:13**
cessation of qualified use, **38:11**
election, procedure, **38:10**
eligibility, **38:09**
farm, definition, **38:09**
leases, effect on eligibility, **13:27**
multiple-factor method, **35:27**
notice of election, **4:22**
percentage tests, **38:09**
premature disposition, **38:11**
qualified use, **38:09**
Tax treatment, goal, **4:2**
Tax years, **4:7**
Terminally ill client, liquidity of estate, **31:38**
Underpayment of estimated taxes, penalty avoidance, **4:11**
Unified tax credit, use, **4:12**
Unit-livestock-price inventory method of accounting, **4:6**
Valuations, asset and earnings values, **35:16**

FARMS
FICA taxes, agricultural products, **4:11**
Rental income characterization, Conservation Reserve Program (CRP), **4:11**
Special use valuation, protective election, **38:10**
Valuations, asset and earnings values, **35:16**

FEDERAL DEPOSITS
Employment taxes, **3:20**
Method of deposit, **3:20**

FEDERAL ESTATE TAX RETURNS
See also index headings ESTATE TAX; PREPARATION AND FILING OF FORMS
Adjusted taxable gifts, **34:63**
Administrative expense deductions, **34:93**
Alternate valuation, election, **34:74**
Basic information, **34:62**
Blank
Form SS-4, **34:118**
Blank Form SS-4, **34:118**
Charitable deductions, **34:98**
Claims against estate, **34:93**
Close corporation interests, **34:69**
Completed form
generally, **34:113**
computation, **34:106**
exemption, **34:108**
filing requirements, **34:107**
grandchild exclusion, **34:109**
Completed sample forms
generation-skipping tax, **34:113**
revocable living trust, **34:112**
Debt deductions, **34:94**
Domicile, **34:62**

FEDERAL ESTATE TAX RETURNS—Cont'd
Employer identification number
Form SS-4, **34:117**
necessity, **34:116**
ESOP deductions, **34:97**
ESOP election, **34:79**
Excess retirement accumulations, **34:111**
Extension of time to pay tax
generally, **34:128**
Family-owned business interest deduction, **34:99**
Filing requirements, **34:60**
Foreign estate tax credit, **34:103**
Form 706
uncompleted form, **34:114**
Form 706: uncompleted form, **34:114**
Form 706-QDT: United States estate tax return for qualified domestic trusts, **34:115**
Form 712: uncompleted form, **34:123**
Form 1310: refund due deceased taxpayer
uncompleted Sample Form 1310, **34:125**
Funeral expense deductions, **34:93**
Gathering information, **34:59**
Gift tax credit, **34:102**
Gift tax returns previously filed, listing, **34:67**
Gross estates
annuities, **34:91**
bonds, **34:84**
cash, **34:85**
household furnishings, **34:88**
joint property, **34:87**
life insurance on decedent, **34:86**
miscellaneous, property, **34:88**
mortgages, **34:85**
order of documents, **34:82**
personal property, **34:88**
powers of appointment, **34:90**
promissory notes, **34:85**
real property, physical description and valuation, **34:83**
stocks, **34:84**
transfers during decedent's life, **34:89**
Information about decedent, **34:64**
Installment payments of estate tax, election, **34:77**
Life insurance policies, **34:68**
Life insurance statement
filing, **34:121**
Form 712, **34:122**
Lifetime transfers by decedent, **34:70**
Marital deductions, **34:96**
Net loss deductions, **34:95**
Notice of fiduciary relationship
Form 56, **34:120**
necessity, **34:119**
Partnership interests, **34:69**
Personal information about decedent, **34:65**
Place of filing, **34:60**
Powers of appointment, **34:72**

FEDERAL ESTATE TAX RETURNS—Cont'd
Prior transfer tax credit, **34:104**
Prompt assessment
Form 4810: request for prompt assessment, **34:131**
necessity of request, **34:130**
QTIP election, **34:76**
QTIP property in surviving spouse's estate, **34:66**
Refund due deceased taxpayer
claim, **34:124**
Reversionary interests, postponement of tax payment, **34:78**
Revocable living trust, completed form, **34:112**
Schedule A: real estate valuation, **34:83**
Schedule A-1: special use valuation, **34:83**
Schedule B: stocks and bonds, **34:84**
Schedule C: mortgages, notes receivable and cash, **34:85**
Schedule D: insurance on decedent's life, **34:86**
Schedule E: joint property, **34:87**
Schedule F: miscellaneous property, **34:88**
Schedule G: transfers during life, **34:89**
Schedule H: powers of appointment, **34:90**
Schedule I: annuities, **34:91**
Schedule J: funeral and administrative expenses, **34:93**
Schedule K: debts, **34:94**
Schedule L: net loss during administration, **34:95**
Schedule M: marital deduction, **34:96**
Schedule N: ESOP deduction, **34:97**
Schedule O: charitable deduction, **34:98**
Schedule P: foreign estate tax credit, **34:103**
Schedule Q: prior transfer tax credit, **34:104**
Schedule R: GST tax computation, **34:106**
Schedule R-1: notice to trustee, **34:110**
Schedule T: family-owned business interest deduction, **34:99**
Signatures, **34:62**
Small estates, filing requirements, **34:61**
Sole proprietorship interests, **34:69**
Special use valuation, election, **4:22, 34:75**
State estate tax credit, **34:101**
Trusts, interests held by decedent, **34:71**
Uncompleted form
Form 712, **34:123**
Uncompleted Sample Form 1310
form 1310: refund due deceased taxpayer, **34:125**
Unified credit, **34:100**
United States estate tax return for qualified domestic trusts
Form 706-QDT, **34:115**

FEDERAL FARM BANK LOANS
Special use valuation, annual interest rate, **4:26**

FEDERAL SECURITIES LAWS
Resale restrictions, discount, **35:32**

FEDERAL SHORT-TERM RATE
Tax underpayment interest, **39:31**

FEE SCHEDULES
Corporate fiduciaries, **30:46, 30:47**

FEED COSTS
Deductibility, **4:8**

FEES
Fiduciaries. See index heading FIDUCIARIES
Health or life care facilities, deductibility, **13:19**
Return preparers, **39:2**

FERTILIZER
Deductibility, **4:8**

FICA TAXES
Agricultural products, **4:11**
Deferred compensation, **13:16**

FIDUCIARIES
See index headings CUSTODIANS, PROPERTY TRANSFERRED TO MINORS; EXECUTORS; FIDUCIARY INCOME TAX RETURNS; GUARDIANS OF PROPERTY; GUARDIANS OF THE PERSON; PERSONAL REPRESENTATIVES; TRUSTEES
Accounting fees, family member fiduciaries, **30:49**
Accounting income, **32:4**
Actions favorable to beneficiaries, tainted gifts, **16:14**
Advisers to trustees as limited function fiduciaries, **30:31**
Attorneys-in-fact, durable power of attorney, **30:05**
Bond waiver, will provisions, **18:56**
Bonds, **20:9**
Brokerage commissions, family member fiduciaries, **30:49**
Cofiduciaries' fees, **30:48**
Compensation
generally, **30:45 et seq.**
corporate, form, **30:51**
corporate and individual cofiduciary, form, **30:53**
individual, form, **30:52**
Conflict of interest disqualification, **30:13**
Conflict of law rules, selection considerations, **30:02**
Conflict of law rules and considerations in selection, **30:38 et seq.**
Conservators, **30:04**
Corporate fiduciaries
advantages and disadvantages in use, **30:54**
bond excuse or waiver, **18:56**
compensation, **30:46 et seq.**
drafting suggestions for compensation, **30:50**
fee schedules, **30:46, 30:47**
hidden charges in fees, **30:47**
individual cofiduciary compensation, form, **30:51**
individual fiduciary comparison, practical considerations, **30:54**
qualification requirements, **20:9, 30:14 to 30:16**
trust instrument compensation provisions, forms, **30:53**
Criminal record disqualification, **30:13**
Deferred estate tax special lien election, **39:33**
Definitions, **19:3**
Designation, **19:43**
Disclaimers, **37:15**
Disclosures on returns, penalty avoidance, **39:31**

FIDUCIARIES—Cont'd
Drafting suggestions for compensation provisions, **30:50 to 30:53**
Duties of particular types, **30:03 et seq.**
Extraordinary services, **30:47**
Family members as fiduciaries, hidden costs, **30:49**
Fees
agreements, **30:48**
clauses in governing instruments, **30:48**
corporate fiduciary, **30:46**
individual fiduciary, **30:48**
management fees, below
Fiduciary relationship, definition, **19:3**
Form 1041, blank form and instructions, **34:36**
General partner to limited partners, completed gifts, **8:33**
General powers, **18:60**
Grantor, power to spray or sprinkle income, **30:26**
Guardian ad litem fees of corporate fiduciary, **30:47**
Hidden charges in corporate fiduciary fees, **30:47**
Hidden costs with family member fiduciaries, **30:49**
Income tax refund claims, **39:22**
Incumbency evidence requirement for tax refund claims, **39:25**
Individual fiduciaries
advantages and disadvantages in use, **30:54**
compensation, **30:48 to 30:50, 30:52, 30:53**
corporate fiduciary comparison, **30:54**
qualification requirements, **20:9, 30:09, 30:13**
relatives versus nonrelatives, practical considerations, **30:55**
Joint fiduciaries. See index heading JOINT FIDUCIARIES
Legal fees of corporate fiduciary, **30:47**
Life insurance policy incidents of ownership in fiduciary, estate tax, **16:29**
Local fiduciaries, advantages and disadvantages, **30:57**
Management fees
corporate fiduciaries, **30:47**
family member fiduciaries, **30:49**
Minors as disqualified, **30:13**
Multiple fee control by state, **30:45**
Multiple fiduciaries, advantages and disadvantages, **30:56**
Multiple services by one fiduciary, fees, **30:48**
Nonresident corporate fiduciaries, **30:14 to 30:16**
Nonresident's authorization to serve, table, **30:16**
Notice to IRS of relationship to deceased taxpayer, **39:32**
Planning suggestions for selection, **30:17**
Powers, determination, **18:60, 20:11**
Practical considerations in selection
cotrustees versus advisors, **30:58**
individuals versus corporations, **30:54**
local versus remote, **30:57**
relatives versus nonrelatives, **30:55, 30:56**
single versus multiple, **30:56**
small banks as fiduciaries, **30:54**
Qualification requirements, **20:9, 30:03, 30:09 et seq.**
Reasonable compensation allowed by law, **30:48**

FIDUCIARIES—Cont'd
Reasonableness of fees, **30:48**
Refund claims for tax overpayments, **39:25**
Relatives, practical considerations in selection
multiple fiduciaries, **30:56**
nonrelatives, comparison, **30:55**
Remote fiduciaries, advantages and disadvantages, **30:57**
Removal of assets from jurisdiction, **30:13**
Residency requirement
corporate fiduciaries, **20:9, 30:14 to 30:16**
individuals, **20:9, 30:16**
Review of appointment, **31:18**
Selection considerations, generally, **30:01 et seq., 30:02**
Selection effect on taxes, **30:19 et seq.**
Separate share treatment, allocation rules, **32:68**
Services required, **30:45**
Small banks as fiduciaries, **30:54**
Sprinkling power, **30:28**
Statutory powers, **18:60**
Subcontracting of services
charges, **30:48**
corporate fiduciaries, **30:46**
individual fiduciaries, **30:45, 30:48**
Successor fiduciary, requirements for individual, **30:09**
Sweep fees, **30:47**
Tax impact of selection, **30:03, 30:19 et seq.**
Types, **30:03, 30:26 et seq.**
Will provisions on powers and duties, **18:60**

FIDUCIARY INCOME TAX RETURNS
See also index heading PREPARATION AND FILING OF FORMS
Accrued wages, **34:18**
Adjusted total income, **34:22**
Allocation of expenses to tax exempt interest income, **34:37**
Alternative minimum tax, **34:28**
Balance due, **34:30**
Capital gain or loss, **34:16**
Charitable deduction, **34:21**
Completed sample form and schedules, **34:35**
Components, **34:2**
Computation of tax, **34:26 to 34:30**
Credits, **34:27**
Deductions, necessity of reducing, **34:19**
Dividends
exclusion, **34:23**
income, **34:12**
Election to recognize gain, **34:33**
Employer identification number
Form SS-4, **34:116**
obtaining, **34:10**
series or block, **34:10**
Estate open for two or more years, explanation, **34:33**
Estate tax deduction, **34:24**
Estates, filing requirements, **34:4**
Exemption, **34:25**
Farm income, **34:15**

FIDUCIARY INCOME TAX RETURNS—Cont'd
Fiduciary fees deductions, **34:21**
Filing requirements, **34:3**
Form 7004
application for automatic extension of time to file certain business income tax, information, and other returns, **34:127**
General identifying information, importance of accuracy, **34:11**
Gross tax, computation, **34:26**
Income distribution deduction, **34:22**
Income or loss from other estates or trusts, **34:13**
Individual retirement account distributions, **34:18**
Interest
deductions, **34:20**
income, **34:12**
Management of property expenses, deductions, **34:21**
Monitoring of entity, **34:34**
Net business income, **34:15**
Net rent income, depreciation, **34:14**
Ordinary gain or loss, **34:17**
Partnership income or loss, **34:13**
Payments of tax
generally, **34:8**
listing, **34:29**
Place of filing, **34:3, 34:7**
Preparation tips, **34:34**
Professional service fees, deduction, **34:21**
Profit-sharing plan distributions, **34:18**
Recapture of investment credit, **34:28**
Refund claims, **39:22**
Retirement plan distributions, **34:18**
S corporation distributions, **34:18**
Schedule A: charitable deduction, preparation, **34:31**
Schedule B: income distribution deduction, preparation, **34:32**
Sixty-five day rule, election, **34:33**
Tax rates, **34:26**
Taxable year, choice, **34:9**
Time to file, **34:6**
Trusts, filing requirements, **34:5**
Waiver of estate deductions, form, **34:38**

FIDUCIARY POWERS
Acts constituting exercise, **30:14, 30:16**
Authority for exercise, **30:15**
Estate administration, **20:11**
Joint fiduciaries, actions, **18:57**
Reciprocal statutes governing exercise, **30:15**
Section 678 trusts, beneficiary power, **9:12**
Will provisions, **18:60**

FIDUCIARY STANDARDS
Plan beneficiary's control exercise, majority shareholder, **5:43**

FIELD AUDITS
Description, **39:7**

FIFTH AMENDMENT
Audits, **39:7**
Production of records, third-party recordkeeper, **39:6**

FIFTY-PERCENT ORGANIZATIONS
Charitable deduction limits, **12:11**

FILING RULES
Electronic filing, **1:23**
Mailing date, **39:23**

FINAL INCOME TAX RETURN OF DECEDENT
Capital losses, **33:04**
Estimated payments, **33:05**
Filing status, **33:03**
Income earned by estate, reporting, **33:22**
Increasing reportable income, **33:08**
Joint return, election to file, **33:03**
Medical expenses, deductibility, **33:06**
Net operating losses, **33:04**
Passive activity losses, **33:04**
Personal liability of executor, **33:08**
Preparation, **33:02**
Principal residence capital gains exclusion, election, **33:08**
Requirement, **33:02**
Treasury bond interest, accrual, **33:07**
Unamortized mortgage loan costs, deduction, **33:08**
Unrecovered investment deduction, **33:08**
Unused loss carryforwards, **33:04**

FINANCIAL NEEDS OF BENEFICIARIES
Estate planning considerations, **17:20**

FINANCIAL NEEDS OF CLIENT
Retirement forecast, **13:4**

FINANCIAL PLANNERS
Planning team, **1:20**
Retirement planning, **13:18**

FISCAL YEAR
Use in income shifting, **9:16**

FIVE AND FIVE POWERS
Description, **16:7**
Gift tax, **16:7**
Lapse of power prior to death, estate tax, **16:34**

FIVE PERCENT PROBABILITY TEST
Remainder interests, **12:65**

FLOWER BONDS
Estate tax payment, **18:11, 38:07**
Interest rate, **38:07**
Ownership requirement for estate tax liability, **18:11**
Payment of estate tax, **31:34**
Purchase before death, **38:07**
Redemption, **18:11**

FLOWER BONDS—Cont'd
Value, **38:07**

FLPs
See index heading FAMILY LIMITED PARTNERSHIPS

"FOR USE OF" DEDUCTIONS
Charitable deduction limits, **12:12**

FOREIGN COUNTRIES
Charitable gift to, **24:5**
Postmarks, applicability of timely mailing rules, **39:23**

FOREIGN ESTATE TAX
Credit against estate tax, **34:103**

FOREIGN GIFT TAX CREDIT
Gift and generation skipping tax (GST) returns line, **34:48**

FOREIGN MARKETS
Valuations, **35:34**

FOREIGN REAL PROPERTY
Like-kind exchanges, **6:49**

FOREIGN TAX CREDIT
American Depository Receipts (ADRs), **3:23**
Availability to estates and trusts, **32:34**
Estate tax credit, foreign estate taxes, **16:64**
Estate tax marital deduction, effect, **21:14**
Expatriation, consideration of, **1:4**

FOREIGN TRUSTS
Grantor trust rules, **32:62**
Outbound transfers, **32:62**
Owner of trust, excepted from tax, **32:62**

FORFEITURE PROVISIONS
Federal tax lien as surviving reclamation of property by seller, **39:33**

FORM 706-QDT
United States estate tax return for qualified domestic trusts, **34:115**

FORMS
Additional planning information, checklist, **15:12**
Agreement to special use valuation, **4:23**
Assignment from grantor to trustee, **19:11 to 19:13**
Authorization to create separate trusts, GST purposes, **26:55**
Authorize executor to allocate GST exemption, **26:53**
Automatic extension of time to file certain business income tax, information, and other returns, Form 7004, **34:126**
Basic estate planning letter, **15:17**
Business assessment of closely held business, checklist, **23:42**
Charitable annuity lead trust (non-statutory), **12:94**
Charitable corporations
articles of incorporation, **12:100**
bylaws, **12:101**
Charitable remainder annuity trust, **12:95**
Charitable remainder unitrust, **12:96**

FORMS—Cont'd
Charitable trust, **12:99**
Closely held businesses
assessment checklist, **23:42**
corporate resolution adopting redemption agreement, **23:43**
cross purchase agreement for shareholders, **23:45**
qualifying S trust article, **23:46**
redemption agreement, **23:44**
S corporation stock ownership, trust or will provision, **23:47**
Codicil on cremation, **18:74**
Community property
partition agreement, **10:61**
postnuptial agreement, **10:61**
Complex estate planning letter, **15:18**
Continue Section 2503(c) trust beyond age 21, **9:14**
Corporate resolution adopting redemption agreement, **23:43**
Credit shelter formula, marital deduction, **21:65**
Cross purchase agreement for shareholders, **23:45**
Crummey trusts
Crummey notice with life insurance trust, **8:23**
Crummey power with hanging power, **8:20**
Crummey power with special power of appointment, **8:18**
Crummey powers, **8:16**
standard Crummey notice, **8:22**
supplemental Crummey power, **8:26**
Deed from grantor to trustee, **19:10**
Disclaimers
disclaimer will, **18:73**
qualified terminable interest property (QTIP) trust creation, **37:27**
Discretion over business clause, **17:33**
Divorce. Separation agreements, below
Durable power of attorney, retirement planning, **13:25**
Educational trust provisions, **8:50**
Employment contract, **2:4**
Entity freeze transactions
agreement of limited partnership, **27:114, 27:115**
articles of amendment, corporation, **27:119**
certificate of limited partnership, **27:113**
guidelines, **27:112**
IRS request for information, **27:118**
joint action without a meeting, **27:121**
minutes of commencing operation plan, **27:116**
minutes of operation plan, **27:117**
recapitalization plan, corporation, **27:120**
shareholders and directors, action, **27:121**
Equalization clauses, estates, **21:24, 21:28**
Escrow letter for power of attorney, **17:10**
Estate planning guide, **15:11**
Estate tax payment
preresidual marital bequest, **21:51**
tax payable from residue, **21:51**

FORMS—Cont'd
Estate tax return
generation-skipping tax, completed sample, **34:113**
revocable living trust, completed sample, **34:112**
Estate tax returns, form 706, completed forms, **34:112, 34:113**
Federal gift and generation skipping tax return
generation skipping tax, completed form, **34:54**
gift tax, completed form, **34:54**
Fiduciary compensation trust instrument provisions
corporate and individual cofiduciary compensation, **30:53**
corporate fiduciary, **30:51, 30:53**
individual fiduciary, **30:52, 30:53**
Fiduciary income tax returns
allocation of expenses to tax-exempt interest income, **34:37**
completed sample Form 1041, **34:35**
waiver of estate deductions, **34:38**
Filing of forms. See index heading PREPARATION AND FILING OF FORMS
Formula marital deduction clauses
credit shelter formula, **21:65**
estate tax, fractional share formula, **21:58**
pecuniary fairly representative formula, **21:60**
pecuniary fixed sum formula, **21:62**
Fractional share formula, estate tax marital deduction, **21:58**
General powers of appointment, ascertainable standards, form language, **16:32**
Gift annuity agreement, **12:98**
Grantor retained income trust, **28:12**
Health care surrogate, designation of, **17:13**
Individual revocable trust
with marital deduction gift, outright or in trust, **19:50**
without marital deduction provisions, **19:49**
Information needed for plans, checklist, **15:12**
Investment adviser for independent trustee, trust instrument provision, **30:36**
Irrevocable trust, provision, **19:61**
Irrevocable trusts
administering after grantor's death, **22:33**
inclusion in gross estate, **19:63**
irrevocable family support trust, **19:69**
irrevocable life insurance trust, **19:68**
preparation, **15:20**
IRS forms
Blank Form SS-4, **34:118**
Form 56: notice concerning fiduciary relationship, **34:120**
Form 706 (1988), **34:122**
Form 706: Estate tax return, **34:112**
Form 709 (1988), **34:121**
Form 709: gift tax return and supporting schedules, **34:55**
Form 709: United States gift (and generation-skipping transfer) tax return and supporting schedules, **34:56**
Form 712: life insurance statement, **34:122**
Form 712: uncompleted form, **34:123**

FORMS—Cont'd
IRS forms—Cont'd
Form 1041
generally, **34:1**
computation of tax, **34:26**
deduction calculation, **34:19**
income or loss calculation, **34:12**
preliminary considerations, **34:2**
schedules and other requirements, **34:31**
when to file, **34:6**
Form 1041: blank form and instructions, **34:36**
Form 1041: fiduciary income tax, **34:35**
Form 1310: refund due deceased taxpayer, uncompleted Sample Form 1310, **34:125**
Form 4768, application for extension of time, **34:129**
Form 4810: request for prompt assessment, **34:131**
Form 5495: discharge from personal liability, **34:133**
Form 7004: application for extension of time to file, **34:127**
Form 8869, designating QSub status, **3:46**
Form SS-4
employer identification number, **34:117**
pooled income fund, **12:97**
Joint revocable trust with marital deduction provisions, **19:51**
Letter for discharge from liability for estate tax, **34:134**
Life estate with general power of appointment for spouse, will provisions, **21:30**
Living will, **18:75**
Marital deduction wills
power of appointment trust, **18:70**
QTIP trust, **18:69**
Notice of election of special use valuation, **4:24**
Notice of election to pay in installments, **36:17**
Notice of protective election, special use valuation, **4:25**
Partition of community property, postnuptial agreement, **10:61**
Pecuniary fairly representative formula, estate tax marital deduction, **21:60**
Pecuniary fixed sum formula, estate tax marital deduction, **21:62**
Personal representative appointment authorization, ancillary administration, **30:18**
Pooled income fund instrument of transfer, **12:97**
Postnuptial agreement with partition of community property, **10:61**
Pour-over will, **18:71**
Power of attorney, durable powers, **13:25**
Power to divide trust with inclusion ratio of less than one, **26:54**
Power to hold insurance on spouse's life, **18:35**
Power to incorporate as S corporation, **31:73**
Powers of appointment
durable power of attorney, **13:25, 17:9**
exercise of power of appointment, **17:56, 31:11**

FORMS—Cont'd
Powers of appointment—Cont'd
exercise of power of appointment to pay marginal increase, **17:61**
nonexercise of power of appointment, **17:57**
Prenuptial agreement, **11:41**
Preparation of forms. See index heading PREPARATION AND FILING OF FORMS
Preresiduary pecuniary marital QTIP trust, checklist for preparation, **15:20**
Presumption of survivorship, **17:44**
Protective notice of election, **36:18**
Provision for paying tax from QTIP, spouse's death, **26:59**
QTIP trusts
partial election authorization, **21:41**
severance authorization, **21:41**
Qualified domestic trust
generally, **19:50**
Qualified S trust article, **23:46**
Redemption agreement, stock, **23:44**
Request for statement of social security earnings, **13:8**
Retirement expenses checklist, **13:5**
Retirement resources checklist, **13:6**
Reverse presumption clause, survivorship, **21:24**
S corporation stock ownership
credit shelter trust, **21:65**
trust or will provision
generally, **23:47**
disclaimer by trustee, **37:28**
qualified Subchapter S trust (QSST) article, **23:46**
Salary continuation agreement, **13:17**
Salary continuation plan, **2:20**
Separate property
partition agreement, **10:61**
postnuptial agreement, **10:61**
Separate trust for education of beneficiary, **17:18**
Separation agreements
generally, **11:27**
alimony clause, **11:31**
breach of warranties or representations, remedies for, **11:38**
child support clause, **11:29**
dependency exemptions, allocation of, **11:30**
life insurance clause, **11:34**
pension and employee benefit plans, **11:33**
property division clause, **11:32**
returns, **11:35 to 11:37**
Simple will with standby trust, **18:68**
Spendthrift clause, **17:22**
Split dollar life insurance
collateral assignment method, **2:29**
endorsement method, **2:28**
letter to Department of Labor, **2:27**
Standard presumption, survivorship, **21:26**
Standby trust for incompetent beneficiary, **17:24**
Supplemental needs trust, **17:25**

FORMS—Cont'd
Survivorship provisions
generally, **21:24, 21:26**
spouses with nearly equal estates, **21:28**
Testamentary life insurance trust, **22:22**
Trust amendment of particular provisions, **19:52**
Trust amendment of trust in its entirety, **19:53**
Trustee authorization, confer general power on child, **26:58**
Trustee's resignation and removal, **30:37**
Trusts
choice of law trust instrument provision, **30:44**
independent trustee's investment adviser, trust instrument provision, **30:36**
irrevocability provision, **19:61**
multiple trustee division of duties, trust instrument provision, **30:35**
QTIP trusts, partial election, **21:41**
S corporation stock ownership provision, **23:47**
situs change due to new corporate fiduciary, trust instrument provision, **30:44**
standby trust provisions, simple will, **18:68**
trustee's resignation and removal, **30:37**
Use for wills, **18:67**
Use of GST exemption on first spouse's death, **26:56**
Use of surviving spouse's GST exemption, **26:57**
Wills
credit shelter marital deduction formula clause, **21:65**
disclaimer will, **18:73**
estate tax payment, **21:51**
fractional share marital deduction, **21:58**
life estate, general power of appointment for spouse, **21:30**
living will, **18:75**
marital deduction formula clause, **21:62**
marital deduction formula clauses, **21:58, 21:60, 21:62, 21:65**
marital deduction will
power of appointment trust, **18:70**
QTIP trust, **18:69**
pecuniary fairly represented clause, **21:60**
pecuniary fixed sum, **21:62**
pour-over will, **18:71**
power to hold insurance on spouse's life, **18:35**
preresidual marital bequest with tax payable from residue, **21:51**
residuary clause for total gift equalization among beneficiaries, **18:43**
S corporation stock ownership provision, **23:47**
simple will with standby trust, **18:68**
use of, **18:67**

FORMULA MARITAL DEDUCTION CLAUSES
Credit shelter formula
generally, **21:55, 21:64**
form, **21:65**
Family share trusts, combination use, **21:55**

FORMULA MARITAL DEDUCTION CLAUSES —Cont'd
Forms
credit shelter formula, **21:65**
fractional share formula, **21:58**
pecuniary fairly representative formula, **21:60**
pecuniary fixed sum formula, **21:62**
Fractional share formula, **21:55 to 21:58**
In-kind distribution of assets provision, combination with pecuniary formula, **21:67**
Pecuniary fairly representative formula
generally, **21:55, 21:59**
form, **21:60**
Pecuniary fixed sum formula
generally, **21:55, 21:61 to 21:63**
form, **21:62**
Planning considerations, **21:66**
Pretax formula, **21:57**
Reduce-to-zero formula, **21:4**
Revenue Procedure 64-19, **21:67**
Transition rule, change in law, **21:69**
True residuary formula, **21:57**
Types, **21:55 et seq.**
Use, **18:40**

FORMULA SALES PRICE
Buy-sell agreements, **23:25**
Corporate buy-sell agreements
generally, **23:27**
bona fide business arrangements, **23:31**
valuation, **23:29**

401(k) PLANS
"Catch up" contributions, **5:29**
Elective deferral limits, **5:29**
SIMPLE 401(k) plans, **5:11**
Thrift and cash or deferred (401(k)) plans, **5:10, 5:11**

FRACTIONAL INTEREST DISCOUNTS
Real property valuation, **35:14**

FRACTIONAL SHARE FORMULA
Advantages, **21:56, 21:66**
Disadvantages, **21:66**
Form, **21:58**
Fractionalization of assets, **21:56, 21:57**
Planning considerations, **21:66**
Pretax formula, **21:57**
True residuary formula, **21:57**
Types of fractional formula devises, **21:57**

FRATERNAL SOCIETY
Charitable organization, **24:5**

FRAUD PENALTY
Revenue Reconciliation Act of 1989, Improved Penalty Administration and Compliance Act, **39:31**

FRAUDULENT TAX DEFICIENCIES
Generally, **39:31**

FRAUDULENT TRANSFERS
Definition, **19:19**

FREEZE TRANSACTIONS
Basic structure, **27:10**
Business purpose, **27:12**
Devise prohibition, **27:12**
Gratuitous transfer principles, **27:13**
Transferees with limited funds, **27:24**
Types to consider, **27:05**

FREEZING VALUE
See index headings ASSET FREEZES; HOLDING COMPANY FREEZES; PARTNERSHIP FREEZES; PREFERRED STOCK RECAPITALIZATIONS

FREQUENT FLYER MILES
Income, additional, **2:54**

FRINGE BENEFITS
Generally, **3:78**
Airplanes, use by employee, **2:49**
Automobile of employer, use by employee, **2:49**
Cafeteria plans
classification requirements, **3:100**
definition, **2:47**
election among benefits offered, requirements, **3:100**
exclusion from gross income of employee, **2:47**
factor in choice of entity, **3:100**
former employees, coverage, **3:100**
funding, **2:47**
nondiscrimination requirements, **2:47, 3:100**
permissible benefits, **3:100**
recordkeeping requirements, **2:48**
written requirements, **2:47, 3:100**
Compensatory stock options, **2:61 to 2:70**
Compensatory stock transfers, **2:55 to 2:60**
De minimis fringes, **2:54**
Death benefits, lump-sum exclusions, **3:97**
Deferred compensation arrangements, **3:90**
Dependent care assistance by employer
generally, **2:46**
tax exemption, **3:99**
Educational assistance by employer, **2:46**
Exemptions from employee income, **2:46**
Group legal services plans, retirement planning services, **2:46**
HR 10 plans, **3:80**
Insurance, use, **2:11**
Keogh plans, **3:80**
Keyman insurance, **2:13 to 2:20**
Life insurance, **2:12**
Lodging for convenience of employer, exclusion from income, **3:98**
Meals for convenience of employer, exclusion from income, **3:98**

FRINGE BENEFITS—Cont'd
Medical reimbursement and health plans
generally, **2:40**
claims procedures, **2:44**
continuation coverage, requirement, **2:43**
costs, deductibility by employer, **2:41**
disability retirement benefits, deductibility, **3:95**
discriminatory policies, **2:42**
exemptions, **2:44**
payments under policy, income exclusion, **2:42**
premiums
deductibility by employer, **3:94**
income inclusion, **2:42**
reporting requirements, **2:44**
savings, health savings accounts, **2:45**
statutory requirements, **2:43**
No-additional-cost services, **2:54**
Nonqualified plans, **3:90**
Personal legal services, tax exemption, **2:46**
Property of employer, use by employee, **2:49**
Qualified employee discounts, **2:54**
Qualified retirement plans, **3:79**
Retirement Equity Act of 1984, **3:83**
Retirement plans, income limitations, **2:54**
S corporations, **3:92**
Savings, health savings accounts, **2:45**
Statutory benefits, **2:46**
Stock options, **3:91**
Top-heavy plans, **3:82**
Tuition reduction plans, **3:78**
Use, **2:39**
Working condition fringes, **2:54**

FUEL-RELATED TAX CREDITS
Availability to estates and trusts, **32:34**

FUNDED WELFARE BENEFIT PLAN
Definition, **2:30 to 2:35**

FUNERAL ARRANGEMENTS
Preparation, **31:08**

FUNERAL EXPENSES
Estate tax deduction, **16:52**
Married woman's expenses, liability, **18:7**

FUNERAL HOMES
Valuations, **35:55**

FURNITURE
Valuations, **35:11**

FURS
Valuations, **35:11**

FUTURE INTERESTS
Charitable deductions, **12:35**
Contingencies, **18:45**
Debt forgiveness, corporate loan, **8:10**
Rule against perpetuities, **18:45**

FUTURE INTERESTS—Cont'd
Testamentary trusts, **18:45**

FUTURES PRICES
Valuations, **35:34**

G REORGANIZATION
Transfer to an LLC, **36:22**

GAIN OR LOSS
See also index heading BASIS FOR GAIN OR LOSS
Income shifting, **9:2**
Principal residence sales, **20:19**
Sales, right to receive proceeds, **9:2**

GALLO GENERATION SKIPPING TAX EXCLUSION
Generally, **26:18**

GAS INTERESTS
Valuations, **35:22**

GASOLINE EXCISE TAX
Farm credit, **4:10**

GEMS
Valuations, **35:11**

GENERAL GIFTS
Category distinction, **18:14**
Example, **18:17**
Presumption, **18:17**
Satisfaction from estate, general assets, **18:17**
Shares of corporate stock, presumption, **18:31**

GENERAL PARTNERSHIPS
Forms of ownership, **6:29**

GENERAL POWERS OF APPOINTMENT
See also index heading POWERS OF APPOINTMENT
Additions to trust, GST implications, **26:31**
Ascertainable standards, post-October 21, 1942 powers, **16:32**
Contingencies, post-October 21, 1942 powers, **16:32**
Definitions
overview, **16:7**
post-October 21, 1942 powers, **16:32**
Estate tax, gross estate includibility, **16:31 to 16:34**
Exercise, **17:55**
Exercise in conjunction with other, **16:33**
Exercise only in conjunction with other person, post-October 21, 1942 powers, **16:32**
Exercise or possession at death
post-October 21, 1942 powers, **16:32**
pre-October 21, 1942 powers, **16:33**
Exercise prior to death, post-October 21, 1942 powers, **16:34**
Generation skipping tax, effective date rules, **26:31**
Gift tax
generally, **16:14**
overview, **16:7**
Judicial injunction, effect, **16:32**

GENERAL POWERS OF APPOINTMENT—Cont'd
Lapsed powers, GST implications, **26:31**
Life estates, estate tax marital deduction, **21:29 et seq.**
Marital deduction, life estates with power, **21:29 et seq.**
Powers to a class of persons, **16:32**
Precatory directions, post-October 21, 1942 powers, **16:32**
Requirements for estate tax marital deduction, **21:36**

GENERATION SKIPPING TRANSFER TAX
Abbreviations, **26:3**
Additional contributions, **26:33**
Additions to trust, lapsed power of appointment, **26:31**
Administration
generally, **26:35**
expenses, deduction, **26:21**
Adoptive relationship, treatment, **26:6**
Allocation of exemption, **26:11**
retroactive allocations, after 2000, **26:11**
Applicable fraction, **26:11**
Applicable rate, **26:11**
Apportionment, **26:24**
Authorization to create separate trusts, form, **26:55**
Authorize executor to allocate exemption, form, **26:53**
Automatic allocation, **26:11**
Automatic allocation rules, EGTRRA 2001, **26:11**
Calculation of rate, **26:21**
Changes to trust
Proposed Regulations, **26:33**
regulatory authorization, **26:33**
Charitable interests, exceptions, **26:17**
Charitable lead trust, use, **24:35**
Charitable organization, generation assignment, **26:6**
Charity's interest, **26:7**
Chronicle generation assignment, **26:6**
Citizenship of deemed transferor, **26:36**
Consideration given, reduction in value by amount, **26:23**
Consolidating trusts, **26:11**
Constructive additions, **26:31**
Contributions to trusts, non-exempt additions, **26:33**
Curing ineffective allocations, **26:11**
Debts, deduction, **26:21**
Deceased spousal unused election (DSUE), **33:21.50**
Decedent as transferor, **26:5**
Deductions, **26:21, 34:24**
Direct skips
collateral heirs, **26:19**
definition, **26:10**
determination, **26:8**
extension of time to pay, **26:40**
income tax deduction, **26:43**
mental disability of decedent, effect, **26:29**
reporting, **26:34**
taxable amount, **26:21**
valuation of property, **26:23**
Disclaimers
generally, **26:37, 37:24**

GENERATION SKIPPING TRANSFER TAX—Cont'd
Disclaimers—Cont'd
remainder interests, **26:26**
usage, diverting property from trust, **26:33**
Disinheritance of specific family member, treatment, **17:26**
Effective date rules
generally, **26:25 to 26:33**
addition to grandfathered trust, **26:30**
death prior to 1987, **26:27**
existing insurance trusts, **26:33**
general power of appointment, **26:31**
general rule, **26:25**
inter vivos transfers, **26:27**
irrevocable trusts, **26:26**
mental disability of decedent, **26:29**
post-September 25, 1985 inter vivos transfers, **26:28**
QTIP trusts, **26:32**
reformation of trust, **26:33**
transition rule, **26:27**
Election of exemption, **26:11**
Estate tax
coordination, **26:38**
exceptions, **26:14**
substitution, **26:46**
Estate tax returns
computation, **34:106**
exemption, **34:108**
filing requirements, **34:107**
form 706 preparation, **34:105 to 34:110**
grandchild exclusion, **34:109**
notice to trustee, **34:110**
Exemption
exempt trust for "wife and issue," **26:33**
leveraging use, **26:49**
unitrust amount, **26:33**
utilization, **26:44**
Extension of time to pay, **26:40**
Extension to make election, **26:11**
Form 709
uncompleted form, **34:57**
Form 709: uncompleted form, **34:57**
Forms
authorization to create separate trusts, GST purposes, **26:55**
authorize executor to allocate GST exemption, **26:53**
Form 706, **34:113**
Form 709, **34:56**
power to divide trust with inclusion ratio of less than one, **26:54**
provision for paying tax from QTIP, spouse's death, **26:59**
trustee authorization, confer general power on child, **26:58**
use of GST exemption on first spouse's death, **26:56**
use of surviving spouse's GST exemption, **26:57**
Gallo exclusion, **26:18**

GENERATION SKIPPING TRANSFER TAX—Cont'd
Generation assignment, **26:6**
Generation skipping transfer, definition, **26:4**
Gift and generation skipping tax (GST) returns
exemption, **34:51**
filing requirements, **34:50**
gift tax filing requirements, **34:39**
grandchild exclusion, **34:52**
inter vivos direct skip, requirement, **34:50**
marital deduction, **34:46**
notice of allocation, requirement, **34:51**
Schedule A: computation of taxable gifts, **34:43**
Schedule B: gifts from prior periods, **34:44**
Schedule C: GST tax computation, **34:54**
situations giving rise to generation skipping tax, **34:49**
situations giving rise to tax, **34:49**
skip person, requirement, **34:50**
split gifts, **34:53**
gift tax treatment, **34:41**
unified credit, **34:47**
Gift planning, **8:32**
Gift tax
coordination, **26:38**
substitution, **26:46**
taxable transfers, exceptions, **26:14**
Gifts to trust
defective disclaimer, **26:33**
existing trusts, allocating exemption, **26:11**
Giving children mandatory income interests, **26:51**
Grandchild exclusion
generally, **26:18**
correct use, **26:18**
Grandfathered trusts
additions, **26:30**
changes permitted by regulations, **26:33**
constructive addition, **26:32**
permitted changes, **26:33**
preservation, **26:52**
reformation, effect, **26:33**
Grantor retained income trust, **28:10**
Grantor trust installment sales, issues with asset freeze devise, **29:33**
Inclusion ratio, **26:11**
Income tax
basis adjustment, **26:42**
coordination, **26:38**
deduction, **26:43**
double taxation, prevention, **26:43**
Incompetent decedents, exempt from tax, **26:29**
Individual exemption, **26:11**
Inter vivos direct skip, filing requirement, **34:50**
Interest in property, requirement, **26:7**
Interest on tax liability, **26:21**
Lapsed power of appointment, addition to trust, grandfathered, **26:31**
Legislative history, **26:2**

GENERATION SKIPPING TRANSFER TAX—Cont'd
Liability, **26:21, 26:34**
Limited powers of appointment, use, **26:47**
Mental disability rule, **26:29**
Million dollar exemption, **33:21**
Minimizing, **15:3**
Minor's interest, **26:7**
Minors' trusts, **26:15**
Modifications of trust, Proposed Regulations, **26:33**
"Move down" rule, **26:20**
Multiple skips, **26:20**
Natural generation assignment, **26:6**
Nonresident aliens, **26:36**
Nonskip person trust for grandchild, **26:50**
Nonskip persons, **26:7**
Nontaxable gift rule, **26:48**
Nontaxable gifts, **26:15**
Partition to isolate exempt trust, **26:45**
Power to divide trust, inclusion ratio of less than one, form, **26:54**
Powers of appointment, use, **17:53**
Predeceased child rule, application, **26:19**
Previously taxed property credit, **26:39**
Prior transfers exclusion, **26:16**
Provision for paying tax from QTIP, spouse's death, form, **26:59**
Purpose, **26:2**
QSST grandfathering, **26:33**
QTIP trust
additional election, **33:21**
QTIP marital trusts, treatment, **26:32, 26:33**
use, **26:12**
Qualified disclaimer rules, **26:37**
Redemption of stock, treatment, **26:41**
Reformation of will by executor, **26:44**
Returns, filing, **26:34**
Reverse QTIP treatment, effect on, **26:5**
Schedule C: GST tax computation, **34:44, 34:54**
Separate exempt and nonexempt trusts, creation, **26:45**
Separate share rule, **26:8**
Severing partial interests, after 2000, **26:45**
Situations giving rise to tax, **34:49**
Skip persons
generally, **26:7**
filing requirement, **34:50**
Source of tax, **26:24**
Spousal share, effect on, **26:5**
State estate tax credit, **26:22**
Statutory transfers, **26:13 to 26:20**
Tax base, **26:21**
Tax rate, **26:21**
Tax Reform Act of 1986, **37:24**
Taxable distribution
generally, **26:9**
amount, **26:21**
income tax deduction, **26:43**

GENERATION SKIPPING TRANSFER TAX—Cont'd
Taxable distribution—Cont'd
qualified disclaimers, **26:37**
Taxable terminations
amount, **26:8**
definition, **26:8**
income tax basis adjustment, **26:42**
qualified disclaimers, **26:37**
Termination of charitable lead trust, liability for GST tax, **24:35**
Terminology, **26:3**
Transferor, definition, **26:5**
Trust equivalents, **26:7**
Trustee authorization form, confer general power on child, **26:58**
Trustees
liability, **26:21**
Uncompleted form
Form 709, **34:57**
Untimely death, mitigation of effect, **26:51**
Use of exemption on first spouse's death, form, **26:56**
Use of surviving spouse's exemption, form, **26:57**
Valuation of property, **26:23**
Valuation principles, **35:1 to 35:74**

GENERATION SKIPPING TRANSFERS
Failure to exercise power, **26:18**
Unitrust approach, investment returns, court-ordered reformations, **26:33**

GENERATION SKIPPING TRUSTS
Exempt and nonexempt, creation, **26:45**
Modifications permitted, regulatory authorization, **26:33**
Partition, **26:33**
Partition to isolate exempt trust, **26:45**
QTIP trusts, election, **26:12**
Use in planning, **19:37**

GIFT AND GENERATION SKIPPING TAX (GST) RETURNS
See also index headings GENERATION SKIPPING TRANSFER TAX; GIFT TAX; PREPARATION AND FILING OF FORMS
Annual donee exclusions, **34:40**
Basic computations of form, **34:42**
Calendar year, choice, **34:39**
Charitable deduction, **34:45**
Completed sample forms
generation skipping tax, **34:56**
gift tax, **34:55**
Defective trusts, curing, **34:45**
Depreciation of net rent income, form, **34:14**
Educational expenses exclusions, **34:40**
Extension of time to pay tax, **34:39**
Foreign gift tax credit, **34:48**
Format of return, **34:42**
Generation skipping tax
exemptions, **34:51**

GIFT AND GENERATION SKIPPING TAX (GST) RETURNS—Cont'd
Generation skipping tax—Cont'd
filing requirements, **34:50**
grandchild exclusion, **34:52**
inter vivos direct skip, necessity of filing return, **34:50**
skip person, necessity, **34:50**
split gifts, **34:53**
Gift tax filing requirements, **34:39**
Joint gifts by spouses, **34:41**
Marital deduction, **34:46**
Medical expenses exclusions, **34:40**
Schedule A: computation of taxable gifts, **34:43**
Schedule B: gifts from prior periods, **34:44**
Schedule C: generation skipping transfer tax, **34:54**
Situations giving rise to generation skipping tax, **34:49**
Split gifts, gift tax treatment, **34:17**
Trusts, curing defects, **34:45**
Unified credit, lifetime gifts, **34:47**

GIFT ANNUITY AGREEMENT
Form, **12:98**

GIFT OR DEMAND LOANS
Corporations to shareholders, **9:23**
Income shifting effect, **9:21**
Income tax treatment, **9:18**
Planning strategies, **9:22**
Scope of statutory coverage, **9:20**
Statutory exemption, **9:22**
Transfer tax treatment, **9:18**

GIFT PLANNING
See also index headings GIFT TAX; SPLIT GIFTS
Adult children, outright gifts, **8:44**
Alimony trusts, **8:53**
Annual exclusion, **8:10, 8:42**
Available exclusions, use, **8:9 to 8:12**
Avoidance of gift tax, **8:17**
Benefit maximizing techniques, **8:9 to 8:34**
Crummey power of withdrawal
advantages, **8:15**
form, **8:16**
hanging power, **8:19**
lapse, taxation, **8:24**
notice of right, **8:21**
purpose, **8:15**
special power of appointment, **8:17**
supplemental powers, **8:25**
Custodianship
purpose, **8:45**
Uniform Gifts to Minors Act transfers, **8:46**
Debt forgiveness, **8:10**
Demand power of withdrawal, trust ownership changes, **8:24**
Disadvantages of gifts, **8:3**

GIFT PLANNING—Cont'd
Donees
generally, **8:4**
consideration, **8:35**
Educational exclusion
generally, **8:11**
educational trust, qualification, **8:49**
Elder abuse, misappropriation by caregiver, **8:54**
Factors to be considered, **8:2**
Form of gift, **8:7**
Generation-skipping tax, **8:32**
Gift, definition, **8:2**
Gift splitting
consenting spouse, effect, **8:30**
election, methods, **8:29**
qualifications, **8:28**
requirements, **8:28**
use, **8:27**
Gifts by grandparents, **8:32**
Gifts in trust
advantages, **8:48**
alimony trusts, **8:53**
educational trusts, **8:49**
life insurance trusts, **8:51**
purpose, **8:48**
Totten trusts, **8:52**
Gifts includable in gross estate, value, **8:31**
Gifts of present interest, **8:13 to 8:26**
Gifts to children
generally, **8:4**
generation skipping tax, **8:42**
Uniform Transfers to Minors Act, **8:47**
Hanging power, **8:19**
Incomplete transfers, maximizing gifts, **8:33**
Introduction, **8:1**
Life insurance trusts, **8:51**
Lineal transfers, Crummey trusts, **8:42**
Marital deduction
generally, **8:39**
interest retained by donor, **8:41**
power of appointment, retention by donor, **8:41**
terminable interest, exclusion, **8:40**
Marital gifts
critically ill spouses, **8:37**
equalization of estates, **8:36**
interests retained by donor, **8:41**
joint ownership, severance, **8:36**
motive, **8:36**
tenants in common ownership, use, **8:36**
transfers between spouses, **8:38**
Medical exclusion, **8:12**
Misappropriation by caregiver, **8:54**
Net gifts, **8:34**
Overview, **8:1**
Parents of donors, **8:43**

GIFT PLANNING—Cont'd
Powers of attorney
pattern of giving, **8:33**
powers required for gifting, **8:33**
Purposes of gift, **8:3**
Special power of appointment, **8:17**
Subject property, **8:5**
Tax computation, **8:8**
Timing of gift, **8:6**
Totten trusts, **8:52**
Transfers to lineal descendants, **8:42**
Transfers to minors, **8:45**
Types of gifts, **8:44 to 8:53**
Unified gift tax credit, use, **8:31**
Uniform Transfers to Minors Act, gifts, **8:47**
Upward lineal transfers, **8:43**
Withdrawal powers, lapse changes ownership, **8:24**

GIFT TAX
See also index headings GIFT AND GENERATION SKIPPING TAX (GST) RETURNS; GIFT PLANNING; GIFT TAX ANNUAL EXCLUSION; SPLIT GIFTS
Abatement of interest, **39:31**
Additions, **39:31**
Administrative determination, **39:1 et seq.**
Adult children, outright gifts, **8:44**
Allocation of credit amount, after reporting gift, **16:23**
Annual exclusion
generally, **8:10, 16:17, 17:39**
gift splitting, **8:27**
gifts to lineal descendants, **8:42**
income shifting, **9:4**
land trusts, **10:38**
present interest transfers, **16:18**
Section 2503(c)(3) trusts, use, **9:13**
Application in general, **16:5**
Artwork exception for nonresidents, **16:70**
Avoidance
generally, **8:17**
hanging power, **8:19**
Brokerage accounts, joint, **10:35**
Charitable contributions of partial interests, **12:81**
Charitable deduction, generally, **16:3, 16:17, 16:19, 16:21**
Charitable devise, double deductions, **31:54**
Charitable gifts, effect, **12:41**
Charitable remainder trusts
marital deduction, **16:20**
overview, **16:19**
planning for giving, **12:73**
Checks, time of gift, **16:14**
Closed years, valuation of taxable estate, **8:31**
Complete gift, transfer of trust corpus, effect, **16:14**
Completed gifts, **16:14**
Computation
generally, **8:8**
overview, **16:23**

GIFT TAX—Cont'd
Consideration, adequacy, **16:13**
Corporate donors
generally, **16:15**
overview, **16:5**
Credit against estate tax, **34:102**
Credits
overview, **16:23**
reallocation on reported gifts, **16:23**
Debt forgiveness, overview, **16:5**
Deemed gifts by surviving spouse, community property, **10:40, 10:43**
Defective trusts, curing, charitable contributions, **34:45**
Direct gifts, overview, **16:5**
Disclaimers, **16:12**
untimely, **37:8**
Divorce, transfers of property between spouses. See index heading DIVORCE AND SEPARATION
Donee organizations, eligibility for deduction, **12:5**
Donee's liability, **16:24, 39:33**
Donor's identity, **16:15**
Economic Recovery Tax Act of 1981, **10:22**
Educational exclusion, **8:11**
Estate tax
credit for paid gift taxes, **16:63**
differences, **16:3**
unification, **16:2, 17:38**
Executor's liability, **39:10**
Family members, pre-arranged plan for re-transfer, **16:17**
Family S corporation, **27:12**
Federal credit, **17:39**
Filing related to estate tax refund claim, **39:3**
Final return of decedent, **33:09**
Foreign gift tax credit, Federal gift tax return line, **34:48**
Form 5495: discharge from liability for gift and income tax, **34:133**
Generation skipping tax, coordination, **26:38**
Gift and generation skipping tax (GST) returns
charitable deduction, **34:45**
foreign gift tax credit, **34:48**
format of return, **34:42**
marital deduction, **34:46**
Schedule A: computation of taxable gifts, **34:43**
Schedule B: gifts from prior periods, **34:44**
split gifts, gift tax treatment, **34:41**
unified credit, **34:47**
Gift tax marital deduction, retained interest by donor, **8:41**
Gift tax returns
filing requirement, **34:39**
terminally ill client, **31:48**
Gifts as part of estate plan, **17:50**
Grantor retained annuity trusts, **28:13, 28:16**
Grantor retained income trusts
treatment, **28:3**
Grantor retained unitrusts, **28:13**

GIFT TAX—Cont'd
Grantor trust installment sales
adequate disclosure, **29:31**
tax consequences, **29:29**
Hypothetical gift tax, estate tax computation, **16:59**
Imminent death planning
gift tax returns, **31:48**
state taxes, effect, **31:47**
Inaction as taxable transfer, **16:5**
Inclusion in donor's estate, **16:66**
Income shifting transfers, taxable event, **9:31**
Incomplete gifts, **16:14**
Incomplete transfers, maximizing gifts, **8:33**
Indirect gifts, overview, **16:5**
Individual as donor, requirement, **16:5**
Individually held property, **10:19**
Installment sales, defective grantor trust use, **29:29**
Irrevocable trust property, **19:57**
Joint bank accounts, completed gifts, **16:14**
Joint brokerage accounts, **10:35**
Joint stock accounts, **10:35**
Joint tenancy with right of survivorship interests, prior law, before 1982, **10:26**
Judicial determination, **39:1 et seq.**
Land trusts, **10:38**
Liability, **16:24, 39:10, 39:33**
Liens, **16:24, 39:33**
Life insurance
generally, **22:10**
transfer of ownership, **7:17**
Loans without interest, overview, **16:5**
Marital deduction
generally, **8:39, 16:3, 16:20**
nonresidents, **16:70**
terminable interest, exclusion, **8:40**
Marital gifts, **8:38**
Medical care payments for another, **16:9**
Minimizing, **15:3**
Minors and others under 21 as donees, annual exclusion, **16:18**
Net gifts, **8:34**
Nonresidents, **16:70**
Nonspousal joint ownership property, **10:30**
Originating before gift tax, **16:5**
Overview, **16:1**
Parents of donor, **8:43**
Pension right waivers, **16:10**
Political organizations as donors, **16:5**
Powers of appointment
generally, **17:63, 37:14**
overview, **16:7**
Precatory distribution beneficiaries, **18:24**
QTIP income interest transfers, **16:8**
QTIP rule, **16:20**
Qualified joint and survivor annuities, **16:10**
Qualified preretirement survivor annuities, **16:10**

GIFT TAX—Cont'd
Qualified transfers, **16:9**
Rate charts, **16:67**
Rates
overview, **16:23**
unification, **16:2**
Reallocation of credits, **16:23**
Reciprocal transactions, **16:5**
Refund claims, **39:22 et seq.**
Related parties as donor and donee, **16:5**
Requirements for taxation, in general, **16:5**
Retirement plan benefits, community property, **10:43**
Returns
audits, **39:2 et seq.**
failure to file, **39:31**
filing by executor or examiner, **39:3**
liability, **16:24**
necessity, **39:31**
previously filed by decedent, listing on estate tax return, **34:67**
requirements, **16:21**
terminally ill clients, **31:48**
Ruling requests, addresses of IRS, **39:2 et seq.**
Sales, effect, **16:13**
Savings bonds, **10:36**
Scope, overview, **16:5**
Section 2515 rule, prior law, before 1982, **10:26**
Section 2515A rule, prior law, before 1982, **10:26**
Shareholders as donors, **16:5**
Significance, **16:4**
Solely owned property, **10:19**
Special liens, **39:33**
Split gifts from spouses to third parties, **16:15**
Spousal joint interests
generally, **10:22, 37:9**
prior law, before 1982, **10:26**
State tax
administration of estates, **20:17**
change of domicile, **20:19**
effect on imminent death planning, **31:47**
Statutory definitions of transfers and nontransfers, **16:6 et seq.**
Step transactions, **16:5**
Stock accounts, joint, **10:35**
Taxable gifts
generally, **16:16 to 16:20**
revocable living trusts, transfer, **19:27**
Tenancy by entirety property, prior law, before 1982, **10:26**
Tenancy in common purchases, completed gifts, **16:14**
Tentative taxes, overview, **16:23**
Terminable interests, marital deduction, **16:20**
Terminally ill clients, annual exclusion, **31:43**
Third parties, property owned jointly with, **10:30**
Transfer after gift, pre-arranged plans, **16:17**
Transfer by gift requirement, **16:5 et seq.**
Transfers between spouses, **8:38**

GIFT TAX—Cont'd
Trust creation, transfers, and distributions, completed gifts, **16:14**
Trusts, charitable, curing defects, **34:45**
Tuition to educational organization for another, **16:9**
Unified credit
computation, **16:23**
estate and gift tax compared, **16:3**
overview, **16:2**
planning strategies, **8:31**
use by both spouses, **17:42**
Uniform Gifts to Minors Act
generally, **16:18**
transfers, **8:46**
Uniform Transfers to Minors Act, **16:18**
Untimely disclaimers, **37:8**
Upward lineal transfers, **8:43**
Valuation
gifts made in prior years, **16:23**
principles, **35:1 to 35:74**
relevancy, **16:22**
understatement penalties, **39:31**
Value of property, **17:38**

GIFT TAX ANNUAL EXCLUSION
See also index heading GIFT TAX
Amount per donee, **16:17**
Charitable deductions
relationship, **16:17**
taxable gift defined, **16:19**
Creation of trust exempt from generation skipping tax, **26:48**
Cross-gifts, related parties, **16:17**
Excessive gifts, terminally ill clients, **31:45**
Future interests in property
applicability of exclusion, **16:17**
donees under 21, **16:18**
Gift splitting
generally, **8:27**
use with exclusion, **17:52**
Gifts to lineal descendants, **8:42**
Grantor retained income trusts, application, **28:3**
Income shifting, **9:4**
Land trusts, **10:38**
Life estate transfers, annual exclusion, effect, **16:17**
Marital deduction relationship
generally, **16:20**
effect on annual exclusion, **16:17**
Number per donor, **16:17**
Optimum use, **15:3**
Pre-arranged plan, recipient transfers to another, **16:17**
Present interest requirement
generally, **16:18**
effect on annual exclusion, **16:17**
Qualifications, **8:10**
Reciprocal gifts, **16:17**

GIFT TAX ANNUAL EXCLUSION—Cont'd
Section 2503(c)(3) trusts, use, **9:13**
Terminally ill clients, use, **31:43**
Trust transfers
generally, **16:18**
annual exclusion, effect, **16:17**

GIFT TAX SPECIAL LIENS
Generally, **39:33**

GIFTING NONFARM ASSETS BY FARMER
Special valuation planning, **4:32**

GIFTS
See also index headings GIFT PLANNING; GIFT TAX; GIFT TAX ANNUAL EXCLUSION; SPLIT GIFTS
Abatement of interest, error in gift tax determination, **39:31**
Acceptance, requirement, **31:51**
Adequate disclosure, requirements, **16:22**
Adjusted taxable gifts, **16:2**
Adult children, outright gifts, **8:44**
Alimony trusts, **8:53**
Anatomical gifts, **18:5**
Asset freeze technique
generally, **29:02**
basis considerations, **29:05**
GRITS, **29:06**
paying gift tax, benefit, **29:03**
selecting assets, **29:04**
Bank accounts, joint, **10:41**
Basis, consideration, **31:50**
Below market loans, safe harbor interest rate, **9:17**
Brokerage accounts, joint, **10:35**
Built-in loss property, disclaimers, **37:12**
Charitable contribution deduction
easements valuation, **35:24**
elements of bona fide inter vivos gift, **12:6**
Checks, completed gifts, **16:14**
Checks uncashed, relation back rule inapplicable, **8:33**
Class gifts
antilapse provisions, **18:53**
beneficiary designations, **18:13**
distributions, **18:24**
Community property
conversion to or from separate property, **10:58**
deemed gifts by surviving spouse, **10:40 et seq.**
life insurance proceeds, **10:42**
retirement plan benefits, **10:43**
surviving spouse's election, **10:44**
Competency, requirement, **31:51**
Completed, consent of independent trustee, **16:14**
Computation of tax, **8:8**
Conditional, church payment of first mortgage, **12:6**
Conditions precedent or subsequent, **12:6**
Consideration for transfer, **16:13**
Contingent reversion interests, **28:17**
Continuing a pattern of giving, powers of attorney, **8:33**

GIFTS—Cont'd
Corporate donors, **16:15**
Court ordered, effect on estate, **16:14**
Custodianship, nature of gift, **8:45**
Deceased spousal unused election (DSUE), application to lifetime gifts, **33:21.50**
Deemed gifts
community property, deemed gifts by surviving spouse, **10:40 to 10:44, 10:46**
estate freezes, **16:11**
overview, **16:5**
Defective trusts, curing, charitable contributions, **34:45**
Definition
generally, **19:57**
gift planning, **8:2**
Delivery, requirement, **31:51**
Demonstrative gifts
generally, **18:16**
overview, **18:14**
Description, **19:33**
Direct gifts, overview, **16:5**
Disclaimers, **16:12**
Donative intent, necessity, **8:2**
Donee, identity, **8:4**
Donee pays tax, **8:34**
Donor, identity, **16:15**
Election by surviving spouse, community property, **10:44**
Elements, **31:51**
Employer to former employee, characterization, **16:5**
Entity freezes, partnerships, family controlled, **27:64**
Estate planning tool, **17:49**
Estate tax
computation on lifetime gifts, **16:59**
gifts within three years of donor's death, **16:48**
life insurance on donor's life within three years of donor's death, **16:48**
retention by donor of interests or rights, **30:25**
savings, **17:50**
Existing trusts, allocating GST exemption, **26:11**
Federal gift tax return
annual exclusions, **34:40**
basic computations, **34:42**
calendar year, **34:39**
charitable deduction, **34:45**
exclusions, **34:40**
extension of time to pay, **34:39**
filing requirements, **34:39**
foreign gift tax credit, **34:48**
format, **34:42**
marital deduction, **34:46**
Schedule A: computation of taxable gifts, **34:43**
Schedule B: gifts from prior periods, **34:44**
split gifts, **34:41**
unified credit, **34:47**
Form, **8:7**
Freezing asset value, leveraged gifts, **27:06**

GIFTS—Cont'd
General gifts
generally, **18:17**
overview, **18:14**
Generation skipping tax exceptions, **26:15**
Gift tax treatment, **29:02**
Gifts in trust
alimony trusts, **8:53**
educational trusts, **8:49**
life insurance trusts, **8:51**
monetary gifts, **19:33**
purpose, **8:48**
shares of trust, **19:33**
Totten trusts, **8:52**
Guaranteeing debt, **8:7**
Holding period, **9:26**
Income tax advantages, **17:50**
Income-producing property, **8:5**
Incomplete, grantor as trustee, **16:14**
Incomplete gifts, **16:14**
Incomplete transfers
general concepts, **8:2**
maximizing gifts, **8:33**
Indirect gifts, overview, **16:5**
Insurance policies, estate-included, **22:15**
Intent, requirement, **31:51**
Interest rate, safe harbor, **9:17**
Interest-free demand loans, valuation, **9:17**
Irrevocable trust transfers, taxability, **19:60**
Joint bank accounts
generally, **10:33, 10:41**
completed gifts, **16:14**
Joint brokerage accounts, **10:35**
Joint interests
disclaimers, **37:9**
revocable joint tenancy interests, **37:10**
Joint stock accounts, **10:35**
Land trusts, **10:38**
Lapse, **18:53**
Leveraged gifts, **27:06**
Life insurance
estate tax, policies on donor's, life within three years of donor's death, **16:48**
payment of premiums, **2:23**
proceeds, **10:42**
Life insurance trusts, **8:51**
Marital deduction
generally, **8:39**
interests retained by donor, **8:41**
power of appointment, retention by donor, **8:41**
terminable interest, exclusion, **8:40**
Marital gifts
charitable remainder trusts, combination, **24:24**
critically ill spouses, **8:37**
equalization of estates, **8:36**
interest retained by donor, **8:41**

GIFTS—Cont'd
Marital gifts—Cont'd
joint ownership, severance, **8:36**
marital deduction, effect, **8:36**
purpose, **8:36**
tenants in common ownership, use, **8:36**
transfers between spouses, **8:38**
Medical care payments for another, **16:9**
Merchant's income on sale of gift cards, **3:31**
Minor donees under uniform acts, **16:18, 20:10, 30:06**
Net gifts, advantages, **8:34**
Nontaxable gift rule, **26:48**
Option transfers, after employment terminated, **2:61**
Ordinary income property, publishers clippings library, **12:23**
Overview, planning, **8:1**
Parents of donor, medical expenses, **8:43**
Partnership interests, **8:13**
Partnerships
timing of transfers, family controlled partnerships, **27:64**
transfers of property to family partnerships as gift, **27:64**
Passive activity, **6:15**
Pattern of giving, powers of attorney, **8:33**
Pension right waivers, **16:10**
Planning, overview, **8:1**
Pour-over gifts, **18:44**
Power of appointment
generally, **16:7**
disclaimers, **37:14**
Power of attorney
generally, **17:7**
wording of power, **8:33**
Power of trustee removal in grantor, **23:17**
Property sharing arrangements, title determination, **16:5**
QTIP income interest transfers, **16:8**
Qualified transfers, **16:9**
Reasons, **8:3**
Reciprocal transactions, overview, **16:5**
Relation back for uncashed checks, noncharitable donees, **8:33**
Release of rights, as, **8:7**
Residuary gifts, **18:42 to 18:44**
Retaining rights to transfers
estate tax determination, **16:44**
gross estate determination, **16:43**
Retirement plan benefits, community property, **10:43**
Revocable joint tenancy interests, **37:10**
Revocable transfers, estate tax considerations, **16:45**
S corporation as vehicle, **9:28**
Sales, effect, **16:13**
Savings bonds, **10:36**
Specific gifts
generally, **18:14, 18:15, 18:22**
exclusion from income of estate or trust, **32:36**
Split gifts
generally, **16:15**

GIFTS—Cont'd
Split gifts—Cont'd
calendar year, election applying for, **8:27**
final gift tax return of decedent, availability, **33:09**
generation skipping tax return, **34:53**
gift tax returns, **31:48**
terminally ill clients, advantages, **31:44**
use in planning, **8:27 to 8:30**
Split gifts between spouse and charity, estate tax marital deduction, **21:45**
Split-interest gifts, use, **31:55**
Spousal joint interests, disclaimers, **37:9**
Step transactions, overview, **16:5**
Stock accounts, joint, **10:35**
Subject property, **8:5**
Surviving spouse's election, community property, **10:44**
Tax advantages, **8:3**
Tax free transfers, **17:51**
Tax payment, donee liability, **8:34**
Taxable gifts, definition, **16:16 to 16:20, 17:51**
Tenancy in common purchases, completed gifts, **16:14**
Terminally ill clients
annual gift tax exclusion, use, **31:43**
basis of gifts, consideration, **31:50**
charitable gifts, **31:49**
excess of annual gift tax exclusion, **31:45**
"gain" property transfers, **31:56**
highly appreciated property, **31:56**
"loss" property transfers, use, **31:57**
minority ownership, creation, **31:46**
split gifts, **31:44**
split-interest gifts, use, **31:55**
use in estate planning, **31:42**
Testamentary gifts, generally, **18:14 et seq.**
Testamentary personal property gifts, **18:20 et seq.**
Timing, **8:6**
Totten trusts, **8:52**
Transfer of title, requirement, **31:51**
Trust creation and transfers, completed gifts, **16:14**
Trusts
charitable, curing defects, **34:45**
comparison, **17:6**
Tuition to educational organization for another, **16:9**
Types, **8:44 to 8:53**
Uniform Gifts to Minors Act, **8:46, 16:18, 20:10, 30:06**
Uniform Transfers to Minors Act, **8:47, 16:18, 20:10, 30:06**
Unintended, **9:31**
Unitrust, children's succession to parent's unitrust interest as incomplete gift, **37:13**
Unmarried client's estate plan, strategies, **14:11**
Upward lineal transfers, **8:43**
Valuation
contingent reversion interests, **28:17**
gifts made in prior years, **16:23**
relevancy, **16:22**
revaluation at death of donor, **16:22**

GIFTS—Cont'd
Valuation—Cont'd
understatement penalties, **39:31**
Value, determination, **8:2**
Widow's election, community property, **10:44**
Will provisions protecting, estate, **18:10**

GIFTS IN TRUST
Gift planning, **8:48 to 8:53**

GIFTS OF PARTIAL INTEREST
Generally, **24:16 to 24:28**
Charitable lead trusts, **24:26**
Charitable remainder trusts, **24:23**
Easements, **24:19**
Marital gifts, **24:24**
Pooled income funds, **24:25**
Qualified real property interest, **24:19**
Qualifying charitable contributions, **24:16**
Transfer of remainder in farm, **24:17**
Undivided portion of entire interest, **24:18**

GIFTS OF PRESENT INTEREST
Generally, **12:20 to 12:41**
Admission tickets, **12:36**
Alimony trusts, qualification, **8:53**
Annual exclusion qualifications, **8:10**
Bonds, **12:33**
Cash, **12:21**
Checks, **12:20**
Closely held stock
generally, **12:31**
prior to change in ownership, **12:32**
Commodities, **12:34**
Corporate inventory, **12:28**
Credit cards, **12:20**
Crummey trusts
generally, **8:15**
form, **8:16**
Debt forgiveness, corporate loan, **8:10**
Donations to private foundations, **12:27**
Future interest rule, **12:35**
Gift tax consequences, **12:41**
Individual retirement accounts, tax free distributions from, **12:21.50**
Installment sales contract, **12:37**
Intellectual property, **12:38**
Life insurance, **12:29**
Long term capital gain property, **12:26**
Minor's trusts, **8:14**
Non-cash property, **12:22**
Ordinary income property, **12:23**
Partnership interests, **8:13, 12:39**
Phone payments, **12:20**
Pledges, **12:20**
Present interest defined, **8:10**
Promissory notes, **12:20**

GIFTS OF PRESENT INTEREST—Cont'd
Real estate, **12:20**
Reduction rules, **12:22 to 12:39**
Scientific property, **12:28**
Securities, **12:20, 12:30**
Tangible personal property, **12:24, 12:25**
Tax free distributions from individual retirement accounts, **12:21.50**
Timing, **12:20**
Use in planning, **8:13**
Withdrawal power, **8:15**
Words of art, **12:35**

GINNIE MAE'S
Tax advantaged investments, **6:44**

GOATS
Depreciation, **4:9**

GOLDEN HANDCUFFS
Employment contracts, **2:3**

GOLDEN PARACHUTES
Application, **2:78**
Definition, **2:3**
Disqualified individuals, exemption, **2:78**
Employment agreement, drafting, **2:79**
Excess payments, avoidance, **2:79**
Excise tax, small business corporation, exception, **2:78**
Future services, compensation for, **2:79**
Parachute payment, definition, **2:78**
Payments
disqualified individuals, exemption, **2:78**
future services, compensation for, **2:79**
parachute payment, definition, **2:78**
stock options, valuing, **2:79**
vesting of option, **2:78**
Purpose, **2:77**
Requirements, **2:78**
Stock options, valuing, **2:79**
Vesting of option, **2:78**

GOODWILL
Definition, **35:57**

GRANDCHILD EXCLUSION
Scope, **26:18**

GRANDCHILDREN
Estate planning considerations, **17:16**
Generation skipping tax exclusion
estate tax return, **34:109**
tax return line, **34:52**
Gift splitting for generation skipping tax purposes, **34:53**

GRANDPARENTS
Direct gifts, taxability, **8:32**
Educational exclusion, use, **8:11**
Generation skipping
generally, **8:32**

GRANDPARENTS—Cont'd
Generation skipping—Cont'd
grandchild exclusion, **26:18**
Life insurance trust, creation, **8:32**

GRANTOR
Fiduciary selection, power to spray or sprinkle income, **30:26**

GRANTOR RETAINED ANNUITY TRUSTS (GRATs)
Borrowed funds for annuity payments, **28:19**
Compared to installment sales, **29:35**
Considerations for using, **28:16**
Contingent spousal annuities, effect on value of remainder, **28:14**
Contingent spousal annuity, **28:18**
Form for trust, **28:21**
Freeze vehicles, **27:06**
Gift tax, **28:16**
Grantor retained unitrust
generally, **28:20**
form for provisions, **28:22**
Income tax treatment, **28:5, 28:15**
Installment sales, comparing freeze techniques, **29:35**
Payment by note prohibited, **28:13**
Promissory notes, usage, **28:13**
S shareholder status, **19:26**
Short-term GRATs, funding of, **28:16**
Transfer tax benefits, **28:14**
Trust as shareholder of S corporation, **28:16**
Valuation issues, **28:17**
"Zeroed-out" GRAT
revocable spousal interest, necessity of using, **28:14**
taxpayer and estate treated as same person, provision that remaining annuity payments made to estate, **28:17**

GRANTOR RETAINED ANNUITY TRUSTS AND UNITRUSTS
Generally, **28:13**
Benefits of using, **28:15**
Borrowed funds for annuity payments, **28:19**
Charitable grantor lead trust, **12:45**
Charitable remainder
generally, **12:54**
annuity trusts, comparison, **12:68**
catch-up provision, **12:58**
income interest, **12:58**
Gift tax rules, **28:13**
Grantor retained unitrusts, **28:13 to 28:22**
Income interest transfers, **12:44**
Payment by note prohibited, **28:13**
Promissory notes, usage, **28:13**
Transfer tax rules, **28:13**

GRANTOR RETAINED INCOME TRUSTS (GRITs)
Generally, **28:3**
Advantages, **28:2, 28:7**
Alternative to recapitalization, **28:3**

GRANTOR RETAINED INCOME TRUSTS (GRITs)—Cont'd
Annual gift tax exclusion, application, **28:3**
Annuity trusts, **28:13 to 28:22**
Asset freeze technique, minimize risk of death, **29:06**
Benefit analysis, **28:8**
Benefits, **28:9**
Capital gains, income tax treatment, **28:5**
Considerations for using, **28:6**
Death risk planning, **28:8**
Definition, **28:2, 28:3**
Drafting, **28:2**
Family transfer rules, **28:6**
Form, **28:12**
Form for trust, **28:12**
Freeze vehicles, **27:06**
Generation skipping
generally, **28:10**
issues, **28:10**
Generation skipping rules, **28:10**
Gift tax rules, **28:4**
Gift tax treatment, **28:3**
Gross estate of grantor, inclusion, **28:3**
Income tax rules, **28:6**
Income tax treatment, **28:5**
Income term, property within grantor's estate, **28:6**
IRS tables, use in valuing retained interest, **28:6**
Mortality risk planning, **28:8, 28:11**
Personal residences
generally, **28:7**
allocation of expenses, **28:9**
control of residence, **28:9**
retaining use of residence in trust, **28:8**
Qualified interest rules, **28:5**
Reducing death risk, **28:8**
Reduction in value of remainder interest, advantage, **28:7**
Retained interest, termination as taxable gift, **28:6**
Scope of chapter, **28:1**
Section 2702, **28:6**
Tax benefits generally, **28:9**
Techniques generally, **28:2**
Transfer tax benefits, **28:4**
Transfer tax rules, **28:4**
Unitrusts, **28:13 to 28:22**
Use by family, **28:7**
Value of remainder interest, determination, **28:3**

GRANTOR RETAINED UNITRUST
Generally, **28:20**
Form for provisions, **28:22**

GRANTOR TRUST RULES
Application, **32:59**
Attribution rule, **32:60**
Beneficiary trustees, **30:29**
Creator of trust, no gratuitous transfers, required, **32:60**
Exception to substantial owner rule, **32:61**

GRANTOR TRUST RULES—Cont'd
Foreign trusts, **32:62**
Grantor, defined, **32:59**
Grantor as substantial owner, **32:60**
Independent trustees, **30:30**
Outbound transfers, **32:62**
Owner of trust, excepted from tax, **32:62**
Ownership of trust, **30:24**
Parent trustee taxation, **30:27**
Related party trustees, **30:28**
Reversionary interest, effect of retention, **32:60**
Substantial owner, **32:59**
Third party as substantial owner, **32:61**
Trustee removal power in grantor or spouse, **30:33**
Trustee service by grantor or spouse, **30:26**

GRANTOR TRUSTS
Generally, **32:59 to 32:64**
Advisers to trustees, **30:31**
Asset freeze technique
achieving grantor trust treatment, **29:25**
adequate disclosure, **29:28**
comparative chart, **29:50**
defective trusts, **29:24**
estate tax considerations, **29:32**
form of trust, **29:36**
gift tax consequences, **29:29**
gift tax reporting, **29:31**
GRAT compared, **29:35**
GST tax considerations, **29:33**
income tax during grantor's life, **29:26**
income tax issues, **29:23**
income tax on trust earnings, **29:30**
income tax reporting, **29:28**
installment sale, using, **29:20**
other benefits, **29:22**
sample trust, **29:36**
structuring transaction, **29:34**
tax upon grantor's death, **29:27**
transfer tax benefits, **29:21**
Beneficiary trustee taxation, **30:29**
Cotrustees, **30:31**
Estate tax, grantor or spouse as trustee, **30:26**
Estimated income tax payments, **32:65**
Gift tax, grantor or spouse as trustee, **30:26**
Grantor or spouse as cotrustee or adviser, **30:31, 30:32**
Grantor or spouse as trustee, **30:26, 30:32**
Independent trustees, **30:30**
Installment sales, asset freeze technique, **29:19**
Irrevocable
rabbi trusts, **2:9**
secular trusts, **2:9**
Powers resulting in grantor taxation, grantor or spouse as trustee, **30:26**
Related party trustees, **30:28**
Rules, **30:24 et seq.**

GRANTOR TRUSTS—Cont'd
S corporation shareholder, eligibility, **38:06**
S corporation shareholders, **12:45**
S corporation stock ownership, **23:39**
Shareholder classification, S corporation stock ownership, **23:39**
Trustee removal power, tax impact, **30:33**
Trustee selection planning, **30:32**
Trustee service by grantor or spouse, **30:26, 30:32**

GRAVEL INTERESTS
Valuations, **35:22**

GROSS ESTATES
Generally, **27:23**
See also index headings ESTATE TAX; TAXABLE ESTATE
Adjusted taxable gifts, estate tax return line, **34:63**
Adjusted values, definition, **38:09**
Alternate valuation, return filed late, **33:14**
Artwork exception for nonresidents, **16:70**
Death benefits, inclusion, **7:17**
Definition, **16:26, 17:37**
Determining, form 706 filing, **34:80 to 34:91**
Estate tax returns
filing requirements, **34:60**
order of documents, **34:82**
Schedule A: real estate valuation, **34:83**
Schedule A-1: special use valuation, **34:83**
Schedule B: stocks and bonds, **34:84**
Schedule C: mortgages, notes receivable and cash, **34:85**
Schedule D: insurance on decedent's life, **34:86**
Schedule E: joint property, **34:87**
Schedule F: miscellaneous, **34:88**
Schedule G: transfers during life, **34:89**
Schedule H: powers of appointment, **34:90**
Schedule I: annuities, **34:91**
Estimated size, **15:8**
General powers of appointment, exercise causing inclusion, **17:60**
Gifts with continued use, proportion of property retained, **16:42**
Grantor retained income trusts, **28:3**
Grantor trust provisions, **22:30**
Grantor trusts, income tax paid by trust, **16:42**
Illegal drugs, inclusion, overview, **16:26**
Inclusions, **19:59**
Irrevocable trust property, inclusion in grantor's estate, **19:59**
Key man insurance proceeds, **2:16**
Land trusts, power to direct disposition, **16:45**
Life insurance proceeds
decedent-owned, **22:24**
deemed transfer rule, **22:29**
executor as beneficiary, **22:13**
inclusion, **22:12**
ownership transfers, **22:15**
payment of premium, effect, **22:16**

GROSS ESTATES—Cont'd
Life insurance proceeds—Cont'd
policies payable to third persons, **12:10**
possession of incidents of ownership, **22:14**
receivable by executor, **22:13**
Nonprobate assets and interests, **16:28 et seq.**
Nonresident aliens, deductions, **16:70**
Ownership interest in property, requirement, **17:37**
Probate assets and interests, overview, **16:27**
Retained life estates, implied agreements, **16:42**
Revocable living trust property, inclusion, **19:27**
Revocable or amendable transfers, transferor retention, **16:45**
Salary continuation payments, **2:19**
Settlement trusts, overview, **16:27**
Split dollar life insurance proceeds, **2:23**
Valuation
generally, **16:58**
date, **33:14**

GROSS INCOME
Group-term life insurance costs, exclusion, **2:32**
Key man insurance premium, **2:16**
Key man insurance proceeds, **2:15**
Recipient of life insurance proceeds, exclusion, **22:3**

GROSS REVENUES MULTIPLIERS
Use in valuations, **35:54**

GROUP LEGAL SERVICES
Retirement planning services, **2:46**

GROUP LIFE INSURANCE
See also index heading LIFE INSURANCE
Advantages, **2:30**
Classification, requirements, **2:30**
Cost of purchase, deductibility, **2:30 to 2:35**
Discriminatory coverage, smokers, **2:32**
Employee eligibility, **2:30**
Employee income tax considerations, **2:32**
Excess benefit, definition, **2:35**
Group term
costs, exclusion from income, **2:32**
dependent coverage, **2:34**
income tax benefits, **2:30**
premiums, deductibility, **3:96**
requirements, **2:30**
transfer tax consequences, employee, **2:33**
value of policy, **2:33**
Income tax benefits, requirements, **2:30**
Nondiscrimination requirement, **2:35**
Payments, deductibility, **2:30 to 2:35**
Permanent insurance plans
premium payments, deductibility, **2:30 to 2:35**
use, **2:30**
Premiums, smokers vs. nonsmokers, **2:30**
Reporting requirements, **2:35**
Statutory conditions, **2:35**

GROUP LIFE INSURANCE—Cont'd
Uniform rates, **2:32**
Use, **2:30**

GST TAX
See index heading GENERATION SKIPPING TRANSFER TAX

GUARANTEED ANNUITY INTEREST
Charitable lead grantor trusts, **12:45**

GUARANTEEING DEBT
Gift treatment, **8:7**

GUARANTORS
Decedents, business debts, **34:94**

GUARDIANS
See also index heading GUARDIANS OF PROPERTY
Bond waiver by will, **18:56**
Disclaimers, **37:5**
Guardians ad litem, **30:47**
Guardians of the person, **18:52, 30:03, 30:10 to 30:12**
Minor's guardian for gift receipt, **18:25**
Testamentary guardians, **18:52**

GUARDIANS AD LITEM
Generally, **30:47**
General powers of appointment, **30:21**
Guardianship accounts, **30:20, 30:21**
Nonresident guardian restrictions, **30:10**
Parent as guardian of child's property, **30:11**
Responsibilities, **30:04**

GUARDIANS OF THE PERSON
Appointment by will, **18:52**
Authority, **30:03**
Bond as not required, **30:12**
Parent as child's guardian, **30:11**
Relative as child's guardian, **30:11**
Residency requirement, **30:10**
Responsibilities, **30:03**
Selection, importance, **30:03**

GUARDIANSHIP ACCOUNTS
Donor as guardian, **30:20, 30:21**
Exclusion from income tax, **32:10**
Fiduciary selection tax impact, **30:20, 30:21**
Gifts to and from account, **30:20**
Income tax, **30:20**
Support, maintenance, and education of minor with income, **30:21**
Tax treatment, **30:20, 30:21**

GUIDELINE PREMIUM LIMITATION REQUIREMENTS
Error in computation, effect, **7:7**

HANGING POWER
Withdrawals from trust, **8:15 et seq.**

HARD MINERAL INTERESTS
Valuation, **35:22**

HEALTH CARE FACILITIES
Investment of savings, **13:19**

HEALTH CARE SURROGATE
Estate planning tools, designation of health care surrogate, **17:12, 17:13**

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996
Expatriation, tax motivated, **1:4**

HIGHLY COMPENSATED TAXPAYERS
Generally, **2:1 et seq.**
Compensatory stock options. See index heading COMPENSATORY STOCK OPTIONS
Compensatory stock transfers. See index heading COMPENSATORY STOCK TRANSFERS
Defined, **2:2**
Fringe benefits. See index heading FRINGE BENEFITS
Golden parachutes. See index heading GOLDEN PARACHUTES
Group life insurance. See index heading GROUP LIFE INSURANCE
Incentive stock options. See index heading INCENTIVE STOCK OPTIONS
Key person insurance. See index heading KEY PERSON INSURANCE
Nonqualified deferred compensation plans. See index heading NONQUALIFIED DEFERRED COMPENSATION PLANS
Split dollar life insurance. See index heading SPLIT DOLLAR LIFE INSURANCE

HIGHLY-COMPENSATED EMPLOYEE
Compensation techniques, overview, **2:2**
Qualified deferred compensation plans, **5:10**

HISTORIC PROPERTIES
Renovation tax credits, **6:40**

HISTORICAL BACKGROUND
Chapter 14, **27:02**
Chapter 14 valuations, **27:04**
Entity freeze valuation
dividend coverage, **27:28.20**
liquidation coverage, **27:28.30**
other factors, **27:28.50**
overview, **27:28**
stated yield, **27:28.10**
voting rights, **27:28.40**
Entity freezes, **27:02**
Legislative history, generally, **27:03**
Section 2036, **27:02**
Section 2036(c), **27:03**
Sections 2701-2704, **27:04**

HOBBY LOSSES
Farmers, **4:10**
Ranchers, **4:10**

HOBBY LOSSES—Cont'd
Tax treatment, **6:5**

HOLDING COMPANY FREEZES
Basic structure, **27:10**
Entity freezing, overview, **27:01**
Overview of entity freezing, **27:01**
Recapitalization impractical, **27:56**
Types of transactions, **27:05**

HOLDING PERIODS
Capital gains, **1:3**
Estates and trusts, income items, **32:14**

HOLOGRAPHIC WILLS
Construction of terms, **18:12**
Validity, **20:8**

HOME AFFORDABLE MODIFICATION PROGRAM (HAMP)
Tax planning, **1:3**

HOME EQUITY
Retirement planning, **13:20**

HOME OFFICE DEDUCTIONS
Generally, **2:53**
Deductibility of losses, **3:63**

HOMESTEAD
Allowance, **20:7**
Cooperatives, **20:7**
Creditors' claims, **10:14**
Debts, **10:14**
Domicile determination, **20:4, 20:7**
Liens and encumbrances, **10:14**
Life estate of surviving spouse, **20:7**
Limitations on devise, estate administration, **18:33, 20:7**
Personal property prohibition, **20:7**
Real property limitation, **20:7**
Remainder rights, decedent's lineal descendants, **20:7**
State law variances, **20:7**
Surviving spouse's right or allowance, **20:7**
Uniform Probate Code, **20:7**

HOPE SCHOLARSHIP CREDIT
Postsecondary education expenses, **2:46**

HORSES
Depreciation, **4:9**
Horseracing losses, **4:10**

HOT ASSETS
Charitable gifts, ordinary income property, **12:23**

HOTELS
Valuations, **35:55**

HOUSING ALLOWANCE
Surviving spouse, **20:7**

HR 10 PLANS
Fringe benefits, **3:80**
Individual retirement accounts, **5:72**

HUSBAND AND WIFE
See also index headings COMMUNITY PROPERTY; DIVORCE AND SEPARATION; SEPARATE PROPERTY; SEPARATION AGREEMENTS; SURVIVORS AND SURVIVORSHIP
Alimony trusts, **8:53**
Apportionment of refunds, **10:7**
Citizenship, marital deduction, **18:41**
Curtesy
generally, **21:12, 21:71**
probate transfers, **21:6**
Deceased spousal unused election (DSUE), **33:21.50**
Deemed gifts by surviving spouse, **10:40 et seq.**
Disclaimers, **37:9, 37:11**
Domicile determination, **20:2**
Dower
generally, **21:12, 21:71**
probate transfers, **21:6**
Election by surviving spouse, **20:7**
Estate planning considerations, **17:15**
Funeral and medical expenses, liability, **18:7**
Gifts, consideration for transfer, **16:13**
In testate share of surviving spouse, **20:6**
Individual Retirement Accounts, **5:60**
Individual retirement accounts, wives, **5:60**
Joint death, estate planning, **17:43**
Joint gifts to third parties, **16:63**
Joint ownership
estate tax, **16:37 to 16:39**
flexibility for survivor, **10:16**
joint tenancy with right of survivorship, **10:6**
tax consequences, **10:20 et seq.**
tenancy by the entirety, **10:5**
Joint revocable trusts, use, **17:42**
Marital deduction, historical overview, **21:2**
Marital deduction trusts, **16:49, 21:29 et seq.**
Marital deductions
estate tax, **16:51, 16:55, 21:1 et seq.**
gift tax, **16:17, 16:20**
Marital gifts
critically ill spouses, **8:37**
gift tax marital deduction, **8:39**
transfers between spouses, **8:38**
Marriage tax, **21:2**
Medical expenses of deceased spouse, **18:7**
Ownership of life insurance policy, **22:1**
Partition of community property, **10:59, 10:61**
Prenuptial agreements, use, **17:26**
Renunciation of will by survivor, **20:7**
Same sex marriage, definition of terms for tax purposes, **11:4**
Second marriage situations, **17:26**
Separation agreements, disclaimers, **37:9**

HUSBAND AND WIFE—Cont'd
Split gifts to third parties, **16:2, 16:15, 16:21, 16:24**
Spousal remainder trusts, use, **9:8**
Tenancy by the entirety, **10:5**
Testamentary transfers
generally, **21:1 et seq.**
estate taxes, **16:55**
Widow's election, community property, **10:44**

HYPOTHETICAL GIFT TAX
Estate tax computation, **16:59**

IDENTIFYING CLIENTS
Attorneys, **1:16**

ILLINOIS LAND TRUSTS
Types of property ownership, **10:12**

IMMINENT DEATH PLANNING
See also index heading TERMINAL ILLNESS
Additional estate tax, imposition, **31:63**
Administration of estate, facilitation, **31:19**
Advisors, identification, **31:05**
Ancillary administration, avoidance, **31:21**
Annual gift tax exclusion, use, **31:43**
Assets, sufficiency, for taxes and expenses, **31:27**
Beneficial interests in trust, **31:76**
Burial arrangements, preparation, **31:08**
Bypass trusts, eligibility for tax savings, **31:23**
Charitable pledges, **31:49**
Client as beneficiary under other's will, notification of condition, **31:32**
Closely held businesses
buy-sell agreement, use, **31:68**
decision as to disposition, **31:64**
estate tax value, **31:71**
inter vivos gift to reduce value, **31:71**
major asset, **31:38**
management duties, assumption, **31:65**
ownership transfer, **31:67**
post death redemption, **31:69**
salary continuation agreement for spouse, **31:70**
stock redemption, **31:69**
valuation issues, **31:71**
Commuting trust to avoid estate, **31:76**
Current litigation, review, **31:26**
Debts, payment before death, **31:41**
Difficult-to-value property, disposition, **31:24**
Disposition of assets, consideration, **31:24**
Distributions, importance of timing, **31:09**
Domicile, determination, **31:20**
Durable power of attorney, execution, **31:06**
Employee benefits
identification, **31:04**
review, **31:63**
Estate tax
flower bonds, use for payment, **31:34**
previously taxed property credit, application, **31:37**

IMMINENT DEATH PLANNING—Cont'd
Estate tax—Cont'd
review, **31:33**
Exercise of power of appointment, form, **31:11**
Existing powers of appointment, review, **31:10**
Farm estate, increasing liquidity, **31:38**
Fiduciaries
appointments, review, **31:18**
persons named in will, **31:29**
relations, analysis, **31:28**
Flower bonds, use for payment of estate tax, **31:34**
Funeral arrangements, preparation, **31:08**
''Gain'' property transfers, **31:56**
Gifts
acceptance, requirement, **31:51**
basis, consideration, **31:50**
charitable gifts, **31:49**
competency, requirement, **31:51**
delivery, requirement, **31:51**
elements, **31:51**
excess of annual exclusion, **31:45**
''gain'' property, use, **31:56**
gift tax returns, **31:48**
highly appreciated property, transfer, **31:56**
intent, requirement, **31:51**
minority ownership, creation, **31:46**
transfer of title, requirement, **31:51**
use, **31:42**
In terrorem clause, use, **31:09**
Income in respect of decedent, tax treatment, **31:59**
Income tax considerations
charitable gifts, use, **31:53**
double deductions, **31:54**
''gain'' property transfers, **31:56**
income in respect of decedent, **31:59**
joint return, filing, **31:52**
''loss'' property transfers, **31:57**
net operating losses, deduction, **31:58**
returns, timely filing, **31:60**
taxable year, **31:52**
Insurance policies, review, **31:04**
Inter vivos trusts, use, **31:25**
Interests in trusts or estates of others, disclaimer, **31:23**
Interrelationships among competing interests, minimizing, **31:09**
IRA funding, possibility, **31:63**
Joint tenancy property, disposition, **31:36**
Liabilities, specification, **31:04**
Life insurance policies
beneficiary designations, review, **31:62**
policy loans, repayment, **31:62**
transfer of ownership, **31:62**
Life-sustaining procedures, withholding, **31:07**
Liquidity of estate, determination, **31:27**
Living trusts, use, **31:25**
Living will, execution, **31:07**

IMMINENT DEATH PLANNING—Cont'd
''Loss'' property, transfer, **31:57**
Management trust, use of limited power of attorney, **31:06**
Marital agreements, determination of existence, **31:22**
Military papers, location, **31:08**
Net operating losses, deductibility, **31:58**
Partnership interests, review, **31:74**
Passive loss activities, review, **31:77**
Payment of debts, **31:41**
Personal property, place of administration, **31:21**
Personal representative
choice, **31:05**
review of choice, **31:29**
Physicians, special provisions, **31:17**
Private annuities, use, **31:40**
Property
location and value, **31:04**
reduction of estate tax value, **31:35**
Psychological factors, **31:03**
Publicly-traded stock as major asset, **31:38**
Qualified plan benefits, funding charitable gift, **31:63**
Real estate, place of administration, **31:21**
Resignation of client as fiduciary, **31:31**
Review of estate plan, **31:01**
S corporation interests
fiduciary power to incorporate, form, **31:73**
successor in interest, eligibility as shareholder, **31:72**
trust as recipient, **31:72**
Safe deposit boxes, location, **31:04**
Simultaneous deaths, use of PTP credit, **31:37**
Sole proprietorship, disposition, **31:75**
Specific assets, action to be taken, **31:61**
Split gifts, advantages, **31:44**
Split-interest gifts, **31:55**
''Sprung'' power of attorney, use, **31:06**
State gift taxes, effect, **31:47**
Surviving spouse rights, **31:63**
Trustee, review of choice, **31:29**
Trusts, review and revision, **31:14**
Unified credit, funding, **31:39**
Veterans' benefits, availability, **31:08**
Will contests, preparation of defense, **31:09**
Wills
access, **31:13**
importance, **31:12**
location, **31:13**
redrafting for changed circumstances, **31:15**
review and revision, **31:14**
specific devises
income tax advantages, **31:16**
use, **31:16**

IMPLIED AGREEMENTS
Retained life estates
proportion of property retained, **16:42**
retained interests or rights, **16:42**

IMPROVED PENALTY ADMINISTRATION AND COMPLIANCE ACT
Accuracy-related penalty, **39:31**
Fraudulent failure to file return penalty, **39:31**
Negligence penalty, **39:31**
Tax Court penalty, improper proceedings, **39:21**
Valuation overpayment penalty, **39:31**
Valuation understatement, **39:31**

IMPUTED INTEREST
Shareholder loans, applicable rules, **9:23**

IN TERROREM CLAUSES
Disgruntled beneficiaries, **31:09**
Validity of will, **20:8**
Will preparation, beneficiary designations, **18:13**

IN TESTATE SUCCESSION
See also index heading MARITAL DEDUCTION, GIFT TAX
Avoidance, **17:3**
Marital deduction, estate tax, **21:6**

INADVERTENT INCENTIVE STOCK OPTIONS
Elimination of problem, Technical and Miscellaneous Revenue Act of 1988, **2:66**

INCAPACITATION
Durable power of attorney
generally, **13:24**
form, **13:25**
Retirement planning, **13:23**

INCENTIVE STOCK OPTIONS
Acceleration provisions, **2:63**
Advantages, **2:62**
Alternative minimum taxable income (AMTI), **2:64**
Capital gain deduction, effect, **2:69**
Conversion to nonqualifying stock options, advantages, **2:66**
Defined, **2:62**
Disqualifying dispositions, **2:67**
Election not to treat as incentive stock option, **2:63**
Employment requirement, **2:63**
Exercise of option, **2:65**
Financial accounting treatment, **2:70**
Holding period requirement, **2:63**
Inadvertent options, **2:66**
Nonqualifying transfers, **2:65**
Nontransferability, **2:63**
Option price, **2:63**
Pyramiding options, **2:67**
Qualifying transfers, **2:64**
Sequential exercise rule, **2:63**
Shareholder approval, requirement, **2:63**
Ten percent shareholders, **2:63**
Term of option agreement, **2:63**
Term of plan, **2:63**
Vesting limit, **2:63**

INCEPTION OF TITLE RULE
Community property, **10:7**
Life insurance proceeds, **10:42**

INCIDENTAL EXPENSES
Charitable services, **12:6**

INCIDENTS OF OWNERSHIP
Insured as trustee, **22:23**

INCIDENTS OF OWNERSHIP OF LIFE INSURANCE
Deemed transfers of insurance policies, **22:29**
Inclusion of proceeds in gross estate, **16:29**
Life insurance policy, definition, **22:14**
Split dollar life insurance, **2:23**
Transfer of ownership, **22:15**

INCOME
Active, **25:2**
Allocation, nonspousal joint property, **10:29**
Cancel of debt, shareholder basis, effect on, **3:76**
Community property
commingling in common law state, **10:57**
income splitting, **10:51**
Disclaimers
generally, **37:13**
trustee's disclaimer, form, **37:28**
Distributable net income, **32:3**
Distributions to beneficiaries, **32:37**
Gifts, retained income interests or rights, **16:42 to 16:44**
Joint tenancy property, **10:5, 10:6**
Leased vehicles, amounts includable, **2:51**
Marital deduction trust, **21:34**
Marital deduction trusts, **21:35**
Passive, **25:2**
Portfolio, **25:2**
QTIP income interest transfers, gift tax, **16:8**
Retained income interests, after lifetime transfer of property, **30:25**
Splitting community property income, **10:51**
Spousal support payments, pre-1984, **11:2**
Tenancy by the entirety property, **10:5**
Tenancy in common property, **10:3**
Totten trusts, **10:34**
Trusts, characterization, **32:11**
Unused loss carryovers, **33:29**

INCOME AVERAGING
Qualified deferred compensation plans, **5:47**

INCOME DISTRIBUTION DEDUCTION
Fiduciary income tax return line, **34:22**

INCOME IN RESPECT OF DECEDENT (IRD)
Acceleration of tax, **32:53**
Alimony arrearages, **32:49**
Alternatives, **31:59**
Annuity proceeds, excess over investment in annuity, **32:49**
Avoiding classification, **31:59**

INCOME IN RESPECT OF DECEDENT (IRD)—Cont'd
Beneficiary liability for tax, **16:66**
Character of income, **32:50**
Classification factors, **32:48**
Community property, **10:53**
Corresponding deductions, **32:54**
Crop inventory, **32:47**
Death benefits, **32:51**
Definition, **24:31, 32:47**
Distributions, postmortem planning, **33:46**
Distributive share of partnership income, **32:49**
Dividends
generally, **32:49**
fiduciary income tax return line, **34:12**
Employee benefit plan payments, **32:49**
Estate tax charitable contribution use
generally, **24:31**
defects, reformation, **24:27**
Estate tax deduction
generally, **32:29**
determination, **32:28**
Estate taxes paid, income tax deduction, **33:46**
Exception to rule, **32:53**
Final paycheck, **32:47**
Gratuitous transfer at death, factor, **32:48**
Inclusion in gross income, **32:47**
Income tax contributions, contrast, **24:3**
Individual retirement accounts, **35:7**
Installment obligations
distribution, **33:47**
exception, **32:53**
Installment sale payments, **32:49**
Interest accrued, **32:49**
Interrelated computations, **24:34**
IRA rollovers, **32:47**
Keogh plan, transfer to charity, **24:31**
Limitation to value of property, **24:14**
Literary organizations, eligibility, **24:5**
Made "for the use of" donee organization, requirement, **24:5**
Made "to" donee organization, requirement, **24:5**
Marital deduction
application, **24:29**
estate tax, **21:14**
Matured interest coupons, **32:47**
Maturity, factor, **32:48**
Partnership interests, **38:15**
Partnership receipts, **32:52**
Planning, necessity, **24:3**
Planning techniques, **32:55**
Political subdivisions, eligibility, **24:5**
Power of charity to consume property, effect, **24:11**
Private foundations
generally, **24:33**
termination tax, **24:15**
Promissory notes, deductibility, **24:32**

INCOME IN RESPECT OF DECEDENT (IRD)—Cont'd
Property actually reaching charity, requirement, **24:10**
Property passing by power of appointment, eligibility, **24:9**
Public charities, **24:4**
Qualified disclaimers, preservation of deduction, **24:12**
Qualifying charities, **24:5**
Real estate limited partnerships
categories, **25:9**
effect on basis, **25:9**
Recovery of taxes from beneficiaries, **16:66**
Reformation of defective partial interests, **24:27**
Religious organizations, **24:5**
Salary, **32:49**
Salary payments, **32:51**
Scientific organizations, eligibility, **24:5**
Separate share rule, fiduciary allocation, **32:68**
Short sales of stock, **32:48**
Statutory scheme, **24:4**
Taxability to decedent, factor, **32:48**
Terminally ill clients, treatment, **31:59**
Termination of power to consume, **24:11**
Transfer by decedent
passing by power of appointment, **24:9**
settlement of will dispute as transfer, **24:8**
Use of income, **24:31**
Veterans' organizations, eligibility, **24:5**
Will dispute settlement as transfer, **24:8**

INCOME INTERESTS
Charitable remainder trusts, termination, **12:61**

INCOME SHIFTING
Annual gift tax exclusion, effect, **9:4**
Below market loans
generally, **9:18**
definition, **9:19**
scope of statutory coverage, **9:20**
Clifford trusts, **9:7, 19:66**
Corporate loans to shareholders, **9:23**
Credit shelter trust, use, **17:41**
Family partnerships, **9:27**
Family share trust, use, **17:41**
Fiscal year, use, **9:16**
Gift or demand loans
generally, **9:18**
income shifting effect, **9:21**
scope of statutory coverage, **9:20**
Gift tax taxable event, **9:31**
Gifts to custodianships, **9:15**
Interest free loans, **9:17**
Irrevocable trust, use, **19:56**
Kiddie tax provisions, **9:26**
Loans
between estates and beneficiaries, **9:24**
between trusts and beneficiaries, **9:24**
gift or demand, **9:18**

INCOME SHIFTING—Cont'd
Loans—Cont'd
interest free, **9:17**
low interest, **9:17**
Section 7872, **9:18 to 9:25**
Marginal tax rates, **9:3**
Nonreversionary trusts, use, **9:11**
Personal exemptions, effect of phaseout, **9:3**
Purpose, **9:2**
Reversionary trusts
creation after 1986, **9:9**
death of beneficiary before majority, **9:10**
statutory history, **9:6**
use, **9:5**
S corporations
qualified trusts, **9:29**
use, **9:28**
Sales and leasebacks, **9:30**
Section 678 trusts, **9:12**
Section 7872 loans
applicable statute, **9:18**
below market loan, defined, **9:19**
between estates and beneficiaries, **9:24**
between trusts and beneficiaries, **9:24**
consequences of compliance, **9:25**
corporations, to shareholders, **9:23**
gift loans, income tax effect, **9:21**
loans covered, **9:20**
planning strategies, **9:22**
Spousal remainder trusts
income shifting vehicle, **9:8**
use, **19:66**
Tax incentives, **9:3**
Tax incident to transfer, **9:2**
Tax rates
effect of reduction, **9:3**
EGTRRA 2001, **9:3**
Transfer tax implications, **9:4**
Trusts, incentive to use, **9:3**
Unmarried clients, **14:4**
Withdrawal rights of trust beneficiary, **9:12**

INCOME SPLITTING
Community property, **10:51**

INCOME STATEMENT ADJUSTMENTS
Valuation of small business interests, **35:43**

INCOME TAX
See also index headings INCOME TAX CHARITABLE CONTRIBUTIONS; INCOME TAXATION OF ESTATES AND TRUSTS
Additions, **39:31**
Alternate valuation of inherited property, **10:19**
Basis for gain or loss
generally, **10:19**
allocation, nonspousal joint ownership property, **10:29**

INCOME TAX—Cont'd
Charitable deductions
capital gains property, **12:15, 12:16**
donee organizations, **12:4**
double deductions, **31:54**
estate and trust contributions, **12:18**
excess contributions, carryover, **12:17**
gift tax ramifications, **12:5**
legislative history, **12:3**
limitations, **12:9 to 12:10**
property valuation overstatements, penalty, **39:31**
reduction rules, **12:19, 12:22 to 12:39**
Community property income splitting, **10:51**
Corporate rates, **3:24**
Decedent's income tax, proceedings to determine, **39:3**
Deductions
charitable deduction valuation overstatements, **39:31**
deductions in respect of decedent, **16:52**
Disclaimers, **37:20**
Distributions to beneficiaries, **32:35 to 32:46**
Divorce, transfers of property between spouses incident to, **11:9**
Employer identification number, necessity, **34:10**
Estates
administration expenses, deduction, **32:27**
applicability of rules, **32:5**
basis of property to beneficiaries, **32:41**
beneficiaries' gross income, inclusion of distributions, **32:37**
bequest of personal effects, **32:36**
bookkeeping, **32:9**
business expense deduction, **32:21**
capital gains and losses, **32:14**
charitable deduction, **32:24**
common deductions, **32:20 to 32:30**
deductions, **32:17 to 32:34**
deductions in respect of decedent, **32:54**
depreciation and depletion deduction, **32:26**
distributable net income, **32:3**
distribution deduction, **32:18**
distributions to beneficiaries, **32:35 to 32:46**
election between estate and income tax deduction, **32:32**
estate tax deduction, **32:28**
estimated payments, **32:65**
excess deductions, **32:22**
excise and stamp taxes, deduction, **32:23**
exclusions, **32:10**
expenses for production of income, deduction, **32:27**
expenses relating to tax exempt income, allocation, **32:31**
Federal import duties, deduction, **32:23**
fiduciary accounting income, taxable income distinguished, **32:4**
foreign taxes, deduction, **32:23**
gain or loss on in-kind distributions, **32:42**
income items, **32:11 to 32:16**
in-kind distributions, **32:40**

INCOME TAX—Cont'd
Estates—Cont'd
interest deduction, **32:22**
Kenan gains, **32:44**
losses, deduction, **32:25**
monetary bequests, **32:36**
personal exemption, **32:19**
personal property income, **32:13**
personal property taxes, deduction, **32:23**
qualified plan distributions, **32:46**
real estate taxes, deduction, **32:23**
real property income, **32:12**
sales taxes, deduction, **32:23**
specific gifts, exclusion from income, **32:36**
state and local taxes, **20:18**
tax credits, availability, **32:34**
tax return, duty to file, **32:2**
taxable entity, **32:9**
taxable year, **32:66**
2 percent limitation for miscellaneous deductions, **32:30**
unused loss carryovers, **32:33**
Estate's income tax return
administration expenses, deduction, **33:23**
casualty losses, deduction, **33:23**
preparation, responsibility, **33:22**
responsibility for filing, **33:22**
Estimated payments, fiduciary income tax return, **34:8**
Expense allocation, nonspousal joint ownership property, **10:29**
Final return of decedent
capital losses, **33:04**
estimated payments, **33:05**
filing status, **33:03**
income earned by estate, reporting, **33:22**
increasing reportable income, **33:08**
joint return, election to file, **33:03**
medical expenses, deductibility, **33:06**
net operating losses, **33:04**
passive activity losses, **33:04**
personal liability of executor, **33:08**
preparation, **33:02**
principal residence capital gains exclusion, election, **33:08**
requirement, **33:02**
treasury bond interest, accrual, **33:07**
unamortized mortgage loan costs, deduction, **33:08**
unrecovered investment deduction, **33:08**
unused loss carryforwards, **33:04**
Form 5495: discharge from liability for gift and income tax, **34:133**
Generation skipping tax
basis adjustment, **26:42**
coordination, **26:38, 26:43**
double taxation, prevention, **26:43**
Gift or demand loans, effect, **9:21**

INCOME TAX—Cont'd
Grantor trust installment sales
adequate disclosure, **29:28**
earnings of trust, **29:30**
income tax during grantor's life, **29:26**
income tax reporting, **29:28**
tax upon grantor's death, **29:27**
Guardianship accounts, **30:20**
Income allocation, nonspousal joint ownership property, **10:29**
Income splitting, community property, **10:51**
Individual rates, **3:24**
Individually held property, **10:19**
Installment sales
asset freeze technique, **29:08**
depreciable property, related person, **29:11**
disposing of obligation, **29:09**
donative dispositions, **29:10**
imputed interest, **29:14**
loss deduction, losing, **29:13, 29:15**
second disposition, **29:12**
testamentary dispositions, **29:10**
Joint bank accounts, **10:33**
Land trusts, **10:38, 20:27**
Life insurance proceeds
generally, **7:7 to 7:15, 22:3 to 22:16**
additional riders creating new contracts, **7:11**
correcting inadvertent failure to comply with diversification rules, **7:9**
demutualization of policy holder's insurance company, **7:15**
diversification rules, **7:8, 7:9**
gratuitous transfer, **22:6, 22:7**
profit, policies acquired for, **7:12**
rebate of commissions, **7:10**
safe harbor, **7:7**
surrender or sale of term-life policy, **7:13**
termination of policy, **7:14**
variable contract accounts; diversification rules, **7:8, 7:9**
Local tax, **20:15**
Nonqualified deferred compensation plans, **2:7**
Nonspousal joint ownership property, **10:29**
Partnerships
generally, **3:34 to 3:45**
general liability, **3:34**
partnership level adjustments, **3:34**
rates, **3:24**
Penalties, **39:31**
Personal exemptions, phaseout, **9:3**
Planning strategies
generally, **1:3**
computer programs available, **1:26**
Powers of appointment, treatment, **17:65**
Principal residence sales, **20:19**
Reduction of rates, effect on income shifting, **9:3**
Refund claims for fiduciary's tax, **39:22**

INCOME TAX—Cont'd
Returns filed late, **39:31**
Returns of estate
additional estate tax, former law, **33:40**
closely held corporation stock, redemption, **33:33**
corporate liquidations, **33:34**
employer-paid death benefit exclusion, **33:37**
estate as separate taxpayer, **33:26**
estate fiscal year, election, **33:26**
estate tax, partial exclusion, **33:39**
estimated payments, **33:27**
excess deductions, treatment, **33:28**
excess retirement accumulations, **33:40**
excise tax, former law, **33:40**
interest expense, deduction, **33:23**
partnership basis adjustment, **33:35**
personal representative fees, waiver, **33:25**
property not subject to claims, deduction, **33:24**
qualified deferred compensation plans, lump sum distributions, **33:38**
recognition of gain, election, **33:30**
S corporation election, **33:32**
selling expenses, deduction, **33:23**
S corporations, rates, **3:24**
Savings bonds, **10:36**
Section 751 property, **23:10**
Selection of trust assets, impact, **19:9**
Social security benefits, **13:9**
Solely owned property, **10:19**
Spousal joint ownership
prior law
generally, **10:25**
before 1982, **10:24**
stepped-up value, **10:21**
State and local taxes, **20:15, 20:18**
Tax shelters, postmortem planning, **25:14**
Terminally ill clients
charitable gifts, use, **31:53**
current returns, timely filing, **31:60**
"gain" property transfers, **31:56**
income in respect of decedent, **31:59**
joint return, filing, **31:52**
"loss" property transfers, **31:57**
net operating losses, deductibility, **31:58**
taxable year, **31:52**
Timing of distributions from estates, **33:42**
Transfers for valuable consideration, **22:6**
Treasury bills and notes, **10:36**
Trusts
administration expenses, deduction, **32:27**
alternative minimum tax, **32:64**
applicability of rules, **32:5**
basis of property to beneficiaries, **32:41**
beneficiaries' gross income, inclusion of distributions, **32:37**
business expense deduction, **32:21**

INCOME TAX—Cont'd
Trusts—Cont'd
capital gains and losses, **32:14**
charitable deduction, **32:24**
classification, effect, **32:6**
common deductions, **32:20 to 32:30**
complex trusts, **32:8**
deductions, **32:17 to 32:34**
deductions in respect of decedent, **32:54**
depreciation and depletion deduction, **32:26**
distributable net income, **32:3**
distribution deduction, **32:18**
distributions to beneficiaries, **32:35 to 32:46**
election between estate and income tax deduction, **32:32**
estate tax deduction, **32:28**
estimated payments, **32:65**
excess deductions, **32:33**
excise and stamp taxes, deduction, **32:23**
exclusions, **32:10**
expenses for production of income, deduction, **32:27**
expenses relating to tax exempt income, allocation, **32:31**
Federal import duties, deduction, **32:23**
fiduciary accounting income, taxable income distinguished, **32:4**
foreign taxes, deduction, **32:23**
gain or loss on in-kind distributions, **32:42**
generation skipping tax rules, **26:8**
gift of personal effect, **32:36**
grantor trust rules, **32:59 to 32:64**
includable gain, recognition, **32:16**
income items, **32:11 to 32:16**
in-kind distributions, **32:40**
interest deduction, **32:22**
Kenan gains, **32:44**
losses, deduction, **32:25**
monetary bequests, **32:36**
multiple trusts, **32:69**
personal exemption, **32:19**
personal property income, **32:13**
personal property taxes, deduction, **32:23**
qualified plan distributions, **32:46**
real estate taxes, deduction, **32:23**
real property income, **32:12**
sales taxes, deduction, **32:23**
separate share rule, **26:8, 32:68**
simple trusts, determination, **32:7**
sixty-five day rule, **32:67**
specific gifts, exclusion from income, **32:36**
state and local taxes, **20:18**
tax credits, availability, **32:34**
tax return, duty to file, **32:2**
taxable year, **32:66**
2 percent limitation for miscellaneous deductions, **32:30**
unused loss carryovers, **32:33**
Unearned income of child, **30:20**
Uniform Gifts (Transfers) to Minors Act accounts, **30:20**

INCOME TAX—Cont'd
Valuation overstatement penalties, **39:31**
Valuation principles, **35:1 to 35:74**

INCOME TAX CHARITABLE CONTRIBUTIONS
Admission tickets, **12:36**
Alternative minimum tax, effect, **12:90**
Artwork, **12:24**
Bargain sale, use, **12:91**
Boats, **12:24**
Bonds, **12:33**
Capital gains property limitations
cash contribution, **12:15**
corporate deductions, **12:16**
fifty percent organizations, **12:14**
long term property, **12:15, 12:26**
public charities, **12:14**
reduction rules, effect, **12:14**
thirty percent organizations, **12:14**
Carryover of excess, **12:17**
Cash
generally, **12:24**
substantiation, **12:8**
Charitable lead trusts, valuation, **12:46**
Charitable remainder trusts
generally, **12:53 to 12:80**
introduction, **12:2**
value of deduction, **12:70**
Checks, timing, **12:20**
Closely held stock
generally, **12:31**
prior to change in ownership, **12:32**
Commodities, **12:34**
Conditioned upon deductibility, **12:93**
Contribution base, definition, **12:10**
Corporate contributions
generally, **12:7**
capital gains property, limitations, **12:16**
Credit cards, timing, **12:20**
CRUTs, multiple and related, self-dealing rules, **12:53**
Dealings with multiple CRUTs, **12:53**
Deductible organizations
basis of deduction, **12:5**
overview, **12:4**
Deductions
gift tax ramifications, **12:5**
statutory scheme, **12:4**
Delivery of property, **12:7**
Divided property, **12:87**
Donative intent, importance, **12:6**
Easements, value, **12:88**
Encumbered property, effect, **12:92**
Estate percentage limitation, **12:18**
Excess, carryover, **12:17**
Fair market value, definition, **12:8**

INCOME TAX CHARITABLE CONTRIBUTIONS —Cont'd
Fiduciary income tax return
line, filling out, **34:21**
Schedule A, preparation, **34:31**
Future interest rule, **12:35**
Gift tax consequences, **12:41**
Gifts of present interest, **12:20 to 12:41**
Income interest transfers
generally, **12:44**
charitable lead grantor trust, **12:45**
estate tax consequences, **12:48**
gift tax consequences, **12:48**
recapture, **12:47**
valuation, **12:46**
Individual percentage limitation
generally, **12:9**
both fifty and thirty percent, **12:13**
contribution base, **12:10**
fifty percent organizations, **12:11**
"for use of" deduction, **12:12**
private foundations, **12:11**
public charities, **12:11**
thirty-percent limitation, **12:12**
Installment sales contracts, **12:37**
Legislative history, **12:3**
Life insurance, **12:29**
Local law, impact, **12:1**
Long term capital gain property, **12:26**
Non-cash property
generally, **12:22**
substantiation, **12:8**
Ordinary income property, **12:23**
Out-of-pocket expenses, **12:40**
Partial interests
generally, **12:42**
gift tax considerations, **12:81**
outside of trusts, **12:84**
reformation, **12:82**
Partnership interests, **12:39**
Percentage limitations, **12:9 to 12:13**
Phone payments, timing, **12:20**
Pledges, timing, **12:20**
Private foundations, use, **12:89**
Promissory notes, timing, **12:20**
Property beyond control of donor, **12:20**
Property in excess of $5,000, substantiation, **12:8**
Property less than $5,000, substantiation, **12:8**
Publicly-traded securities, substantiation, **12:8**
Qualified conservation contributions, value, **12:88**
Real estate, timing, **12:20**
Real estate limited partnership interest, **25:7**
Recapture of income, **12:47**
Records maintenance, **12:8**
Reduction rules, **12:19**

INCOME TAX CHARITABLE CONTRIBUTIONS —Cont'd
Related use, **12:24**
Remainder interest in farm, value, **12:86**
Remainder interest in personal residence, value, **12:86**
Securities
generally, **12:30**
timing, **12:20**
State law, impact, **12:1**
Substantiation, **12:8**
Tangible personal property, **12:24, 12:25**
Timing of contributions, **12:7**
Trust percentage limitation, **12:18**
Undivided portion of entire interest, value, **12:87**
Unmarried clients
generally, **14:4**
use in estate plans, **14:17**
Use in lifetime planning, introduction, **12:2**
Valuation
generally, **12:8**
deduction, **12:85**
services provided, **12:40**
Works of art, **12:35**

INCOME TAX PLANNING
Computer programs available, **1:26**

INCOME TAXATION OF ESTATES AND TRUSTS
Generally, **32:1**
Accountant fees, deduction, **32:27**
Administration expense deduction
generally, **33:23**
personal representatives' fees, waiver, **33:25**
property not subject to claims, **33:24**
Administration expenses, deduction, **32:27**
Alcohol used as fuel credit, **32:34**
Alternative minimum tax, applicability, **32:64**
Amounts permanently set aside for charitable purposes, deduction, **32:24**
Attorney fees, deduction, **32:27**
Beneficiaries, inclusion of distribution in income, **32:37**
Beneficiaries' gross income, inclusion of distributions, **32:37**
Bequest of personal effects, **32:36**
Business expense deduction, **32:21**
Business loss, deduction, **32:25**
Capital gains and losses
adjustment, **32:3**
holding period, **32:15**
includable gain, recognition, **32:16**
sale within two years of transfer, **32:16**
taxable item, **32:14**
Casualty or theft loss, deduction, **32:25, 33:23**
Charitable deduction, **32:24**
Common deductions, **32:20 to 32:30**
Complex trusts
definition, **32:8**

INCOME TAXATION OF ESTATES AND TRUSTS —Cont'd
Complex trusts—Cont'd
sixty-five day rule, **32:67**
throwback rules, application, **32:56**
Creator of trust, no gratuitous transfers, required, **32:60**
Death benefits, **32:51**
Deductions, **32:17 to 32:34**
Deductions in respect of decedent
availability, **32:54**
business expenses, **32:47**
definition, **32:47**
Depreciation and depletion deduction, **32:26**
Distributable net income
generally, **32:3**
deduction in excess, **32:18**
inclusion in beneficiaries' gross income, **32:37**
Distribution deduction
generally, **32:18**
adjustment, **32:3**
Distributions to beneficiaries
generally, **32:35 to 32:46**
basis of property, **32:41**
character after distribution, **32:38**
inclusion in income, **32:37**
in-kind distributions, **32:40**
tier system, **32:39**
Earned income credit, availability, **32:34**
Election between estate and income tax deduction, **32:32**
Entities subject to taxation, **32:5**
Estate taxes, deduction, **32:28**
Estates, taxable entity, **32:9**
Estate's income tax return
closely held corporation stock, redemption, **33:33**
corporate liquidation, **33:34**
distribution of property in kind, recognition of gain, **33:30**
employer-paid death benefit exclusion, **33:37**
estate taxes, partial exclusion, **33:39**
estimated tax payments, **33:27**
excess deductions, treatment, **33:28**
excise taxes, former law, **33:40**
fiscal year, selection, **33:26**
partnership basis adjustment, **33:35**
qualified deferred compensation plans, lump sum distributions, **33:38**
S corporation election, **33:32**
unused loss carryovers, **33:29**
Estimated tax payments, **32:65**
Excess deductions, **32:33**
Excise and stamp taxes, deduction, **32:23**
Exclusions, **32:10**
Expenses of litigation, deduction, **32:27**
Expenses relating to tax exempt income, allocation, **32:31**
Extraordinary dividends, adjustment, **32:3**

INCOME TAXATION OF ESTATES AND TRUSTS —Cont'd
Fiduciaries
accounting income, taxable income distinguished, **32:4**
commissions, deduction, **32:27**
income tax return, duty to file, **32:2**
Foreign tax credit, availability, **32:34**
Foreign taxes, deduction, **32:23**
Foreign trusts, adjustment, **32:3**
Gain or loss on in-kind distributions, **32:42**
Grantor, defined, **32:59**
Grantor trust rules
application, **32:59**
attribution rule, **32:60**
exception to substantial owner rule, **32:61**
foreign trusts, **32:62**
grantor as substantial owner, **32:60**
outbound transfers, **32:62**
reversionary interest, effect of retention, **32:60**
substantial owner, **32:59**
third party as substantial owner, **32:61**
Import duties, deduction, **32:23**
Income in respect of decedent
acceleration of tax, **32:53**
character of income, **32:50**
classification factors, **32:48**
crop inventory, **32:47**
definition, **32:47**
estate tax deduction, **32:28, 32:29**
examples, **32:49**
exception, **32:53**
final paycheck, **32:47**
inclusion in gross income, **32:47**
installment obligation, exception, **32:53**
IRA rollovers, **32:47**
matured interest coupons, **32:47**
partnership receipts, **32:52**
planning techniques, **32:55**
Income items, **32:11**
Income tax return, duty to file, **32:2**
Increasing research activities credit, availability, **32:34**
In-kind distributions
generally, **32:40**
gain recognition election, **32:43**
Kenan gains, **32:44**
marital bequests, funding, **32:45**
pecuniary legacies, **32:44**
Section 643(e) election, **32:43**
Interest deduction, **32:22**
Investment advice, deductibility, **32:30**
Investment interest deduction, **32:22**
IRA rollovers, **32:47**
Loss deduction, **32:25**
Monetary bequests, exclusion from income, **32:36**
Multiple trusts, treatment, **32:69**

INCOME TAXATION OF ESTATES AND TRUSTS —Cont'd
Outbound transfers, **32:62**
Owner of trust, excepted from tax, **32:62**
Person receiving benefit of taxable item, **32:2**
Personal exemption adjustment, **32:3**
Personal exemptions, **32:19**
Personal interest deduction, **32:22**
Personal property income, taxable item, **32:13**
Personal property taxes, deduction, **32:23**
Political contributions tax credit, availability, **32:34**
Production of fuel from nonconventional source, availability of tax credit, **32:34**
Qualified plans, distributions, **32:46**
Real estate tax deduction, **32:23**
Real property income, taxable item, **32:12**
Salary payments, **32:51**
Sales taxes, deduction, **32:23**
Separate share rule, **32:68**
Simple trusts
definition, **32:7**
throwback rules, application, **32:56**
Sixty-five day rule, **32:67**
Specific gifts, exclusion from income, **32:36**
Targeted jobs credit, availability, **32:34**
Tax credit for elderly, availability, **32:34**
Tax exempt interest, adjustment, **32:3**
Tax return preparer fees, deduction, **32:27**
Taxable income, fiduciary accounting income distinguished, **32:4**
Taxable year, **32:66**
Throwback rules
accumulation of income, requirement, **32:57**
application, **32:56**
exceptions, **32:58**
Title to assets, vesting, **32:6**
Trusts, classification, **32:6**
2 percent floor for miscellaneous deductions, **32:30**
Unused loss carryovers, **32:33**

INCOMPETENT BENEFICIARIES
Distribution of trusts, **19:38**
Estate planning considerations, **17:24**

INCOMPETENT PERSONS
Attorney-in-fact's representation, **30:05**
Guardian of property, responsibilities, **30:04**
Guardianship accounts, **30:20**
Power of attorney, gift making authority, **16:14**

INDEPENDENT INSURANCE AGENTS
Overview, **7:4**

INDEPENDENT TRUSTEES
Completed gift, consent, **16:14**
Definition, **30:30**
Discretionary powers without tax consequences, **30:30**
Division of duties with multiple trustees, form, **30:35**

INDEPENDENT TRUSTEES—Cont'd
Multiple trustees, drafting suggestions, **30:34, 30:35**
Removal power, **30:33**
Selection planning suggestions, **30:32, 30:33**

INDIVIDUAL INCOME TAX
Maximum rate, **4:4**

INDIVIDUAL OWNERSHIP
Tax advantaged investments, **6:33**

INDIVIDUAL PERCENTAGE LIMITATIONS
Charitable donations, **12:9 to 12:13**

INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)
Contribution limitations
generally, **5:59**
spousal IRAs, **5:60**
Contributions, participation in employer plan, **5:59**
Deemed IRAs, **5:58**
Distributions
estate and trust income taxation, **32:46**
fiduciary income tax return line, **34:18**
previously received, spousal rollovers, **5:65**
repeal of five-year averaging rule, **13:15**
Divorcing spouses, **11:16**
Education savings plans, **5:74**
Estate tax, **16:30**
Excess contributions, investment in the contract, **5:62**
Fiduciaries, qualified rollovers, **5:55**
Five-year averaging, **13:15**
Gifts of present interest, tax free distributions from IRAs, **12:21.50**
Modifications, QDRO allocations, **5:63**
Prior receipt of distributions, spousal rollovers, **5:65**
QTIP
contingent on election, **21:38**
life estate received by spouse, **21:38**
Recharacterize unqualified contributions, Roth IRA contributions, **5:73**
Rollovers
generally, **5:46**
inclusion in gross estate, **5:65**
like-kind rollovers, **5:65**
qualified fiduciary requirements, **5:55**
repeal of five-year averaging rule, **5:47**
Rollovers by beneficiary, IRD considerations, **32:47**
Roth IRAs
recharacterize unqualified contributions, **5:73**
requirements, **5:73**
separate trusts required, **5:73**
Simple IRA requirements, **5:57**
SIMPLE plans, application and use, **5:57**
Spousal rollovers
generally, **5:65**
IRD considerations, **32:47**
Tax free distributions from IRAs, gifts of present interest, **12:21.50**

INDIVIDUAL RETIREMENT ACCOUNTS (IRAs) —Cont'd
Tax-free growth in account, requirements, **5:73**
Valuation, **35:7**
Withdrawals, **13:15**

INDIVIDUAL RETIREMENT ARRANGEMENTS
Generally, **5:54**
See also index heading INDIVIDUAL RETIREMENT ACCOUNTS (IRAS)
Account defined, **5:55**
Annuities, **5:57**
Bonds, **5:66**
Contributions
deductible, **5:59**
excess, **5:62**
nondeductible, **5:61**
Deductible contributions, **5:59**
Deemed distributions, **5:64**
Distributions
generally, **5:63**
deemed, **5:64**
Divorce settlements, **5:63**
Employee trust accounts, **5:56**
Excess contributions, **5:62**
HR 10 Plans, **5:72**
Keogh Plans, **5:72**
Nondeductible contributions, **5:61**
Prohibited transactions, **5:64**
Rollovers, **5:65**
Salary reduction arrangements, **5:71**
SEPs, **5:67 to 5:70**
Spousal IRAs, **5:60**
Spousal rollovers, **5:65**

INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS (ITIN)
Nonresident aliens, issuance and use, **1:4**

INDIVIDUALLY HELD PROPERTY
Basis for gain or loss, **10:19**
Conveyance, **10:2**
Disposition at death, **10:2**
Married person as titleholder, **10:2**
Rights incident to ownership, **10:2**
Tax consequences, **10:19**
Transfer, **10:2**

INFLATION ADJUSTMENTS
Items permitted, annual Revenue Procedure, **9:3**

INFORMATION GATHERING
Estate planning, generally, **15:6**

INHERITANCE TAX
Apportionment, **18:9**
City, deduction of, **16:52**
Credit, Federal estate tax, **16:62**
Deductibility, Federal estate tax, **16:52**

INHERITANCE TAX—Cont'd
Description, **20:21**
Dual domicile cases, **20:22**
Imposition by states, **20:20 to 20:23**

IN-KIND DISTRIBUTIONS OF ASSETS
Estate tax marital deduction, **21:67**

INSIDE BASIS
See also index heading BASIS FOR GAIN OR LOSS
Death of investor, **25:10**
Definition, **25:4**

INSTALLMENT ESTATE TAX PAYMENTS
Active business requirement, **23:15**
Election for deferred payments, timing of, **36:14**
Interest deductions, **36:13**

INSTALLMENT OBLIGATIONS
Postmortem planning, **33:47**
Safe harbor interest rates, **16:22**

INSTALLMENT PAYMENT OF ESTATE TAXES
Acceleration, **36:21**
Deficiencies, interest rate, **36:15**
Judicial review, **36:16**
Overpayments, **36:11**

INSTALLMENT SALES
Asset freeze technique
cancellation provision, drafting, **29:18**
comparative chart, **29:50**
depreciable property, related person, **29:11**
disposing of obligation, **29:09**
donative dispositions, **29:10**
estate planning problems, **29:16**
form for agreement, **29:48**
form for note, **29:48**
grantor trust, overview, **29:20, 29:21**
grantor trust as buyer, **29:19**
imputed interest, **29:14**
income tax consequences, **29:08**
loss deduction, losing, **29:13, 29:15**
overview, **29:07**
second disposition, intrafamily, **29:12**
self-canceling obligations, **29:17**
testamentary dispositions, **29:10**
Benefits, sale to grantor trust
generally, **29:22**
achieving grantor trust treatment, **29:25**
defective trusts, **29:24**
income tax issues, **29:23**
Contract, charitable deduction, **12:37**
Contract for deed, completed sale treatment, **6:38**
Grantor trust as buyer
adequate disclosure, **29:28**
estate tax considerations, **29:32**
form of trust, **29:36**
gift tax consequences, **29:29**

INSTALLMENT SALES—Cont'd
Grantor trust as buyer—Cont'd
gift tax reporting, **29:31**
GRAT compared, **29:35**
GST tax considerations, **29:33**
income tax during grantor's life, **29:26**
income tax on trust earnings, **29:30**
income tax reporting, **29:28**
sample trust, **29:36**
structuring transaction, **29:34**
tax upon grantor's death, **29:27**
Income tax considerations
achieving grantor trust treatment, **29:25**
sale to grantor trust, **29:23**
Qualified debt, **14:18**
Transfer tax benefits, sales to grantor trust, **29:21, 29:22**
Unmarried client, use in estate plans, **14:18**

INSUBSTANTIAL VALUE
Charitable gift benefit, **12:36**

INSURANCE
Generally, **22:1**
See also index headings LIFE INSURANCE; SPLIT DOLLAR LIFE INSURANCE
Adjusted basis of property, no "loss" if insurance proceeds exceed, **16:53**
Charitable gift annuities, **12:78**
Employee benefit policies, separate contracts, treatment, **2:32**
Employer accident and health plans, **2:46**
Equity split dollar arrangements, income and gift tax effects, **2:24**
Equity split dollar plans, premium rates, **2:24**
Excess value payments, economic benefit analysis, **3:23**
Gift tax, estate-included, **22:15**
Kickback of premiums, **2:2**
Loan interest, deductibility, **2:31**
Premiums paid, deductibility, **3:64**
Retirement planning, **13:22**
Split dollar plans, premium rates, **2:24**
Transfers
exchanged for partnership interest, **2:15**
right to determine trustee compensation, **22:14**

INSURANCE AGENCIES
Valuations, **35:55**

INSURANCE TRUSTS
Insured as trustee, **22:14**

INTANGIBLE ASSETS
Use in valuations, **35:56**

INTANGIBLE PERSONAL PROPERTY
Definition, **10:1**
Examples, **10:1**

INTELLECTUAL PROPERTY
Gifts of present interest, **12:38**

INTER VIVOS GIFTS
Basis, consideration, **31:50**
Elements, charitable contribution deduction, **12:6**
Use in unmarried client's estate plan, **14:11**

INTER VIVOS POWER OF APPOINTMENT
Gift tax treatment, **17:63**

INTER VIVOS TRUSTS
Characteristics, **17:5**
Creation, **19:4**
Life insurance policy, ownership, **22:21**
Terminally ill client, use, **31:25**
Trustees, appointment, **19:43**
Use, **1:11**

INTEREST
Additional amount tax assessments, **39:31**
Additions to tax, **39:31**
Administration expense, **33:23**
Below market loans, safe harbor rate, **9:17**
Cash bond for suspension on unpaid taxes, **39:12**
Deductions, fiduciary income tax return line, **34:20**
Estimated tax payments, **39:31**
Federal short-term rate, **39:31**
Generation skipping tax, effect on calculation, **26:21**
Home mortgages, **1:3**
Income, fiduciary income tax return line, **34:12**
Jeopardy assessments, **39:31**
Mortgages for residences, **1:3**
Penalty assessments in tax collection, **39:31**
Prejudgment award, ordinary income characterization, **2:5**
Rate for tax underpayments, **39:31**
Rates
overpayments of tax, **39:31**
pension plan loans, **5:36**
underpayments of tax, **39:31**
Tax deficiencies in agreed cases, **39:8, 39:9**
Taxes, transferee liability, **16:66**
Taxes not paid by due date, **39:31**
Treasury bond, reporting on final income tax return of decedent, **33:07**
Underpayments, deductibility, **39:31**

INTEREST DEDUCTIONS
Estate income tax, **32:22**
Life insurance policy loans, **7:16**
Trust income tax, **32:22**

INTEREST INCOME
Tuition savings bonds, **6:44**

INTEREST PAYMENTS
Installment tax payments, **36:13**

INTEREST RATES
Applicable Federal rates, below market loans, **9:19**

INTEREST-FREE DEMAND LOANS
Valuation of gift element, **9:17**

INTEREST-FREE LOANS
Income shifting vehicle, **9:17**

INTERPOLATED TERMINAL RESERVE VALUE
Life insurance, community property, **10:42**

INTERRELATED COMPUTATIONS
Testamentary charitable planning, **24:34**

INTESTACY
Avoiding in testate succession, **17:3**
Estate administration, **20:6**
Marital deduction
estate taxes, **21:6**
increasing, **21:12**
Succession without a will, **20:6**

INVENTORY
Partnership interest sale, proceeds attributable, ordinary income, **3:108**
Real estate, taxable income, **3:23**

INVESTMENT ADVISORS
Fees
miscellaneous deductions, **33:23**
2 percent floor limitation, fees subject to, **32:30**

INVESTMENT COMPANIES
Capitalization, partnership nonrecognition provisions, **27:82**
Valuations, **35:31**

INVESTMENT IN THE CONTRACT
Individual retirement accounts, excess contributions, **5:62**

INVESTMENT INTEREST
Deduction, **32:22**
Definition, **6:17**

INVESTMENT LETTER STOCK
Valuations, **35:32**

INVESTMENT LOSSES
At-risk rules, **6:7**
Determination, **6:11**
Offsetting against income, **6:5**
Passive activities
definition, **6:8, 6:9**
phase-in rules, applicability, **6:16**
rules, **6:6**
transfer of activity with unused losses, **6:15**
Portfolio income, offsetting rules, **6:12**

INVESTMENT PROPERTIES
Valuations, **35:15**

INVESTMENT TAX CREDIT
Fiduciary income tax return, **34:28**
S corporations, **3:47**

INVESTMENTS
Business expense deductions, **2:50**
Charitable remainder trusts, **12:64**
Foreign sourced income, **6:2**
Tax shelter type, penalty exposure, **6:2**
Total return investment strategies, income characterization, **32:11**

INVESTOR CONTROL DOCTRINE
Life insurance, **22:5**

IRAs
See index heading INDIVIDUAL RETIREMENT ACCOUNTS (IRAS)

IRD
See index heading INCOME IN RESPECT OF DECEDENT (IRD)

IRREVOCABLE LIFE INSURANCE TRUSTS
Treatment of, **22:25 to 22:33**

IRREVOCABLE TRUSTS
Generally, **19:54**
See also index headings REVOCABLE TRUSTS; TRUSTS
Advantages, **19:55, 19:60**
Asset freezes, installment sale technique, **29:19 to 29:36**
Charitable trusts, **19:65**
Clifford trusts, **19:66**
Crummey powers, **19:58**
Disclaimers of remainder interests, **26:26**
Drafting of agreement, **19:60**
Educational trust, **19:66**
Family support trust, form, **19:69**
Generation skipping transfer tax
effective date, **26:26**
transition rule, **26:27**
Gift
definition, **19:57**
present interest, qualifications, **19:57**
Gift tax liability, **19:57**
Grantors, control, **19:56**
Grantor's gross estate
form, **19:63**
inclusion, **19:59**
Income payment by trust, **19:59**
Income shifting, **19:56**
Income taxation, **19:56**
Insurance policy proceeds, provisions, **19:62**
Irrevocability provision, **19:61**
Life insurance trusts
administering after grantor's death, form, **22:33**
advantages, **22:25**
Crummey powers, **22:10**
deemed transfer rule, **22:29**
deemed transfers of insurance policies, **22:29**
definition, **22:27**
distinguishing features, **22:26**
estate taxation, **22:28**
form, **19:68**

IRREVOCABLE TRUSTS—Cont'd
Life insurance trusts—Cont'd
formal requirements, **22:26**
grantor trust provisions, **22:30**
large estate, use, **22:27**
liquidity of estate, **22:32**
ownership by insured as trustee, **22:23**
Section 2036(c) application, **22:25**
special powers of appointment, **22:31**
super trust, definition, **22:27**
transfer of ownership, **22:15**
use, **19:64**
Mortgaged real estate, use, **19:9**
Overall treatment, **19:54 to 19:69**
Overview, **19:55**
Pour over provisions, **19:60**
Powers of withdrawal, **19:58**
Property subject to depreciation recapture, use, **19:9**
Qualified compensation plan, proceeds, provision, **19:62**
Reformation for mistake, life insurance trust, **22:26**
Section 2037 property, inclusion in gross estate, **19:59**
Split dollar life insurance policy, transfer, **2:23**
Spousal remainder trusts, **19:66**
Transfer of limited partnership interest, tax treatment, **25:8**
Treatment, **19:54 to 19:69**
Trust agreements, preparation, **19:60**
Use, **1:11, 19:54**

IRS FORMS
Form 56: notice concerning fiduciary relationship, **34:120**
Form 706 (1988), **34:122**
Form 706: Estate tax return, **34:112**
Form 709 (1988), **34:121**
Form 709: gift tax return and supporting schedules, **34:55**
Form 709: United States gift (and generation-skipping transfer) tax return and supporting schedules, **34:56**
Form 712: life insurance statement, **34:122**
Form 1041
generally, **34:1**
computation of tax, **34:26**
deduction calculation, **34:19**
income or loss calculation, **34:12**
preliminary considerations, **34:2**
schedules and other requirements, **34:31**
when to file, **34:6**
Form 1041: blank form and instructions, **34:36**
Form 1041: fiduciary income tax, **34:35**
Form 4768, application for extension of time, **34:129**
Form 4810: request for prompt assessment, **34:131**
Form 5495: discharge from personal liability, **34:133**
Form 8869, designating QSub status, **3:46**
Form SS-4
employer identification number, **34:117**
Pooled income fund, **12:97**

IRS RESTRUCTURING AND REFORM ACT OF 1998
Roth IRA rollovers, **5:73**

IRS TABLES
Generally, **35:75**

JEOPARDY ASSESSMENTS
Interest, **39:31**

JEOPARDY BONDS
Tax Court appeals, **39:21**

JEWELRY
Valuations, **35:11**

JOINT AND MUTUAL WILLS
Estate tax marital deduction, **21:47**

JOINT AND SURVIVOR ANNUITIES
Marital deduction, estate tax, **21:12**
Qualified joint and survivor annuities, gift tax, **16:10**
Terminable interest character, **21:16**

JOINT BANK ACCOUNTS
Characteristics, **10:33**
Community property funds, **10:41**
Disclaimer timing requirements, **37:10**
Gift tax, completed gifts, **16:14**
Testamentary dispositions, **18:29**

JOINT BROKERAGE ACCOUNTS
Disclaimer of, acceptance of benefits exception, **37:11**

JOINT COMMITTEE ON TAXATION
Authority, **39:26**

JOINT FIDUCIARIES
See also index headings FIDUCIARIES; PERSONAL REPRESENTATIVES
Power and responsibility determination, **18:57**
Selection considerations, **30:56**
Will provisions, powers and responsibilities, **18:57**

JOINT MANAGEMENT
Community property, creditors claims, **10:7, 10:13**

JOINT OWNERSHIP
See also index headings NONSPOUSAL JOINT OWNERSHIP; SPOUSAL JOINT OWNERSHIP
Conservation easement, charitable income tax deduction where deceased co-tenant's estate takes estate tax exclusion, **12:88, 24:19**
Spousal on-half rule, **16:38**

JOINT PERSONAL REPRESENTATIVES
See also index headings FIDUCIARIES; PERSONAL REPRESENTATIVES
Concurrence requirement, **18:57**
Failure of one to serve, **18:54**
Nomination power transfer to another by will, **18:54**
Nominations by will, **18:54**
Successor nominations by will, **18:54**

JOINT PURCHASE VALUE SHIFTING
Generally, **28:23**
Case law developments and responses, **28:25**

JOINT PURCHASE VALUE SHIFTING—Cont'd
Fair market value, **28:24**
Gifts, **28:24**
Income tax rules, **28:23**
Retained interest, trust, **28:24**
Section 2702, **28:24**
Tax legislation impact, **28:24**

JOINT PURCHASES
See also index heading VALUE SHIFTING
Analysis of benefits, **28:23**
Enterprise, Section 2036(c), **14:19**
Section 2036(c)
enterprise, **14:19**
Use, **14:19**
Value shifting techniques, **28:23**

JOINT RETURNS
Divorce or separation
filing status, determination of, **11:20**
refunds after separation, **10:7**
separation agreements and decrees, **11:35**
Nonresident alien, income tax, **1:4**
Spousal joint ownership property, **10:21**

JOINT REVOCABLE TRUSTS
Use, **17:42**

JOINT TAX LIABILITY
Innocent spouse liability. See index heading DIVORCE AND SEPARATION

JOINT TENANCY
See also index headings JOINT TENANCY WITH RIGHT OF SURVIVORSHIP; TENANCY BY THE ENTIRETY
Advantages, **17:45**
Allocation of income, **10:29**
Bank accounts, liquidity of estate, **17:36**
Basis for gain or loss, allocation, **10:29**
Brokerage accounts, **10:35**
Convenience accounts, **10:33**
Creation, **10:4 to 10:6**
Creditors' claims, **10:13**
Death, disposition at, **10:4 to 10:6**
Death of first joint tenant, impact, **17:48**
Deemed one-half interest rule, disclaimer of joint tenancy, **37:9**
Definition, **17:45**
Disclaimer timing requirements
generally, **37:9 to 37:11**
revocable joint tenancy, **37:10**
Disclaimers
death of cotenant, **37:9**
prior law, **37:9**
Disclaimers of interest, basis determination, **38:02**
Estate tax
generally, **17:47**
nonspousal joint ownership, **10:31**

JOINT TENANCY—Cont'd
Expenses, **10:6**
Flexibility for survivor, **10:16**
Gift
determination, **17:46**
value, **17:46**
Gift tax
generally, **17:46**
nonspousal joint ownership, **10:30**
spousal joint ownership, **10:26, 37:9**
Income, **10:5, 10:6**
Income allocation, **10:29**
Income tax treatment, **17:48**
Joint bank accounts, **10:33**
Joint tenancy with right of survivorship
characteristics, **10:6**
estate tax, **16:37**
flexibility, **10:16**
gift tax marital deduction, **16:20**
gift tax treatment, **10:26**
Marital deduction, estate tax, **21:12**
Nonspousal co-owner treatment, **17:47**
Nonspousal joint ownership, **10:28 et seq.**
Probate avoidance, **20:27**
Regulations, **37:9**
Revocable joint tenancy, disclaimer timing requirements, **37:10**
Savings bonds, **10:36**
Severance, **10:4 to 10:6**
Spousal gifts, **10:26, 37:9**
Spousal joint ownership, **10:5, 10:6, 10:20 et seq.**
Spouse's disclaimers, **37:9, 37:11**
Stock accounts, **10:35**
Surviving co-owner's flexibility, **10:16**
Survivorship, **10:4 to 10:6**
Tenancy by the entirety
estate tax, **16:37 to 16:39**
gift tax marital deduction, **16:20**
Terminally ill clients, disposition of property, **31:36**
Totten trusts, **10:34**
Treasury bills and notes, **10:36**

JOINT TENANCY WITH RIGHT OF SURVIVORSHIP
Community property states, **10:6**
Creation, **10:6**
Creditors' claims, **10:13**
Disclaimer timing requirements, **37:9**
Disposition at death, **10:6**
Estate tax, **10:23**
Expenses, **10:6**
Flexibility for survivor, **10:16**
Gift disclaimer timing requirements, **37:9**
Gift tax
marital deduction, **16:20**
prior law, before 1982, **10:26**
Inclusion in gross estate, **16:37**

JOINT TENANCY WITH RIGHT OF SURVIVORSHIP —Cont'd
Income from property, **10:6**
Income tax, **10:21**
Nonspousal joint ownership, **10:28 et seq.**
Qualified joint interests, **10:23**
Severance, **10:6**
Surviving coowner's flexibility, **10:16**

JOINT TRUSTEES
Sharing of powers, **18:57**

JOINT VENTURES
Definition, **35:36**

JOINT WILLS
See also index heading MUTUAL WILLS
Definition, **21:47**

JOINTLY HELD PROPERTY
Mortgages, value included in estate, **16:55**
Value included in estate, equity value, **16:55**

JOINTLY OWNED PROPERTY
Amortization deduction, **10:29**
Disclaimers, **37:7**

JUDGMENTS ON THE PLEADINGS
Tax Court, **39:20**

JUNIOR COMMON STOCK
Compensation elements, **2:72**

JURY TRIALS
Tax refund litigation
availability, **39:28, 39:29**
demand, **39:29**
waiver, **39:29**

KEOGH PLANS
Beneficiary, private foundation, **5:63**
Individual retirement arrangements, **5:72**
Use by partnerships, **3:80**

KEY PERSON DISCOUNTS
Amounts permitted, **35:69**

KEY PERSON EMPLOYEE
Provision in estate plan, **17:32**

KEY PERSON INSURANCE
See also index heading LIFE INSURANCE
Accumulated earnings tax, **2:15**
Amount of risk, determination, **2:14**
Insurable interest, **2:14**
Ownership, **2:13**
Premiums
employer deductions, **2:15**
exclusion from employee's income, **2:16**
Proceeds paid to corporation, effect on value, **35:69**
Purchase of policy by employee, **2:16**
Purpose, **2:13**

KEY PERSON INSURANCE—Cont'd
Salary continuation plans
form, **2:20**
funding, **2:17**
income taxation, **2:18**
payments included in gross estate, **2:19**
salary payments, deductibility, **2:18**
Term insurance, use, **2:13**
Transfer for value rules, applicability, **22:7**

KICKBACKS
Insurance premiums, **2:2**

KIDDIE TAX
Coordination with tax on trust's income, **9:26**
De minimus exception, **9:26**
Family partnerships, effect, **9:27**
Gifts to custodianships, impact, **9:15**
Joint custody, **9:26**
Noncustodial parent, refusal to cooperate, **9:26**
Requirements of loan, **9:26**
S corporations, use, **9:28**

LAND
Conservation easement exclusion
amount of exclusion, **34:92**
election to exclude from estates, **24:19**
filing requirements, **34:81**
Estate exclusions, qualified conservation easements, **24:19**
Primary asset of rancher or farmer, **4:1**

LAND TRUSTS
Advantages, **20:27**
Ancillary administration avoidance, **20:27**
Conveyance, **10:12**
Corporation treatment by IRS, **20:27**
Creation, **10:12**
Gifts, **10:38**
Illinois land trusts, **10:12**
Income tax
generally, **10:38**
returns, **20:27**
Ownership, **10:12**
Taxation, **10:38**
Transfer, **10:12**

LAPSED GIFTS
Anti-lapse provision in will, **18:53**

LAST SURVIVOR WHOLE LIFE INSURANCE
Insurance products, **7:65 to 7:67**

LAWYERS
Retirement plan rules, **3:85**

LEASED EMPLOYEES
Classification, **3:87**

LEASED VEHICLES
Business expenses, **2:51**

LEASED VEHICLES—Cont'd
Income inclusion amounts, **2:51**

LEASEHOLDS
Valuations, **35:21**

LEASES
Specially valued property, recapture, **4:30**

LEGACY TAXES
Credit, Federal estate tax, **16:62**
Deductibility, Federal estate tax, **16:52**

LEGAL PRACTICES
Valuations, **35:55**

LEGAL SERVICES
Nontaxable employee fringe benefits, retirement planning legal services, **2:46**

LEGEND STOCK
Valuations, **35:32**

LEGISLATIVE HISTORY
See index heading HISTORICAL BACKGROUND

LESS ACTIVELY FUTURES MARKETS
Valuations, **35:34**

LETTER STOCK
Valuations, **35:32**

LETTERS OF ANCILLARY ADMINISTRATION
Generally, **20:24**
Procedures, **20:26**

LEVERAGED EMPLOYEE STOCK OWNERSHIP PLAN
Qualified retirement plans, **5:9**

LEVERAGED GIFTS
Entity freezes, closely held businesses, **27:108**

LIBRARY ORGANIZATION
Charitable organization, **24:5**

LICENSES
Transfer from decedent, **38:17**

LIEN AGREEMENTS
Deferred estate tax special liens
generally, **39:33**
agreed cases, **39:10**

LIENS
Bankruptcy stay provisions, **39:33**
Deferred estate tax special liens, **39:10, 39:11, 39:33**
Disclaimers
conflicting state law, **39:33**
effect on, **37:2**
Estate tax, **16:66, 39:10, 39:11, 39:33**
Estate taxes deferred, Section 6324A lien, **36:10**
General tax liens, **39:33**
Gift tax, **16:24, 39:33**

LIENS—Cont'd
Mechanic liens, priority, **16:66**
Priority of liens over estate tax liens, **16:66**
Priority over state tax liens, **16:66**
Security interests, priority, **16:66**
Tax liens
estate tax, **16:66, 39:10, 39:11, 39:33**
gift tax, **16:24, 39:33**
Withdrawal of notice of lien, situations permitting, **39:33**

LIFE CARE FACILITIES
Investment of savings, **13:19**

LIFE ESTATES
Disclaimers, **37:16**
Estate tax
power of appointment
exercise or release, retained life estate, **16:36**
exercise or release with retained life estate, **16:34**
retention with transfer of remainder interest, **16:40 to 16:44**
General powers of appointment, marital deduction, terminable interest rule exception, **16:55, 21:29 et seq.**
Gift tax marital deduction, **16:20**
Homestead of surviving spouse, **20:7**
IRS valuation tables
Certain estate Assets, **35:75**
Marital deduction
estate tax
deductibility, **21:16**
life estates with general power of appointment, terminable interest rule exception, **16:55, 21:19, 21:29 et seq.**
terminable interest rule, in general, **21:15**
gift tax, **16:20**
Power of appointment rule, gift tax marital deduction, **16:20**
QTIP, **21:38 et seq.**
Retention with transfer of remainder interest, **16:40 to 16:44**
Terminable interest rule, estate tax marital deduction
deductibility, **21:15, 21:16**
exemption to rule, **21:19, 21:29 et seq.**
Wasting asset, **28:25**

LIFE ESTATES WITH GENERAL POWER OF APPOINTMENT
Terminable interest rule exception
advantages, **21:29**
entire interests, **21:33**
form, **21:30**
income interest requirement, **21:34**
marital deduction trusts, **21:29 et seq.**
powers of appointment required, **21:36**
requirements generally, **21:29**
specific portion limitation, **21:31 to 21:33**
surviving spouse's estate tax, **16:49**
third party powers, **21:37**

LIFE INSURANCE
Accounted for separately, **2:31**
Additional riders creating new contracts, **7:11**
Adjustable whole life, **7:47 to 7:49**
Agents
independent, **7:4**
organization membership, importance, **7:5**
rebate of commissions, **7:10**
traditional, **7:4**
types of, **7:4 to 7:6**
use by policyholders, **7:6**
Annual premium excess interest life, **7:59 to 7:61**
Annuity option, surrender of policy, **22:8**
Another's life, ownership by decedent
generally, **38:18**
decedent's life, inclusion in gross estate, **18:36**
Borrowing on cash value, taxation, **7:7**
Business-paid premiums, deductibility, **7:16**
Buy-out agreements, funding, **22:7**
Buy-sell agreement funding, closely held corporations, **23:33**
Cash value
borrowing on, **7:7**
use in retirement, **13:22**
Charitable bequest, estate tax deduction, **24:30**
Charitable gift, **12:29**
Community property, **10:40, 10:42**
Companies, evaluation, **7:3**
Conversion rights, corporate group insurance, inclusion in gross estate, **7:17**
Convertibility of term insurance, **7:20**
Corporate liability funding, use, **7:2**
Current assumption whole life, **7:50 to 7:52**
Death benefits
inclusion in gross estate, **7:17**
taxation, **7:7**
Deemed gifts by surviving spouse, community property, **10:40**
Definition, **7:2**
Demutalization, **22:4**
Demutualization of policy holder's insurance company, **7:15**
Deposit term, **7:23**
Disclaimers, timing requirements, **37:7, 37:8**
Divorce or separation
separation agreements and decrees, **11:34**
transfer of life insurance between spouses, **11:15**
Estate planning considerations, **17:36**
Estate preservation, use, **7:2**
Estate tax
executor as beneficiary, **22:13**
face value of policy, **22:12**
gifts of policies on donor's life, within three years of donor's death, **16:48**
gross estate, inclusion, **16:27**
incidents of ownership, **22:14**

LIFE INSURANCE—Cont'd
Estate tax—Cont'd
ownership by insured, **22:18**
ownership by person other than insured, **22:12**
payment of premium, effect, **22:16**
policy payable to third persons, **22:13**
proceeds of insurance on decedent's life, **16:29**
proceeds receivable by executor, **22:13**
recovery of tax on proceeds by personal representative, **18:9**
transfer of ownership, **22:15**
Evaluation, **7:3**
Extent of client's coverage, **15:8**
Family limited partnerships, entity freeze use
generally, **27:103**
general rules, **27:104**
ownership by partnership, **27:105**
transfers to fund premiums, **27:106**
Forced sale of estate assets, avoidance, **22:2**
Gift tax
beneficiary, taxation, **22:11**
creation of present interest, **22:10**
Crummey trusts, **22:11**
life insurance trust, use, **22:11**
taxable transfers, **22:10**
value of policy, **22:10**
Gifts, estate tax, policies on donor's life, given within three years of death, **16:48**
Graded premium whole life, **7:25**
Gratuitous transfers of policy, **22:6**
Gross estate of insured, inclusion of proceeds, **22:12**
Gross income of beneficiary, exclusion, **22:3**
Group life insurance, deductibility, **2:30 to 2:35**
Incidents of ownership
controlled corporation, **2:23**
definition, **22:14**
estate tax purposes, **16:29**
rights of participation, **22:14**
Income tax. See index heading INCOME TAX
Income tax advantages, **22:3**
Income taxation of proceeds, guideline premium limitation requirements, **7:7**
Income-replacement, use, **7:2**
Insured, obligations, **7:2**
Insurer, obligations, **7:2**
Interpolated terminal reserve value, **10:42**
Investor control doctrine, **22:5**
Irrevocable life insurance trusts
administering after grantor's death, form, **22:33**
advantages, **22:25**
characterization, **19:64**
deemed transfers, **22:29**
definition, **22:27**
estate tax consequences, **22:28**
formal requirements, **22:26**
grantor trust provisions, **22:30**

LIFE INSURANCE—Cont'd
Irrevocable life insurance trusts—Cont'd
liquidity of estate, **22:32**
present interest, necessity, **22:11**
reformation for mistake, **22:26**
special powers of appointment, **22:31**
super trust, definition, **22:27**
transfers of ownership, **22:15**
Key man insurance, **2:13 to 2:20**
Last survivor whole life, **7:65 to 7:67**
Ledger proposal analysis
generally, **7:68**
current assumption whole life, **7:69**
universal whole life, **7:70**
Life insurance trusts
administration after death of insured, **19:64**
expenses, provision for payment, **19:64**
form, **19:68**
nontax advantages, **19:64**
present interest, necessity, **22:10**
Liquidity of estate, providing, **22:2**
Long-term care coverage, **22:9**
Marital deduction qualification, estate tax
joint and mutual will restrictions, **21:47**
nondeductible interests, **21:13**
nonprobate transfers generally, **21:7**
passage from decedent requirement, **21:12**
powers of appointment over payments, **21:19, 21:44**
Modified endowment contracts, **7:7**
Nonqualified deferred compensation plans, use of, **2:12**
Open Transaction Doctrine, **22:4**
Ownership of policy
generally, **7:2**
community property states, **10:42**
corporate, insured majority stockholder, **22:20**
family member, **22:19**
importance, **22:17**
insured, **22:18**
insured as trustee, **22:23**
inter vivos trust, **22:21**
purchase by third party, **22:19**
surviving spouse, **22:19**
unlimited marital deduction, **22:19**
Participating general portfolio whole life. Permanent insurance, below
Partnerships, **23:36**
Payment of premium
generally, **22:16**
gift tax consequences, **2:23**
Permanent insurance
generally, **7:29 to 7:67**
adjustable whole life, **7:47 to 7:49**
annual premium excess interest life, **7:59 to 7:61**
commissioners tables, **7:32**
components, **7:30**
considerations, **7:31**

LIFE INSURANCE—Cont'd
Permanent insurance—Cont'd
current assumption whole life, **7:50 to 7:52**
last survivor whole life, **7:65 to 7:67**
nature, **7:30**
nonparticipating guaranteed, **7:34 to 7:36**
nonparticipating indeterminate premium, **7:37 to 7:39**
participating general portfolio whole life
generally, **7:40 to 7:46**
comparison factors, **7:45**
dividends, use of, **7:41**
loan rates, **7:42**
minimum deposit approach, **7:43**
vanishing premium, **7:44**
when to use, **7:46**
policy features and structure, **7:30**
purpose, **7:29**
single premium excess interest life, **7:62 to 7:64**
structure, **7:30**
universal life, **7:53 to 7:55**
variable whole life insurance, **7:56 to 7:58**
when to use, **7:33**
Personal benefit contracts, deductible expenses, **7:16**
Policies
deductibility, **7:16**
deemed transfers, **22:29**
dividends, taxability, **22:3**
listing on estate tax return, **34:68**
loan interest, **7:16**
loan proceeds, taxability, **22:3**
transfer for value, **22:6**
transfers within three years of death, **22:15**
Post-death earnings, taxation, **7:7**
Potential beneficiaries, **22:17**
Premiums
generally, **2:2**
deductibility, **7:16**
term insurance, premium sharing for close-corporation buy-out, **7:27**
Private placement, **22:5**
Proceeds
community property laws, **16:29**
excludability from gross income, **22:6**
recovery of estate tax, **18:9**
testamentary trust, direct payment, **19:64**
Products and use in estate planning, generally, **7:1 to 7:70**
Profit, policies acquired for, **7:12**
PS 58 rates, use in valuation, **2:31**
Reasons to purchase, **7:2**
Recovery of estate tax on proceeds, **18:9**
Reentry provision, **7:22**
Reevaluation, **13:22**
Replacement of lost income, use, **22:2**
Retirement considerations, **13:22**
Revocable trust provisions, **19:31**
Savings plan, use, **7:2**

LIFE INSURANCE—Cont'd
Separation agreements and decrees, **11:34**
Separation of coverage, **2:31**
Single premium excess interest life, **7:62 to 7:64**
Source of liquidity, **17:36**
Split dollar life insurance, **2:21 to 2:29**
Surrender of policy, cash value, **22:8, 22:9**
Surrender or sale of term-life policy, **7:13**
Tax free exchanges, **7:7, 22:8, 22:9**
Term insurance
generally, **7:18 to 7:28**
comparison factors, **7:10**
convertibility, **7:20**
definition, **7:18**
deposit term, **7:23**
extraordinary term, **7:24**
graded premium whole life, **7:25**
participating term, **7:21**
policy features and structure, **7:19**
premium sharing for close-corporation buy-out, **7:27**
reentry provision, **7:22**
surrender or sale of, **7:13**
when to use, **7:28**
Terminally ill clients, **31:62**
Termination of policy, **7:14**
Testamentary trust
form, **22:22**
proceeds, use, **18:45**
receipt of proceeds, **22:21**
Testator's policies on others
generally, **18:34**
holding power for policy on spouse's life, form, **18:35**
Third party owner, **7:2**
Transfer of ownership
gift tax, **7:17**
within three years of death, **22:15**
Universal life, **7:53 to 7:55, 7:70**
Unmarried clients, use in estate plan, **14:15**
Uses, **22:2**
Variable whole life insurance, **7:56 to 7:58**
Veterans, **13:22**

LIFE UNDERWRITER
Planning team, **1:18**

LIFE-SUSTAINING PROCEDURES
Withholding, **31:07**

LIFETIME LEARNING CREDITS
Postsecondary education expenses, **2:46**

LIKE-KIND EXCHANGES
Investments, planning opportunities, **6:49**
Ranchland, three party exchange, **4:5**
Reversed, delayed exchanges, qualified exchange accommodation arrangement (QEAA), **6:49**
Safe harbor, delayed exchange, **6:49**
Timber cutting rights, fee interest exchange, **6:49**

LIMITATIONS PERIOD
Entry of judgment on tax liability, start of limitations period upon, **1:31**
Innocent spouse liability, equitable relief, **11:23**
Partnerships, **3:34**
Refund claims, **39:23**
Refunds, no return filed, **39:18**
Withheld taxes, deemed payment period, **39:23**

LIMITED LIABILITY
Limited partnership safe harbor, **3:9**

LIMITED LIABILITY COMPANIES
Generally, **3:6**
Ensuring family control, GST tax, **26:33**
Freeze entities, **27:09**
Substantial beneficial interest, change, stock exchange for LLC interest, **26:33**

LIMITED PARTNERSHIP FREEZES
Basic structure, **27:11**

LIMITED PARTNERSHIPS
See also index headings CLOSELY HELD BUSINESSES; PARTNERSHIPS; REAL ESTATE LIMITED PARTNERSHIPS; TAX SHELTERS
Advantages, **23:20**
Agreement to indemnify general partners, sufficiency, **3:73**
Assignment of interest, **3:15**
Basis of partner, **3:73**
Capital structure, **3:19**
Centralized management, **3:11**
Characteristics, **6:27**
Classification for tax purposes, **3:5**
Death of limited partner, effect, **3:13**
Definition, **3:5**
Dissolution, **3:13**
Duration, **3:13**
Expenses and formality of organization, **3:17**
Freeze entities, **27:09**
General partners, limitation of liability, **3:9**
Income and losses, special allocations, **6:27**
Income taxation, **3:5**
Incorporation of general partner, **3:9**
Limited liability safe harbor, **3:4**
Liquidity planning for estate, **23:9**
Management and control, **3:11**
Material participation, presumption, **3:72**
Net partnership passive income, impact, **6:27**
Nonparticipation, presumption, **3:5**
Nonrecourse liability allocations, **3:73**
Partnership losses, treatment, **3:72**
Passive activity rule, applicability, **6:8**
Personal liability, **3:9**
Qualified income offset, **6:27**
Restriction of liability, **3:5**
Restructure of ownership and control, **23:20**
Sources of capital, **3:19**

LIMITED PARTNERSHIPS—Cont'd
Statutory formalities of organization, strict compliance, **3:17**
Tax advantaged investments, treatment, **6:27**
Tax classification, requirements, **3:5**
Tax exempt partners, test, **6:27**
Transferability of interests, **3:15**
Venture capital transactions, **3:19**
Withdrawal of limited partner, effect, **3:13**

LIMITED POWERS OF APPOINTMENT
See also index heading POWERS OF APPOINTMENT
Generation skipping transfer
addition, **26:31**
use, **26:47**

LIQUIDATED DAMAGES
Damage recovery, **2:5**

LIQUIDITY OF CLIENT
Assets for, **17:36**
Cash requirements of survivors, **17:35**
Determination, **17:34**
Estate planning considerations, **17:34**
Sources, **17:35**
Sources of assets, **17:36**
Terminally ill clients, importance of determining, **31:27**

LIQUIDITY OF ESTATES
Accumulation of income, **36:03**
Employee benefit plan distributions, **36:03**
Enhancement methods, **36:03**
Extension of time to pay estate taxes
application, filing, **36:08**
approval, reasons, **36:07**
automatic deferral, **36:06**
discretionary deferral, **36:06**
portions attributable to remainder or reversionary interests, **36:09**
qualifications, **36:06**
reasonable cause, **36:06**
Flower bonds, redemption, **36:03**
Installment payment of estate taxes
acceleration of payments, **36:21**
bond requirement, **36:10**
business interests, inclusion, **36:10**
charitable deductions, effect of election, **36:20**
deficiency, election, **36:15**
election, **36:10, 36:14**
exchanges of stock, effect, **36:21**
gifts within three years of death, inclusion, **36:10**
interest on installments, **36:13**
interest on unpaid balance, **36:12**
judicial review, **36:16**
notice of election to pay in installments, form, **36:17**
portion payable in installments, **36:11**
protective election, filing, **36:12**
protective notice of election, form, **36:18**

LIQUIDITY OF ESTATES—Cont'd
Installment payment of estate taxes—Cont'd
redemption of stock to pay taxes, impact, **36:21**
requirements, **36:10**
review by IRS, **36:16**
tax attributable to closely-held business interests, **36:11**
tax on prior transfers credit, **36:19**
thirty-five percent test, **36:10**
time to pay, **36:12**
Lease of assets, **36:04**
Life insurance proceeds, **36:03**
Loans to estate, **36:05**
Minimization of estate taxes, **36:03**
Postmortem needs, **36:02**
Sales of assets
generally, **36:03**
buy-sell agreements, **36:04**
consent of beneficiary, **36:04**
court approval, **36:04**
possible consequences, **36:04**
sale of securities, **36:04**
Section 302 redemption, **36:28**
Stock redemption to pay estate taxes
acceleration of installment payments, coordination, **36:26**
cautions in making redemption, **36:27**
distributions four years after death, limitations, **36:23**
financial stability of business, consideration, **36:27**
limitations on qualifying amount, **36:23**
qualifying stock, **36:24**
time to redeem, **36:25**
treatment, **36:22**

LIQUOR STORES
Valuations, **35:55**

LISTED OPTIONS
Valuations, **35:34**

LITIGATION COSTS
Recovery by taxpayer, **39:20**

LIVESTOCK
See also index heading FARMERS AND RANCHERS
Preproductive carrying expense deduction, **4:8**
Trust property, **19:26**

LIVING TRUSTS
Retirement planning, **13:23**
Selecting fiduciaries, **30:07**

LIVING WILLS
See also index heading WILLS
Execution, **31:07**
Form, **18:75**
Physician or health facility liability, **18:66**
Signing, **18:66**
Statutory authority, **18:66**
Witnesses, **18:66**

LLC
See index heading LIMITED LIABILITY COMPANIES (LLC)

LOANS
Artwork to charity
deemed gift in estate freeze, **16:11**
gift of present interest, **12:35**
separate property, **24:28**
Below market loans, defined, **9:19**
Between beneficiaries and estates, **9:24**
Corporations to shareholders
income shifting, **9:23**
income tax treatment, **3:27**
Deductibility of interest, insurance policies, **2:31**
Gift or demand loan, defined, **9:18**
Income shifting vehicle, **9:18**
Interest free, gift tax, **16:5**
Interest-free, **9:17**
Pension plans, **5:36**
Qualified plans
missed payments, **5:36**
residential mortgage, **5:36**
Scope of statutory coverage
generally, **9:20**
income, effect, **9:21**
statutory exemption, **9:22**

LOCKED-IN GAIN
Basic concepts, **25:4**

LONDON METAL EXCHANGE PRICES
Valuations, **35:34**

LOSSES
Casualty or theft losses. See index heading CASUALTY OR THEFT LOSSES
For profit test, factors, **4:10**
NOL carrybacks, three years for eligible losses, **3:70**
Section 179 expenses, **3:60**

LOTTERY WINNINGS
Value in decedent's estate, use of annuity tables, **35:6**

LOW-INCOME HOUSING
Tax credits, **6:40**

LOW-INTEREST LOANS
Income shifting, **9:17**
Pension plans, **5:36**

LOW-LOAN INVESTMENT COMPANIES
Valuations, **35:31**

LUMP SUM DISTRIBUTIONS
Error in computation, **1:31**
Excise tax, **13:15**
Qualified plan, **5:47**

MAILING
Foreign postmarks, applicability of timely mailing rules, **39:23**

MAILING—Cont'd
Timeliness, **39:23**

MAILING DATE
Assessments, **39:32**
Returns, **39:23**

MALPRACTICE ACTION
Tax consultant error, statute of limitations, **1:31**

MALPRACTICE PREVENTION
Abusive tax shelters, **6:5**
Computer programs and software, **1:31**
Estate planning issues, **1:31**
Insurance expense, deductibility, **1:31**
Tax shelter investors, **1:31**

MANDAMUS ACTIONS
Use against IRS, **16:64**

MARITAL AGREEMENTS
See also index headings POSTNUPTIAL AGREEMENTS; PRENUPTIAL AGREEMENTS
Basic estate planning, **1:13**
Community property stipulations, **20:13**
Consideration requirement, **20:12**
Counsel requirement, **20:13**
Disclosure requirement, **20:13**
Domicile change, effect on validity, **20:12**
Enforceability requirements, **20:12, 20:13**
Form, requirements, **20:12, 20:13**
Purpose, **20:12**
Separate property stipulations, **20:13**
State law as governing, **20:12**
Terminally ill clients, review, **31:22**
Unconscionability, **20:13**
Uniform Probate Code, **20:12**
Validity, **20:12**

MARITAL DEDUCTION
See also index headings MARITAL DEDUCTION, ESTATE TAX; MARITAL DEDUCTION, GIFT TAX
Administration expenses, generally, deductibility, **16:55**
Administrative expenses
payment source, limitation on gift, **21:54**
payment source's effect, **21:52, 21:53**
reducing marital deduction, **16:55**
Regulations affecting, **21:54**
Service's position on effect, **21:54**
Administrative expenses as tax deduction, **21:75**
Administrative fees, deduction by estate, will provisions, **18:8**
Alien spouse, **18:41**
Amount of transfer, **21:5, 21:8**
Annuities
generally, **21:13**
powers of appointment over payments, **21:44**
terminable interest rule, **21:15**
Charitable deduction, application, **24:29**

MARITAL DEDUCTION—Cont'd
Citizenship requirement, **21:9**
Common disaster provisions, terminable interest rule exception, **21:11, 21:19**
Conditional marital devises, **21:12, 21:74**
Copyrights, terminable interest rule, **21:16**
Cost of tax deferral, **21:76**
Curtesy, **21:6, 21:12**
Debts payable from marital devise, **21:52**
Deductible interest requirement, **21:13**
Defective marital gift, reforming will to cure, **18:47**
Deferral of taxation, **21:3**
Desirability of utilization, planning considerations, **21:4**
Differences as to gift tax and estate tax, **16:3**
Disclaimers
maximization of deduction, **21:72, 37:23**
third party disclaimers, **21:12, 21:72**
Divorce, **21:11**
Dower
generally, **21:12**
probate transfers, **21:6**
Dower elected properly, enforceable rights for spouse, **21:12**
Economic Recovery Tax Act of 1981, **21:1**
Election by surviving spouse, **20:7**
Elective share claims, qualifying for deduction, **33:12**
Encumbrances payable from marital devise, **21:52**
Equalization clauses
generally, **21:23**
form, **21:24**
Estate tax, generally, **21:1 et seq.**
Estate trusts
generally, **21:46**
terminable interest rule, **21:15**
Family allowances
generally, **20:7, 21:12**
terminable interest rule, **21:16**
Farmers, use, **4:12**
Foreign property, **21:14**
Forms
equalization clause, **21:24**
estate tax payment from residue, preresiduary marital devise, **21:51**
reverse presumption clause, **21:24**
Formula clauses
generally, **18:40, 21:4, 21:55 et seq.**
probate transfers, **21:6**
General power of appointment with life estate, terminable interest rule exception, **21:29 et seq.**
generally, **21:19**
terminable interest rule applicability in general, **21:15**
Gift and generation skipping tax (GST) returns line, **34:46**
History, treatment of marital transfers, **21:2**
Income in respect of decedent, **21:14**
Income interests owned by decedent, **21:15**
Insurance proceeds, power of appointment, **21:44**

MARITAL DEDUCTION—Cont'd
Insurance proceeds with power of appointment, **21:19**
Interest in property requirement, **21:12**
Interest passing from decedent, **21:12**
Intestacy, **21:6**
Joint and mutual wills, **21:47**
Joint and survivor annuities
generally, **21:12**
terminable interest rule, **21:16**
Joint tenancy, **21:12**
Jointly held property, valuing property passing, **16:55**
Killing one's spouse, **21:14**
Leasehold interests
generally, **21:18**
terminable interest rule, **21:15**
Life estates, deductibility, **21:16**
Life insurance
joint and mutual will restrictions, **21:47**
nondeductible interests, **21:13**
nonprobate transfers generally, **21:7**
passage from decedent requirement for deduction, **21:12**
powers of appointment over payments, **21:19, 21:44**
Limitations, **16:55**
Loss-deductible property interests, **21:13**
Marital deduction trusts, **21:29 et seq.**
generally, **16:49**
testamentary transfers, **21:29 et seq.**
Marital relationship requirement, **21:11**
Maximization through administrative elections, **21:75**
Maximum formulas, **21:69**
Mortgaged marital property, **16:70**
Noncitizen spouses, denial of deduction, **18:41, 21:10, 31:18.50**
Nondeductible interests, **21:13**
Nonprobate transfers, **21:7**
Nonresident aliens, gift taxes, **16:70**
Optimum marital deduction, **21:3**
Overmaritalization of estate
generally, **21:5, 21:76**
probate transfers, **21:6**
Patents, terminable interest rule, **21:15, 21:16**
Pitfalls, **17:40**
Planning considerations, **21:76**
Pooled income fund interest, qualification, **24:25**
Postmortem planning, **21:70 et seq.**
Powers of appointment
life estate with general power, **21:19, 21:29 et seq.**
life insurance with power over payment, **21:19, 21:44**
passage from decedent requirement for deductibility, **21:12**
Practical considerations in use, **21:4, 21:76**
Preresiduary marital devise
generally, **21:50**
form, **21:51**
Probate transfers in general, **21:6**
Purchase of terminable interest for surviving spouse, **21:17**

MARITAL DEDUCTION—Cont'd
Purpose, **17:40**
QTIP life estates, **21:38 et seq.**
QTIP trust, use in postmortem estate planning, **33:16**
Qualifying transfers, **21:5 to 21:7**
Reforming defective gift, **18:47**
Rehabilitation of trust, disclaimers from disqualified beneficiaries, **33:11**
Requirements, **16:55, 21:9 et seq.**
Residency requirement for decedent, **21:9**
Revenue Act of 1948, **21:2**
Reverse presumption clauses
generally, **21:11, 21:21 et seq.**
form, **21:24**
Salvaging deduction after death, **21:74**
Savings clauses, **21:68**
Settlements, maintaining marital deduction, **21:12**
Simple wills, **21:8**
Simultaneous death provisions, **21:11, 21:21**
Special use valuation, farm included in gross estate, **35:26**
Split gifts
surviving spouse and charity split gifts, **16:55**
terminable interest rule exception, **21:45**
Standard presumption for order of death
generally, **21:25**
form, **21:26**
Statutory basis, **21:9**
Statutory share elections, **20:7**
Statutory share of surviving spouse
generally, **20:6**
inter vivos trust transfer, **21:12**
probate transfers, **21:6**
Survivorship conditions to marital devise
generally, **21:74**
terminable interest rule, **21:16**
Survivorship presumptions, **21:21 et seq.**
Survivorship provisions, terminable interest rule exception, **21:19 et seq.**
form, standard presumption, **21:26**
standard presumption, **21:25, 21:26**
Tainted asset rule, **21:18**
Tax considerations in general, **21:3**
Tax payment from marital devise, effect, **21:49**
Tax Reform Act of 1976, **21:2**
Terminable interest rule, generally, **21:9, 21:15 et seq.**
Time clauses, presumption as to order of death, **21:21**
Transfer of interest, requirement, **21:12**
Trust rehabilitated, disclaimers from disqualified beneficiaries, **33:11**
Trustee's purchase of terminable interest for surviving spouse, **21:17**
Uniform Simultaneous Death Act, **21:11, 21:22**
Using, planning considerations, **21:76**
Valuation of marital devise, **21:48 et seq.**
Will contests resulting in transfer of property, **21:12, 21:73**

MARITAL DEDUCTION—Cont'd
Will forms
power of appointment trust, **18:70**
QTIP trust, **18:69**
Wills, allocation between principal and income, **18:8**

MARITAL DEDUCTION, GIFT TAX
See also index headings MARITAL DEDUCTION; MARITAL DEDUCTION, ESTATE TAX
Administrative expenses, Regulations affecting, **21:54**
Amount, **16:20**
Annual exclusion, relationship, **16:17, 16:20**
Life estate with power of appointment rule, **16:20**
Qualified terminable interest property (QTIP) rule, **16:20**
Terminable interests, **16:20**

MARITAL DEDUCTION TRUSTS
Generally, **19:36**
Advantages, testamentary transfers, **21:29**
Entire interest concept's relationship to specific portion limitation, **21:33**
Fiduciary powers, **19:44**
Forms
will with power of appointment trust, **18:70**
will with QTIP trust, **18:69**
Income during administration, **21:35**
Income interest requirement, **21:34, 21:35**
Nonproductive property, **21:34**
Powers of appointment required, **21:36**
Qualifications, **19:36**
Requirements in general, terminable interest rule exception, **21:29**
Savings clauses, **21:68**
Specific portion limitation, **21:31 to 21:33**
Spendthrift clauses, **21:34**
Surviving spouse interests, estate tax, **16:49**
Third party beneficiaries, testamentary transfers, **21:37**
Third party powers, testamentary transfers, **21:37**
Trustee's discretion, **21:34**

MARITAL DEDUCTION WILLS
Power of appointment trust, form, **18:70**
QTIP trust, **18:69**

MARITAL HOME
Transfers of property between spouses. See index heading DIVORCE AND SEPARATION

MARITAL PROPERTY SETTLEMENTS
Pension funds, **3:84**

MARITAL RIGHTS
Estate tax deduction, claim against the estate, **16:52**

MARITAL SHARE TRUSTS
Disclaimers, **37:21**

MARITAL TRUSTS
Funding of, closely held stock, **21:38**
Spendthrift clause, **19:39**

MARKET CAPITALIZATION METHOD
Valuations, **35:19**

MARKET DATA VALUATION
Generally, **35:17**

MARKET DISCOUNT BONDS
Tax advantaged investment, **6:46**

MARKETABILITY DISCOUNT
Closely held businesses, **35:67**

MARRIAGE TAX
Historical overview, **21:2**

MASTER LIMITED PARTNERSHIPS
Characteristics, **6:28**
Property ownership, **6:28**
Tax treatment, **6:28**

MATERIAL PARTICIPATION
Definition, **6:10**
Lease to nonfamily member, **4:16**
Special use valuation requirement, **4:16**

MAXIMUM MARITAL DEDUCTION FORMULAS
ERTA changes, **21:69**

MAY DAY RATES
Fiduciary compensation, **30:49**

MEALS
Deductibility, **2:51**
Employer provided, de minimis fringe benefit, **2:54**

MEASUREMENT DATE
Stock option renewals, **2:66**

MECHANIC LIENS
Priority over estate tax liens, **16:66**

MEDICAL EXCLUSION
Gift planning, **8:12**

MEDICAL EXPENSES
Damage awards, exclusion from income, **2:5**
Deduction
estate tax, **18:7**
surviving husband's income, **18:7**
Estate tax deductions, availability, **33:20**
Final income tax return of decedent, deduction, **33:06**
Gifts to parents, **8:43**
Spouse's liability, **18:7**

MEDICAL RECORDS
Custody after physician's death, **31:17**

MEDICAL REIMBURSEMENT AND HEALTH BENEFIT PLANS
Claims procedures, **2:44**
Continuation coverage, requirement
generally, **2:43**
discriminatory policies, **2:42**

MEDICAL REIMBURSEMENT AND HEALTH BENEFIT PLANS—Cont'd
Costs, deductibility by employer, **2:41**
Disability retirement benefits, **3:95**
Exemptions, **2:44**
Factor in choice of business entity, **3:94**
Payments under policy, exclusion from income, **2:42**
Premiums, inclusion in employee income, **2:42**
Reporting requirements, **2:44**
Statutory requirements, **2:43**

MEDICARE
Additional Medicare tax, **3:22**
Reimbursing retirees, **13:10**
Supplemental insurance, **13:10**

MEDICARE CATASTROPHIC COVERAGE ACT
Retirement planning, **13:10**

MILITARY SURVIVOR BENEFITS
Election for survivor's annuity, **16:30**

MINERAL INTERESTS
Valuations, **35:22**

MINIMUM REQUIRED DISTRIBUTIONS
Uniform table, payouts to taxpayers, **5:39**

MINORITY DISCOUNTS
Actively traded bonds, **35:30**
Appliances, **35:11**
Appraisals
importance, **35:8**
selection of appraiser, **35:9**
Arm's length sales transaction in active market, **35:3**
Art works
appraisal, **35:12**
blockage, **35:13**
discount in value, **35:13**
premium in value, **35:13**
Attribution rules, **35:66**
Band of investment method of capitalization, **35:19**
Bedding, **35:11**
Blockage, definition, **35:33**
Built-up method of capitalization, **35:19**
Burden of proof, **35:8**
Carpets, **35:11**
Charitable contributions, **12:8**
Closed-end investment companies, **35:31**
Closely held business interests
arm's length exchange, **35:40**
arm's length sale, **35:40**
artistic intangibles, **35:60**
balance sheet adjustments, **35:49**
bonds, **35:61**
book value, **35:48**
buy-sell agreements, **35:64**
comparable companies, use, **35:41**
contingent legal fees, **35:61**

MINORITY DISCOUNTS—Cont'd
Closely held business interests—Cont'd
contractual properties, **35:61**
controlling stock, **35:62**
copyrights, **35:60**
cost of creation, formula, **35:59**
deferred compensation, **35:61**
Delaware block approach, **35:53**
discounted cash flow, **35:59**
discounted future earnings, **35:44**
discounts, **35:65**
dividend-paying capacity, **35:47**
estimated future earnings, **35:42**
excess earnings, calculation, **35:58**
family attribution principle, **35:63**
goodwill, **35:57**
income capitalization, **35:59**
income statement adjustments, **35:43**
key man, loss, **35:69**
lack of marketability, discount, **35:67**
liquidation value, **35:50**
majority holdings, **35:62**
minority holdings, **35:66**
mortgages, **35:61**
patents, **35:60**
preferred stock, **35:70**
price-earnings of comparable publicly traded stock, **35:45**
price-to-book-value approach, **35:51**
principal manager, loss, **35:69**
promissory notes, **35:61**
savings capitalization, **35:59**
selling restrictions, discount, **35:68**
weighted average formula, **35:53**
Closely held businesses, **23:17 to 23:21, 35:66**
Clothing, **35:11**
Coal interests, **35:22**
Coin collections, **35:11**
Collections, appraisals, **35:12**
Corporations, **23:17 to 23:21**
Definition, **12:8, 31:46, 35:3**
Direct capitalization, **35:19**
Family attribution, **35:3**
Family farm, incorporated, special use valuation, **35:25**
Family limited partnerships
interpreting provisions restricting transfer
generally, **35:65**
See also index heading VALUATION
treasury bonds, **35:30**
understatement, penalties, **35:5**
valuation methods, **35:16 to 35:20**
willing-buyer, willing-seller rule, **35:3**
Family ownership, attribution rules, **17:50**
Farms, **35:26**
Federal estate taxes, basis, **19:27**
Furniture, **35:11**

MINORITY DISCOUNTS—Cont'd
Gas interests, **35:22**
Government bonds, **35:30**
Gravel interests, **35:22**
Gross estate valuation, use, **16:58**
Household articles, **35:11**
Jewelry, **35:11**
Leaseholds, **35:21**
Market capitalization, **35:19**
Marketable securities, **35:28**
Merchantable timber, **35:23**
Mineral interests, **35:22**
Mortgage-equity method of capitalization, **35:19**
Mutual funds, **35:31**
Oil interests, **35:22**
Oriental rugs, **35:11**
Overstatement penalties, **35:4**
Paintings, **35:11**
Personal effects, **35:11**
Precommercial timber, **35:23**
Professional practices
balance sheet adjustments, **35:72**
closely held corporation, comparison, **35:71**
goodwill, **35:73**
valuation techniques, **35:74**
Real estate limited partnership interest, **25:15**
Real property
capitalization rate, **35:18**
condemnation actions, **35:14**
easements, **35:24**
estimation in anticipation of highest and best use, **35:14**
fractional interests, **35:14**
investment properties, **35:15**
investment value approach, **35:18**
market data approach, **35:17**
multiple-factor method, **35:27**
noninvestment, **35:15**
replacement cost approach, **35:20**
similar properties, comparison, **35:17**
special use valuation, **35:25**
subjective analysis, **35:14**
Residual capitalization, **35:19**
Restricted securities, **35:32**
Retail price, **35:10**
Savings bonds, **35:30**
Special use valuation
generally, **35:25**
application, **4:29**
real property, **35:25**
Stocks, **35:29**
Summation method of capitalization, **35:19**
Swing vote characteristics, **35:3**
Tangible personal property
agricultural personalty, **35:10**
crops, **35:10**

MINORITY DISCOUNTS—Cont'd
Tangible personal property—Cont'd
farm machinery, **35:10**
livestock, **35:10**
motorized vehicles, **35:10**
retail price, **35:10**
Timberland, **35:23**
Transfer taxes, provisions for avoiding, **35:65**
Valuing closely held businesses, **35:67**

MINORITY OWNERSHIP
Special use valuation, **4:29**

MINORITY SHAREHOLDERS
Value of holding, **35:66**

MINORS' TRUSTS
Distribution of income, **19:38**

MISCELLANEOUS DEDUCTIONS
Investment advisor fees, **33:23**

MISCELLANEOUS EXPENSES
Tax assistance, **2:51**

MISSIONARIES
Charitable contributions to, **12:6**
Support of, charitable deduction, **12:6**

MISTAKES OF FACT
Section 83(b) election, revocation of, **2:64**

MOBILE EDUCATION UNIT
Charitable contribution of use, **12:42**

MOBILE HOME PARKS
Valuations, **35:55**

MODIFIED ADJUSTED GROSS INCOME
Taxing retirement benefits, **13:12**

MODIFIED ENDOWMENT CONTRACTS
Taxing life insurance, **7:7**

MONEY PURCHASE PLANS
Change in funding method, **5:6**
Definition, **5:6**
Distribution date, **5:38**
In-service distributions, **5:35**
Loans to participants, **5:36**
Required distributions, **5:37**

MORTALITY
Grantor retained interest trusts, risk planning, **28:8, 28:11**

MORTGAGE-EQUITY METHOD OF CAPITALIZATION
Real estate valuation, **35:19**

MORTGAGES
Estate tax deduction, **16:52**
Marital deduction, **16:70**
Points, refinancing, **33:08**

MORTGAGES—Cont'd
Value, **35:61**

MORTMAIN STATUTES
Choice of domicile, **20:10**

MOTELS
Valuations, **35:55**

MOTIONS FOR SUMMARY JUDGMENT
Tax Court, **39:20**

MOTOR VEHICLES
See index heading AUTOMOBILES

"MOVE DOWN" RULE
Generation skipping tax, **26:20**

MULTI-DISCIPLINARY TEAM
Planning for individuals, **1:15**

MUTUAL FUNDS
Closed-end investment company, valuation, **35:31**
Tax advantaged investment, **6:24**
Valuation, **35:31**

MUTUAL WILLS
See also index heading JOINT WILLS
Definition, **21:47**

NAME
Deceased's, valuation, **35:6**

NATURAL DISASTER
Replacement period, **19:26**

NEGATIVE TAX
QTIP trusts, **21:38**

NEGLIGENCE PENALTY
Revenue Reconciliation Act of 1989, Improved Penalty Administration and Compliance Act, **39:31**

NEGLIGENT TAX DEFICIENCIES
Penalty, **39:31**

NEGOTIATED SETTLEMENT AGREEMENT
Valuation, charitable deduction, **12:8**

NET GIFTS
Maximizing tax benefits, **8:34**

NET OPERATING LOSSES (NOLS)
Carrybacks, period for eligible losses, **3:70**
Deductibility, **3:65, 31:58**
Postmortem income taxation, **33:04**

NINETY-DAY LETTERS
Authority to issue, **39:17**
Effect, **39:2, 39:17, 39:18**
Payment of deficiency before or after mailing, effect, **39:17**
Relationship to administrative and judicial process, **39:2**
Requests by taxpayer, **39:17**
Tax Court access, **39:2, 39:17**

NINETY-DAY LETTERS—Cont'd
Time for issuance, **39:17**

NO-LOAD OPEN-END INVESTMENT COMPANIES
Valuations, **35:31**

NONADVERSE PARTIES
Definition, **19:26**
Related party trustees, **30:28**

NONCASH PROPERTY
Gifts, **12:22**

NONDEDUCTIBLE CONTRIBUTIONS
Individual Retirement Accounts, **5:61**

NONDEDUCTIBLE INTERESTS
Estate tax marital deduction, **21:13**
Terminable interests, **21:15 et seq.**

NONFAMILY USE
Special use value, impact on, **4:15**

NONINVESTMENT PROPERTIES
Valuations, **35:15**

NONLAPSE RESTRICTIONS
Valuation of stock transfers, **2:58**

NONPROBATE ASSETS
Examples, **18:19**
Gross estate interests and assets, **16:28 et seq.**
Passage by operation of law, **18:19**

NONQUALIFIED DEFERRED COMPENSATION PLANS
Advance ruling, requirements, **2:8**
Advantages over qualified plans, **2:2**
Changing tax brackets, effect, **2:10**
Constructive receipt doctrine, avoidance, **2:9**
Constructive receipt of benefits, **5:4**
Contribution restrictions, **5:3**
Corporations, requirements, **3:90**
Distributions
benefits payable, **5:40**
form, **5:40**
required amounts, **5:39**
Economic benefit doctrine, **3:90**
ERISA requirements, **5:5**
Funding, **5:4**
Insurance benefits, **2:11**
Irrevocable trust agreement, use, **2:9**
Life insurance, **2:9, 2:12 to 2:35**
Necessity, **2:6**
Nonforfeitable rights, **5:4**
Partnerships, requirements, **3:90**
Penalties for failure to comply with Section 409A, **2:89**
Planning considerations, **13:16**
Possible advantages, **5:3**
QTIP treatment, **5:3**
Qualified plans, compared, **5:4**

NONQUALIFIED DEFERRED COMPENSATION PLANS—Cont'd
Rabbi trusts
generally, **3:90**
use by highly compensated clients, **2:9**
Requirements for tax deferral, **2:6**
S corporations, requirements, **3:90**
Section 409A
generally, **2:80 to 2:90**
delay of payments to ''specified employees'' of public companies, **2:88**
equity-based compensation, special rules for, **2:87**
exemption of plans from Section 409A, **2:82, 2:83**
form of payments, **2:84**
initial changes to deferral elections, **2:85**
penalties for failure to comply with Section 409A, **2:89**
stock options, special rules for, **2:87**
subsequent changes to deferral elections, **2:86**
time of payments, **2:84**
transition period planning opportunities, **2:90**
Secular trusts, **2:9**
Substantial risk of forfeiture, **2:6**
Surety bond, use, **2:9**
Taxation, **2:7**
Top-hat group, **2:6**
Unfunded, **2:6**

NONQUALIFIED RETIREMENT PLANS
Limitations, EGTRRA 2001, **5:3**

NONQUALIFIED STOCK OPTIONS
Employer withholding requirements, shares of stock used, **2:68**
Stock appreciation rights issued with, **2:68**

NONRENTAL ACTIVITIES
Passive activity losses, **6:9**

NONRESIDENT ALIENS
Artwork exception, **16:70**
Estate and gift tax, **16:70**
Income taxation, **1:4**

NONRESIDENTS
Aliens. See index heading NONRESIDENT ALIENS
Mortgaged property, marital deduction, **16:70**
S corporation shareholder, nonresident spouse, **3:46**

NONREVERSIONARY TRUSTS
Income shifting, support obligation discharged, **9:11**
Income-shifting advantages, **9:11**

NONSKIP PERSONS
Generation skipping tax, **26:7**

NONSPOUSAL JOINT OWNERSHIP
See also index headings OWNERSHIP OF PROPERTY; SPOUSAL JOINT OWNERSHIP
Basis for gain or loss, allocation, **10:29**
Brokerage accounts, **10:35**

NONSPOUSAL JOINT OWNERSHIP—Cont'd
Convenience accounts, **10:33**
Estate tax
generally, **10:31**
interests with right of survivorship, **16:37, 16:39**
Expense allocation, **10:29**
Gift tax, **10:30**
Income allocation, **10:29**
Income tax, **10:29**
Joint bank accounts, **10:33**
Tax consequences, **10:28 et seq.**
Totten trusts, **10:34**

NONSTATUTORY LEAD TRUSTS
Purpose, **12:51**
Taxation, **12:52**

NOTICE OF DEFICIENCIES
Date taxpayer must file, omissions ignored, **39:17**

NOTICE OF ELECTION
Special use valuation substantial compliance
executor elections, **34:75**
rancher/farmer, **4:22**

NOTICES
Crummey power, withdrawal rights, **8:15**

NOTICES OF DISALLOWANCE, TAX REFUND CLAIMS
Issuance, **39:26**
Limitations period commencement with mailing, **39:27**
Waivers, **39:26, 39:27**

NURSERY GROWERS
Deductibility of costs, **4:8**

NURSING HOMES
Valuations, **35:55**

OFFICE AUDITS
Generally, **39:7**

OFFICERS AND DIRECTORS
Charitable organizations, relation to donor, **12:6**

OIL AND GAS
Advantages, **6:41**
Alternative minimum tax passive loss limitation, **6:14**
Availability as investment, **6:41**
Passive activity rule, applicability, **6:8**
Reserves, purchase, **6:41**
Risks, **6:41**
Tax treatment, **6:41**
Working interests, passive activity exception, **6:14**

OIL INTERESTS
Valuations, **35:22**

OLD-AGE SOCIAL SECURITY BENEFITS
Eligible beneficiaries, **13:7**

OPEN TRANSACTION DOCTRINE
Life insurance, **22:4**

OPEN-SPACE EASEMENTS
Valuation, charitable gifts, **35:24**

OPPORTUNITY ZONES
Tax advantaged investments, **6:50**

OPTIMUM MARITAL DEDUCTION
Estate tax, **21:3**

OPTIONS
Closely held businesses, **23:22**
Compensatory stock transfers
valuation, **2:61**
valuation of gifts, **16:22**
Employment termination, transfer before exercising, **2:61**
Parachute payments, **2:78**
Sales with bonds strategies, IRS position, **6:47**
Transfers, after employment terminated, **2:61**

ORCHARDS
Capitalization of start-up costs, **4:8**

ORDINARY GAINS
Fiduciary income tax return line, **34:17**

ORDINARY INCOME
Partnership terminations, controlled partnerships, **3:106**

ORDINARY INCOME PROPERTY
Gifts, publishers clippings library, **12:23**

ORIENTAL RUGS
Valuations, **35:11**

OUTRIGHT GIFTS
Gift planning, **8:44**

OUTSIDE BASIS
See also index heading BASIS FOR GAIN OR LOSS
Death of investor, **25:9**
Definition, **25:4**

OVERMARITALIZATION OF ESTATE
Avoidance, **21:6, 21:76**
Conditions for occurrence, **21:5**

OVERPAYMENTS
Apportionment of refunds, **10:7**
Rates of interest, **39:31**

OVERSTATEMENT PENALTIES
Surtax basis, degree of valuation error, **35:4**

OVERSTATEMENTS OF PROPERTY VALUE
Penalty, **39:31**

OWNERSHIP CHANGES
Parent control of subsidiary, timing for a spin-off, **3:115**
Partnerships, deemed terminations, **3:108**

OWNERSHIP OF PROPERTY
Brokerage accounts, joint, **10:35**
Community property
generally, **10:7, 10:13, 10:39 et seq.**
basis adjustment, **10:52**
Corporate property, **10:9**
Homestead, **10:14**
Illinois land trusts, **10:12**
Individually held property, **10:2, 10:19**
Joint brokerage accounts, **10:35**
Joint stock accounts, **10:35**
Land trusts, **10:12, 10:38**
Nonspousal joint ownership
generally, **10:28**
estate tax, interests with right of survivorship, **16:37, 16:39**
estate tax treatment, **10:31**
gift tax treatment, **10:30**
income tax treatment, **10:29**
Partnership property, **10:10**
Publicity, avoidance of, **10:15**
Qualified joint interests, **10:23**
Savings bonds, **10:36**
Sole ownership, **10:2, 10:19**
Spousal joint ownership
community property, **10:7**
contribution rule, **10:21**
estate tax, interests with right of survivorship, **16:37 to 16:39**
estate tax treatment, **10:23**
gift tax treatment, **10:22**
income tax treatment, **10:21**
joint tenancy with right of survivorship, **10:6**
tenancy by the entirety, **10:5**
Stock accounts, joint, **10:35**
Tax considerations, generally, **10:18 et seq.**
Third parties. Nonspousal joint ownership, above
Totten trusts, **10:34**
Treasury bills and notes, **10:36**
Trust property, **10:11**
Uniform Partnership Act, **10:10**

PAINTINGS
Valuations, **35:11**

PARENTS
Gifts to donors, **8:43**

PARENT'S SOCIAL SECURITY BENEFITS
Eligible beneficiaries, **13:7**

PARTIAL INTEREST EXCLUSION
ESOPs, stock ownership, **5:9**

PARTIAL INTERESTS
Charitable contributions, valuation, **12:43**
Gifts in trust
governing instrument, **12:49**

PARTIAL INTERESTS—Cont'd
Gifts in trust—Cont'd
IRA benefits, effect, **12:69**
private foundation rules, **12:63**

PARTICIPATING GENERAL PORTFOLIO WHOLE LIFE INSURANCE
Insurance products, **7:40 to 7:46**

PARTITION OF COMMUNITY PROPERTY
Agreement, use, **10:59**
Methods, **10:59**
Postnuptial agreement, **10:61**

PARTNERS
Basis allocation, Regulations, **3:108**
Characterization as
generally, **27:73**
conduct of business, **27:73.40**
income distributions, **27:73.30**
management participation, **27:73.20**
retained controls, **27:73.10**
Deceased partner's interest, liquidation or dissolution, discounts, **38:12**

PARTNERSHIP AGREEMENTS
Buy-sell agreement's relationship, **23:25, 23:36**

PARTNERSHIP FREEZES
Generally, **27:60**
Asset protection
generally, **27:68, 27:99**
charging orders
generally, **27:100**
general v. limited, **27:101**
tax consequences of charging order, **27:102**
Basic structure, **27:11**
Capitalization
generally, **27:80**
disguised sales, **27:83**
investment company characterization, **27:82**
nonrecognition rule, **27:81**
Chapter 14 valuations
generally, **27:94**
Section 2701, **27:95**
Section 2702, **27:96**
Section 2703, **27:97**
Section 2704, **27:98**
Charging orders, protection for partners, **27:100**
Check-the-box regulations, **27:71**
Creditor protection benefits
generally, **27:99**
charging orders
generally, **27:100**
tax consequences of charging order, **27:102**
Death of partner
generally, **27:86**
basis determination, **27:90**

PARTNERSHIP FREEZES—Cont'd
Death of partner—Cont'd
distributive share, **27:87**
income in respect of decedent, **27:89**
losses, **27:88**
Distinction between general v. limited partnership, **27:101**
Distributions, **27:84**
Entity freezing, overview, **27:01**
Estate tax reduction, **27:66**
Family succession planning
children not in business, providing for, **27:111**
management continuity, **27:109**
surviving spouse, providing for, **27:110**
Fiduciary accounting issues
generally, **27:91**
distributions to fiduciaries, **27:92**
estate tax allocations, **27:93**
FLP regulations, **27:72**
Forms for transactions
agreement of limited partnership, **27:114, 27:115**
certificate of limited partnership, **27:113**
guidelines, **27:112**
IRS request for information, **27:118**
minutes of commencing operation plan, **27:116**
minutes of operation plan, **27:117**
Gifting, **27:64**
Gifting interest in partnership, timing, related to funding partnership, **27:64**
Gifts of interests
generally, **27:76**
completion of gift, **27:77**
future interests, **27:78**
income tax issues, **27:79**
Income tax planning, **27:63**
Income tax principles, **27:70**
Information request, IRS estate tax examination, **27:118**
Life insurance, use with
generally, **27:103**
general rules, **27:104**
ownership by partnership, **27:105**
transfers to fund premiums, **27:106**
Liquidations
generally, **27:84**
marketable securities, **27:85**
Management and control, **27:65**
Minors as partners, **27:74**
Organization, **27:69**
Overview of benefits, **27:62**
Overview of entity freezing, **27:01**
Partner recognition
generally, **27:73**
conduct of business, **27:73.40**
income distributions, **27:73.30**
management participation, **27:73.20**
retained controls, **27:73.10**
Retention of preferred interest, **27:107**

PARTNERSHIP FREEZES—Cont'd
State tax avoidance, **27:67**
Structure of freeze, **27:61**
Trusts as partners, **27:75**
Types of transactions, **27:05**

PARTNERSHIP INTERESTS
Charitable remainder trusts, **12:60**
Life insurance exchanged for, **2:15**
Passive activity loss rules, **32:80**

PARTNERSHIP PURCHASE PLANS
Cross purchase distinction, **23:36**
Funding, **23:37**
Tax treatment considerations, **23:36**

PARTNERSHIPS
Accident and health plans, **3:93 to 3:100**
Accrual method of accounting, use by farmers, **4:6**
Adjusted basis of partner, distributions, tax treatment, **3:45**
Agreements
necessity, **3:4**
permanent existence, provision, **3:13**
Allocation of nonrecourse liabilities, **3:73**
Allocations to partners, made after the fact, **3:37**
Anti-abuse regulations
generally, **3:34**
disposing tax shelter investments, **25:4**
Appreciation in value, **10:46**
Assignee's right to force liquidation, **35:65**
At risk rules, **3:74**
Audits, bankruptcy exceptions, **3:34**
Balance sheet adjustments, **35:49**
Basis allocation, Regulations, **3:108**
Basis of partner
liabilities, effect, **3:73**
partnership interest, **3:72**
Built-in loss property, **3:42**
Business income, **4:4**
Business loss, **4:4**
Business transactions with partners, non-partner capacity, **3:38**
Buy-out agreements, use, **32:52**
Buy-sell agreements
cross purchase plans, **23:36**
funding, **23:37**
nature of agreement, **23:25**
partnership agreement, relationship, **23:25, 23:36**
partnership purchase plans, **23:36**
practical considerations, **23:36**
Section 754 election provisions, **23:36**
Calls, **23:22**
Capital accounts, determination and maintenance, **3:37**
Capital gains
generally, **23:10**
tax rates, **1:3**
tax treatment, **3:117**

PARTNERSHIPS—Cont'd
Capital structure, **3:19**
Cash distributions, **3:45**
Centralized management, **3:11**
Change in ownership, deemed terminations, **3:108**
Charitable gift of partnership interest, **12:39**
Child care assistance, **3:99**
Claims, personal liability, **3:9**
Classification for tax purposes, **3:4**
Close of partnership year, death of partner, **32:52**
Closely-held business interest, inclusion in definition, **35:36**
Community property, **10:46**
Conversion to limited liability company, **3:121**
Corporations and S corporations compared, **3:122**
Cross purchase plans, **23:36**
Death of a partner, close of partnership year, **32:52**
Death or retirement of partner
generally, **3:108, 23:9**
disposition of partner's interest, **3:113**
Debt interests of nonparticipating owners, **23:23**
Deceased partner, distribution to estate, **32:52**
Deductibility of losses, consideration in choice of entity, **3:54**
Definition, **3:4**
Dental reimbursement plans, **3:94**
Dependent care assistance, **3:99**
Depreciation, deduction recapture, **3:38**
Disability retirement benefits, deductibility, **3:95**
Discounted value, deceased partner's interest, **38:12**
Dissolutions
deceased partner's interest, **38:12**
termination, effect, **3:13**
Distributions, income in respect of decedent, **33:46**
Earnings distributions, **23:22**
Electing investment partnerships (EIPs), **3:43**
Employee death benefits, lump-sum exclusions, **3:97**
Enhancement of value, **10:46**
Equity interest transfers to debt interest, nonparticipating owners, **23:23**
Estate planning during partner's life, **23:1 et seq.**
Estate tax on partnership interests, **16:27**
Existence, uncertain duration, **3:13**
Expenses and formalities of organization, **3:17**
Family partnership as income shifting vehicle, **9:27**
Farming operations, tax year, **4:7**
Federal estate tax return listing, **34:69**
Fiscal year
factor in choice of entity, **3:102**
use for income shifting, **9:16**
Formation, basis of property contributed by partner, **3:106**
Freeze entities, **27:09**
Fringe benefits of corporations
compared
distributions, **3:83**
participation standards, **3:81**
comparison, top-heavy plans, **3:82**

PARTNERSHIPS—Cont'd
Funding of business interest purchase, **23:22**
General, **6:29**
General partners, limitation of liability, **3:9**
Gifts
interest, gift of
annual exclusion qualification, **8:13**
completed gifts, **8:33**
transfers of property to family partnerships as, **27:64**
Group-term life insurance, deductibility of premiums, **3:96**
Guaranteed payments to partner, **3:44**
Holding periods, capital gains, **1:3**
HR10 plans, establishment, **3:80**
Inadvertent termination, adverse tax consequences, **3:121**
Income in respect of decedent, applicability, **32:52**
Income or loss, computation, **3:35**
Income tax
generally, **3:4, 3:34 to 3:45**
general liability, **3:34**
partnership level adjustments, **3:34**
rates, **3:24**
Keogh plans, establishment, **3:80**
Land trusts, **10:38**
Life insurance transfers, **23:36**
Limitations period, **3:34**
Limited liability company, **3:6**
Limited partner's basis, **38:14**
Limited partnerships, **23:9, 23:20**
Liquidation
generally, **3:108**
deceased partner's interest, **38:12**
partnership interests, deductions, **23:36**
recognition of gains or losses, **3:117**
Liquidity of partner's estate, **23:7, 23:9, 23:10**
Lodging provided for convenience of employer, **3:98**
Management and control, **3:11**
Master limited partnerships, **6:28**
Meals provided for convenience of employer, **3:98**
Medical reimbursement plans, **3:94**
Net active income, determination, **6:11**
Noncontrolling parties, **23:22 to 23:24**
Nonparticipating owners, **23:22, 23:23**
Nonqualified deferred compensation plans, permissibility, **3:90**
Options, **23:22**
Partnership agreements, relationship to buy-sell agreement, **23:25, 23:36**
Partnership income, fiduciary income tax return line, **34:13**
Partnership losses
allowance, **3:34**
at risk rules, **3:74**
retroactive allocation, **3:75**
treatment, **3:72**
Partnership purchase plans, **23:36**
Passive income or loss, **4:4**
Passive owners, **23:22**

PARTNERSHIPS—Cont'd
Percentage depletion allowance, **3:40**
Postmortem basis adjustment, **33:35**
Professional corporations as partnership, **3:88**
Property
generally, **10:10, 10:46**
conveyance, **10:10**
divorce allocations, **10:10**
ownership, **10:10**
title, **10:10**
transfer, **10:10**
Uniform Partnership Act, **10:10**
Publicly traded, **6:28**
Puts, **23:22**
Qualified retirement plans
distributions, **3:83**
nondiscriminatory rules, **3:81**
participation standards, **3:81**
Retirement Equity Act, **3:83**
service credits, **3:81**
Receipts as income in respect of decedent, **32:52**
Restructure of ownership and control
buy-sell agreement provisions, **23:20**
devices, **23:22**
feasibility, **23:18**
general considerations, **23:16**
Retroactive allocation of losses, **3:75**
S corporations
comparison, **3:47, 3:122, 38:03**
shareholder, **3:46**
Sale of partnership interest
gain, taxation, **23:10**
gain or loss recognition, **38:14**
inventory element, **3:108**
source of liquidity, **23:9**
tax treatment, **3:108**
Section 179 depreciation allowance, **3:41**
Section 751 assets, **23:10**
Section 754 elections, buy-sell agreement provisions, **23:36**
Separate property, **10:46**
Settlement agreement terms, individual partners, **3:34**
Special allocations of partnership items
generally, **3:37**
restrictions, **3:37 to 3:43**
Special asset treatment
disposal of interest, **38:13**
income in respect of decedent, **38:15**
"inside" basis, **38:14**
"outside" basis, **38:14**
problems, **38:12**
taxable year, closing, **38:13**
Step-up basis, election, **38:14**
Substantial economic effect rule, **3:37**
Tax characteristics, **3:4**
Tax classification, requirements, **3:4**

PARTNERSHIPS—Cont'd
Tax Reform Act of 1997, **32:52**
Taxable year
choice, **3:102**
closing, **38:12**
Tax-free distributions, **3:45**
Tax-free formation, **3:106**
Termination for tax purposes, **3:121**
Top-heavy plans, requirements, **3:82**
Transferability of interests, **3:15**
Uniform Partnership Act
death of partner, **23:9**
title to real property, **10:10**
Valuation of interest, **35:36**
Wrongful acts of copartners, liability, **3:9**

PASSIVE ACTIVITIES
See also index heading TAX ADVANTAGED INVESTMENTS

PASSIVE ACTIVITY LOSSES
See also index heading TAX ADVANTAGED INVESTMENTS
Active income, **6:11**
Aggregation of activities, **6:9**
Definition, **6:9**
Depreciable property, S corporations, **3:76**
Disposition at death, **32:71**
Disposition by gift, **32:73**
Estates and trusts
generally, **32:70 et seq.**
consolidation of income tax returns for estate and revocable trust, **32:81**
joint return, **32:79**
material participation, **32:75**
partnership interests, **32:80**
passive activities
generally, **32:76**
year of death, **32:78**
planning considerations, **32:77**
rental real estate, **32:72**
reporting requirements, **32:82, 32:83**
when to make an election, **32:84**
Individual ownership, impact, **6:33**
Material participation, **6:10**
Oil and gas, working interest, **6:14**
Phase-in rules, **6:16**
Portfolio income, **6:12**
Postmortem income taxation, **33:04**
Rental activities, **6:13**
Residential rental property, applicability, **6:39**
Self rental, in business, **6:13**
Tax return preparation, **6:18**
Terminally ill client, review, **31:77**
Trade or business, applicability of rules, **6:48**
Transfers, **6:15**

PASSIVE INCOME
S corporations, **3:47**

PASSIVE INCOME—Cont'd
Tax shelter investments, **25:2**

PASSIVE LOSSES
Bankruptcy, **6:49**

PATENTS
Valuations, **35:60**

PATIENT CHARTS
Custody after physician's death, **31:17**

PAYMENTS
Characterization of, statute of limitations issues, **39:23**
Withheld taxes, deemed payment period, **39:23**

PECUNIARY DATE OF DISTRIBUTION FORMULA
Marital deduction clauses, **21:61**

PECUNIARY FAIRLY REPRESENTATIVE FORMULA
Advantages and disadvantages, **21:59, 21:66**
Form, **21:60**
Planning considerations, **21:66**

PECUNIARY FIXED SUM FORMULA
Advantages and disadvantages, **21:66**
Fixed sum devise advantages, **21:63**
Form, **21:62**
Planning considerations, **21:66**

PENALTIES
Disclosure to avoid, **39:31**
Excess retirement plan distributions, **13:15**
Foreign sourced income, **6:2**
Frivolous positions taken by taxpayers, additional sanctions for, **39:31**
Imposition in tax collection, **39:31**
Interest rate, enhanced, tax avoidance motive, **6:19**
No tax liability claims, **6:2**
Overstatements of property value, **39:31**
Revenue Reconciliation Act of 1989
accuracy-related penalty, **39:31**
fraudulent failure to file a return, **39:31**
negligence, **39:31**
Tax Court improper proceedings, **39:20**
valuation overpayment, **39:31**
valuation understatement, **39:31**
Section 409A, penalties for noncompliance with Section 409A, **2:89**
Tax advantage investments, **6:19**
Tax avoidance motive, **6:19**
Tax Court, **39:20**
Tax penalty due date, **39:31**
Tax shelters, **6:2**
Taxpayer identification number, failure to furnish, **39:31**
Understatements of property value, **39:31**

PENSION PLANS
See also index headings NONQUALIFIED DEFERRED COMPENSATION PLANS; QUALIFIED DEFERRED COMPENSATION PLANS; QUALIFIED RETIREMENT PLANS
Advantages, **5:2**
Amendments to plans, model for 2001 distribution rules, **5:39**
Beneficiary, designation, **5:42**
Benefits, limits, **5:29**
Change in funding method, **5:6**
Contribution limitations, IRAs, **5:59**
Contribution limits, **5:29**
Death benefits, **5:41**
Defined benefit plans, **5:6**
Defined contribution plans, **5:6**
Designated beneficiary determination, **5:39**
Discrimination testing, **5:25**
Distribution requirements, **5:6**
Distributions
method of payment, **5:40**
withholding, **5:65**
Employer contributions, limits, **5:29**
Factor in choice of business entity, **3:79, 3:81**
401(k) elections, **5:10, 5:11**
Funding method, changing, **5:6**
Funding obligation, discharge, **5:12**
Incidental nonretirement benefits, **5:7**
Income limits, phaseouts, **5:59**
In-service benefits, **5:7**
In-service distributions, taxation, **5:44**
Marital property rights, **5:42**
Medicare reimbursement, **13:10**
Minimum distribution requirement, **5:39**
Model amendments, distribution rules of 2001, **5:39**
Money purchase plans, **5:6**
Postmortem estate planning, **33:36 to 33:40**
QDROs, **3:84**
Qualification rules, **5:14 to 5:29**
Retirement benefits, taxation, **5:45**
Separation agreements and decrees, **11:33**
Survivor benefits, **5:7**
Welfare benefit plans, contribution limitations, **5:29**

PER CAPITA DISTRIBUTIONS
Will preparation, beneficiary designations, **18:13**

PER DIEM EXPENSES
Current amounts, **2:51**

PER STIRPES DISTRIBUTIONS
Will preparation, beneficiary designations, **18:13**

PERSONAL EXEMPTIONS
Estate income tax, **32:19**
Phaseout, **9:3**
Tax Cuts and Jobs Act, **1:3**
Trust income tax, **32:19**

PERSONAL HOLDING COMPANY
Tax, **3:33**

PERSONAL INJURIES
Settlement agreements for damages, **2:5**

PERSONAL INTEREST
Deduction, **32:22**

PERSONAL PROPERTY
Administration of estate, **31:21**
Assignment from grantor to trustee, form, **19:11**
Community property moved to common law state, **10:57**
Conflict of laws as to disposition, **20:5, 20:7**
Definitions, **10:1**
Exemptions, **18:21**
Extent of client's holdings, **15:8**
Gift tax, tenancy by the entirety creation and termination, prior law, before 1982, **10:26**
Gifts, **12:24**
Gifts by will, **18:20 et seq.**
Income, taxable item to estates and trusts, **32:13**
Intangible personal property, **10:1**
Section 2515A rule, prior law, before 1982, **10:26**
Taxes, deduction, **32:23**
Title as ownership, individually held property, **10:2**

PERSONAL REPRESENTATIVES
Accountability, **30:08**
Accountings, **30:08**
Accumulation of income, **36:03**
Alternate nominations by will, **18:54**
Ancillary administration appointment, authorization form, **30:18**
Ancillary personal representatives, **18:55**
Attorney as, **18:59**
Beneficiaries as representatives
compensation, **18:58**
taxation on estate assets, **30:22**
Bond requirements and conditions, **30:12**
Bond waiver by will, **18:56**
Choice of terminally ill client, **31:05**
Common law terms included in term, **30:08**
Compensation, **18:58**
Copyright of decedent, protection, **38:17**
Death of representative prior to distribution, **30:22**
Definition, **30:08**
Disclaimers, **37:5, 37:20**
Disposition of S corporation stock, duties, **38:05**
Duties, **30:08**
Estate fiscal year, election, **33:26**
Estate income tax, excess deductions, **33:28**
Estate tax, payment requirements, **16:66**
Estate tax return, filing requirements, **16:57, 16:66**
Farmland, valuation considerations, **38:08**
Fees, waiver, **33:25**
Fiduciary income tax return, tax year, **34:4**
Gifts, contingent upon service without compensation, **18:58**

PERSONAL REPRESENTATIVES—Cont'd
Income tax of estate, estimation, **33:27**
Income tax return, recognition of gain, **33:30**
Installment obligations, postmortem distribution, **33:47**
Inventory of liquid assets, **36:02**
Joint personal representatives
generally, **18:57**
nominations by will, **18:54**
Licenses of decedent, protection, **38:17**
Life insurance policy incidents of ownership in representative, estate tax, **16:29**
Nominations by will, **18:54, 18:55**
Payment of estate taxes, responsibility, **33:20**
Postmortem elections, **33:31**
Purchase of terminable interests for surviving spouse, estate tax marital deduction prohibition, **21:17**
QTIP elections with trusts, **21:40, 21:41, 21:74**
Relatives of decedent, individual representatives, **30:11**
Renunciation of will provisions on compensation, **18:58**
Residency requirement for individuals, **30:10, 30:11**
Royalties of decedent, protection, **38:17**
Sale of estate assets, court approval, **36:04**
Selection
planning suggestions, **30:17**
tax impact, **30:22**
Special assets of estate, consideration, **38:02**
Successor nominations by will, **18:54**
Support obligation to beneficiaries, **30:22**
Taxation of compensation, **18:58**
Terminally ill clients, review of choice, **31:29**

PERSONAL RESIDENCE
Grantor retained interest trusts
regulations, **28:7**
use by family, **28:7**
Qualified personal residence trusts (QPRTs), considerations for using, **28:6**

PERSONAL SERVICE CORPORATIONS
Calendar year, requirement, **6:31**
Definition, **6:31**
Income tax avoidance, **3:88**
Leased employees, **3:87**
Management functions, performance, **3:86**
Passive activity loss rules, application, **6:31**
Qualified appraisals, **12:8**
Retirement plans, **3:85**
Safe harbor provisions, **3:87**
Taxable year, **3:101**

PETITIONS FOR REDETERMINATION OF TAX DEFICIENCY
Content, **39:18**
Filing method, **39:18**
Format, **39:18**
Mail filing, **39:18**
Place for filing, **39:18**

PETITIONS FOR REDETERMINATION OF TAX DEFICIENCY—Cont'd
Place of trial preference request, **39:18**
Time for filing, **39:2, 39:17, 39:18**

PHANTOM GAIN
Basic concepts, **25:4**

PHANTOM STOCK
S corporation qualification, **2:76**

PHONE PAYMENTS
Gifts, **12:20**

PHYSICAL INJURIES
Damage awards, excludability, **2:5**

PHYSICIANS
Estates, special problems, **38:16**
Wills, special problems, **31:17**

PICKUP TAXES
Credit against tax, **16:62**
State tax type, **20:21**

PLANNING
Generally, **15:1**
Accountant, role, **1:17**
Ancillary administration avoidance, **20:25 to 20:27**
Asset appreciation, shifting, **27:01**
Attorney, role, **1:16**
Business agreements, **1:12**
Charitable contributions, testamentary, **24:1**
Charitable lead trusts, **12:50**
Charitable remainder trusts, **12:42**
use of, **12:50**
Client discussion questions
generally, **15:14**
post-interview checklist, **15:15**
Closely held businesses, **23:1, 23:1 et seq.**
Complete estate plan, **1:14**
Computers, use
generally, **1:22**
administration of estate, **1:25**
client-data retrieval, **1:25**
document indexing, **1:25**
document preparation, **1:24**
tax analysis, **1:23**
tax returns, **1:23**
Conflicts of interest
generally, **1:27**
business associates, **1:30**
husband and wife, **1:28**
multiple family members, **1:29**
Disclaimers as estate planning device, **37:19 et seq.**
Divorce and separation, **11:1 et seq.**
Documents, **1:9**
Domicile choice, **20:5 to 20:23**
Entity freezes, partnerships, family controlled, **27:63**

PLANNING—Cont'd
Estate planning overview, **17:1**
Estate tax marital deductions, **21:66**
Estate tax planning
definition, **1:5**
foundation, **1:5**
lifetime of client, **1:6**
postmortem, **1:7**
Farmers, **4:12**
Fiduciary selection, **30:01 et seq.**
Financial planner, role, **1:20**
Generation skipping transfers
children, mandatory income interests and powers, **26:51**
estate tax substitution, **26:46**
exempt trust, created by gift tax annual exclusion, **26:48**
exemptions, utilization, **26:44**
gift tax, substitution, **26:46**
leveraged use of exemption, **26:49**
nonskip person trust, consideration, **26:50**
preservation of grandfathered trusts, **26:52**
separate exempt and nonexempt trusts, creation, **26:45**
untimely death, mitigation of effect, **26:51**
Gift loans, use, **9:22**
Gifting plans, **8:3**
Goals, **1:8**
Grantor retained income trusts (GRITs), **28:8, 28:11**
Imminent death planning, **31:01**
Income in respect of decedent techniques, **32:55**
Income shifting, gift or demand loans, **9:22**
Income tax planning, **1:3**
Initial client questionnaire, **15:11**
Investments, **6:49**
Life insurance products, generally, **7:1 to 7:70**
Life underwriter, role, **1:18**
Malpractice prevention, **1:31**
Marital agreements, **1:13**
Marital deduction, use, **21:4**
Marital deduction trusts
generally, **16:49**
testamentary transfers, **21:29 et seq.**
Marital deduction utilization, estate tax, postmortem planning, **21:70 et seq.**
Multi-disciplinary team, **1:15**
Passive activity losses, **32:70 et seq.**
Planning team, coordination, **1:21**
Postmortem income tax planning, **10:50 to 10:53**
Postmortem planning for marital deduction, **21:70 et seq.**
Questionnaire for client, **15:11**
Ranchers, **4:1 et seq.**
Residuary direction, lifetime gifts, effect on balance, **18:9**
Retirement issues, **13:2**
Retirement planning, **13:1**
Separation and divorce, **11:1 et seq.**
Single clients, **14:1**
Special use valuation, **4:32**
Successor planner, intent of testator, **18:2**

PLANNING—Cont'd
Tax shelters upon death, **25:13**
Terminally ill clients, **31:39**
Testamentary estate planning, **24:1**
Trust officer, role, **1:19**
Trusts, **1:11**
Unmarried clients, **14:1**
Wills, necessity, **1:10**

PLEADINGS
Tax protestor litigation, attorney liability, **1:31**

PLEDGES AS GIFTS
Generally, **12:20**

POINTS (MORTGAGES)
Refinanced loan, **33:08**

POLITICAL SUBDIVISION
Charitable organization, **24:5**

POLLUTION LIABILITY
Planning for testator, **31:80**

POOLED INCOME FUNDS
Charitable remainder trusts
use with, **12:74**
value, **12:75**
Definition, **24:25**
Estate tax charitable deduction, **16:54**
Form (IRS sample), **12:97**
Generation skipping tax, exceptions, **26:17**
Gift tax charitable deduction, **16:20**
Gross estate, inclusion, **24:25**
Income taxation, **12:76**
Instrument of transfer, form, **12:97**
Value, **12:75**

PORTABILITY
Health Insurance Portability and Accountability Act, **1:4**
Postmortem estate planning, **33:21.50**

PORTFOLIO INCOME
Definition, **25:2**
Tax treatment, **6:12**

POSTBOX RULE
Private delivery services, permissibility, **39:23**

POSTMORTEM ESTATE PLANNING
Generally, **33:01 et seq.**
See also index headings ESTATE PLANNING; TERMINAL ILLNESS
Alternate valuation date, return filed late, **33:14**
Ancillary administration, avoiding, **10:56**
Closely held stock, redemption, **33:33**
Community property income tax, **10:50, 10:52, 10:53**
Corporate liquidation, **33:34**
Disclaimers
generally, **37:1**
use, **33:11**

POSTMORTEM ESTATE PLANNING—Cont'd
Distributions
fractional share formula, **33:44**
funding specific devises, **33:44**
income in respect of decedent, **33:46**
pecuniary fixed sum formula, **33:44**
pecuniary-fairly representative clause, **33:44**
shifting taxable income, **33:43**
tax impact, **33:41**
timing, **33:42**
trapping, **33:45**
Election to take against will, **33:12**
Employee stock ownership plans, use, **33:17**
Equitable adjustments, **33:48**
Estate as separate taxpayer, advantages, **33:26**
Estate tax return
alternate valuation, **33:14**
elections available, **33:13**
extension of time to file, **33:18**
filing, **33:01**
Estate taxes, payment, **33:20**
Final gift tax return, **33:09**
Final income tax return
capital losses, **33:04**
estimated payments, **33:05**
filing status of decedent, **33:03**
increasing reportable income, **33:08**
joint return, election by surviving spouse, **33:03**
medical deductions, **33:06**
net operating losses, **33:04**
passive activity losses, **33:04**
personal liability of executor, **33:08**
preparation, **33:02**
principal residence capital gains exclusion, election, **33:08**
requirements, **33:02**
treasury bond interest, accrual, **33:07**
unamortized mortgage loan costs, deduction, **33:08**
unrecovered investment deduction, **33:08**
unused loss carryforwards, **33:04**
Fractional share formula, **33:44**
Generation skipping tax, exemption, **33:21**
Importance, **33:01**
Income earned by estate, reporting, **33:22**
Income tax planning, **10:50 to 10:53**
Income tax returns of estate
additional estate tax, former law, **33:40**
administration expenses, deductibility, **33:23**
capital losses, treatment, **33:29**
casualty or theft losses, deductibility, **33:23**
corporate liquidations, **33:34**
corporate redemptions, **33:33**
employer-paid death benefit exclusion, **33:37**
estate fiscal year, election, **33:26**
estate tax, partial exclusion, **33:39**
estimated payments, **33:27**

POSTMORTEM ESTATE PLANNING—Cont'd
Income tax returns of estate—Cont'd
excess deduction, treatment, **33:28**
excess retirement accumulations, **33:40**
excise taxes, former law, **33:40**
interest expense, deduction, **33:23**
net operating losses, treatment, **33:29**
partnership basis adjustment, **33:35**
preparation, **33:22**
property not subject to claims, deductions, **33:24**
qualified deferred compensation plans, lump sum distributions, **33:38**
recognition of gain, election, **33:30**
S corporation election, **33:32**
selling expenses, deduction, **33:23**
unused loss carryovers, **33:29**
Liquidation of corporation, **33:34**
Marital clauses, funding, **33:44**
Marital deduction utilization, **21:70 et seq.**
Maximizing number of beneficiaries, **33:43**
Mobile clients, **10:57**
Partnership basis adjustment, **33:35**
Payment of estate taxes, **33:19**
Pecuniary fixed sum formula, **33:44**
Pecuniary-fairly representative clause, **33:44**
Personal representative fees, waiver, **33:25**
Portability election, **33:21.50**
QTIP trust, use for martial deduction, **33:16**
Reversionary interest in closely held business, payment of estate taxes, **33:19**
S corporation shares, termination of election, **33:32**
Sale of securities to ESOP, estate tax deduction, **33:17**
Surviving spouse election, **33:12**
Will contests, **33:12**

POSTMORTEM MATERIAL PARTICIPATION
Special use valuation, **4:20**

POSTMORTEM PLANNING
Allocation of GST exemption, EGTRRA 2001, **33:21**
EGTRRA 2001, **33:21**
Generation skipping transfer tax, retroactive allocation of exemption, **33:21**

POSTMORTEM QUALIFIED USE PROPERTY
Special use valuation, **4:19**

POSTNUPTIAL AGREEMENTS
Generally, **11:39**
See also index headings MARITAL AGREEMENTS; PRENUPTIAL AGREEMENTS
Community property
generally, **10:58**
partition agreement, form, **10:61**
Election right against spouse's will, **20:7**
Partition of community property, form, **10:61**
Requirements, **20:12**
Separate property, **10:58, 10:61**

POSTNUPTIAL AGREEMENTS—Cont'd
Tax aspects, **11:40**

POUR-OVER CLAUSES
Will preparation, **18:44**

POUR-OVER GIFTS
Lapse by revocation or termination of inter vivos trust before death, **18:44**
Requirements for validity, **18:44**

POUR-OVER WILLS
Description, **18:44**
Form, **18:71**
Importance to estate plan, **18:44**
Incorporation by reference of trust instrument, **18:44**
Revocable living trusts, use, **19:28**
Trust instrument's relationship, **18:60**

POWER OF APPOINTMENT TRUSTS
Characteristics, **18:45**
Marital deduction
qualification requirements, **18:45**
surviving spouse powers, **19:36**

POWER OF ATTORNEY
Actions authorized, **8:33**
Attorneys-in-fact, durable powers, **30:05**
Bond, necessity, **30:12**
Business transactions, use, **17:7**
Continuing a pattern of giving, **8:33**
Definition, **17:7**
Durable powers of attorney. See index heading DURABLE POWERS OF ATTORNEY
Escrow letter, form, **17:10**
Estate planning tool, **17:7**
Exercise for benefit of power-holder, **17:2**
Flexibility, **17:7**
Form 2848, power of attorney and declaration of representative, **34:135**
General powers, definition, **17:8**
Gifts by
pattern of principal's conduct, **8:33**
specific powers required, **8:33**
Gifts from incompetent person, **16:14**
Medical expenses, authorization, **17:7**
Pattern of giving, **8:33**
Power of attorney, enumeration of powers, **30:05**
Powers, **30:05**
Qualifications, **30:11**
Real property transactions, **17:11**
Residency as not required, **30:10**
Revocability, **17:7**
Revocable gifts, **17:7**
Revocable or amendable transfers, gross estate, **16:45**
Taxpayer representatives, **39:3, 39:6**
Termination of authority, **17:11**
Testimony of attorney, **8:33**

POWER OF ATTORNEY—Cont'd
Unmarried client, use, **14:10**
Validity of transactions, **17:11**

POWERS OF APPOINTMENT
Annuity contract proceeds, estate tax marital deduction, **21:44**
Ascertainable standards, post-October 21, 1942 powers, **16:32**
Classes of persons, **16:32**
Creation, gift tax, overview, **16:7**
Decedent's estate, inclusion, **17:60**
Definitions, general powers, **16:7, 18:31**
Disclaimers, **17:62, 37:11, 37:14**
Discretion standard of trustee, change in as avoiding general power of appointment, **16:32**
Dollar amount expression, **21:31, 21:36**
Donor's intention, testimony of drafter, **16:32**
Endowment policy proceeds, estate tax marital deduction, **21:44**
ESBT beneficiaries, **23:39**
Estate tax charitable deduction, eligibility, **24:9**
Exclusive powers, **17:54**
Exercise
by specific reference, **17:55**
creation of other power, **16:35**
estate tax, **16:32 to 16:35**
exercise to pay marginal tax increase, form, **17:61**
form, **17:56, 31:11**
gift tax, **16:7**
in conjunction with other, pre-1942, **16:33**
in conjunction with other person, post-1942, **16:32**
Federal estate tax return listing, **34:72**
Five and five powers
overview, **16:7**
post-October 21, 1942 powers, **16:34**
General power with life estate
powers qualifying, **21:36**
requirements for deductibility, **21:29 et seq.**
requirements for power, **21:36**
General powers
ascertainable standards, **16:32**
definitions, **16:7**
exercise only in conjunction with other, **16:33**
exercise only in conjunction with other person, **16:32**
generation skipping tax, effective date rules, **26:31**
gift tax, **16:7, 16:14**
gross estate
inclusion, **16:27, 16:31 to 16:34**
inclusion prior to 1942, **16:36**
marital deduction, life estates with general power, **21:29 et seq.**
post-October 21, 1942 powers, **16:32, 16:34**
pre-October 21, 1942, powers held or exercised at death, **16:33**
reforming original document, **16:32**

POWERS OF APPOINTMENT—Cont'd
General powers—Cont'd
taxability, **17:59**
Generation skipping rules, applicability, **17:53**
Gift tax
generally, **17:63, 37:14**
completed gifts, **16:14**
overview, **16:7**
Gross estate, inclusion
generally, **16:31 et seq.**
overview, **16:27**
Income tax treatment, **17:65**
Insurance proceeds, estate tax marital deduction, **21:44**
Inter vivos powers, **17:54**
Interests retained at exercise or release
generally, **16:35**
post-October 21, 1942 powers, **16:34**
Invasion or consumption of principal, good faith rule, **21:36**
Judicial injunction, effect, **16:32**
Lapsed powers
generally, **17:62**
estate tax
inclusion prior to 1942, **16:36**
post-October 21, 1942, **16:34**
gift tax, **16:7**
Life estate with general power, testamentary transfers, **21:29 et seq.**
Life insurance, powers over payments, **21:19, 21:44**
Marital deduction, estate tax
insurance proceeds with power, **21:44**
life estates with general power, **21:29 et seq.**
mental capacity of holder, **16:32**
Necessity, **17:58**
Nonexclusive
generally, **17:54**
form, **17:57**
Nongeneral powers
gift tax, **16:7**
post-October 21, 1942 powers
generally, **16:31**
exercised to create other power, **16:35**
pre-October 22, 1942 general power, partial releases, **16:36**
Nontaxable powers, **17:58**
Passage from decedent, requirement, **21:12**
Permissible appointees, **17:54**
Power to use or distribute property in satisfaction of legal obligation, **17:58**
Pre-1942 powers, **17:64**
Presently held by client, review, **31:10**
QTIP elections, **21:38**
QTIP trust conversion, rights of surviving spouse, **21:38**
QTIP trusts, **16:55, 21:38**
Reformation in state court, general powers, **16:32**
Releases
generally, **17:62**

POWERS OF APPOINTMENT—Cont'd
Releases—Cont'd
estate tax
inclusion prior to 1942, **16:36**
post-October 21, 1942, **16:34**
gift tax, **16:7**
Retention by donor, **8:41**
Scope of power for tax purposes, **17:58**
Terminable interest rule exceptions, **21:44**
Testamentary powers, inclusion in donee's estate, **17:60**
Third party powers, estate tax marital deduction, **21:37**
Trusts, **19:36**
Types of powers for tax purposes, **17:58**
Unnecessary elections, **21:38**
Uses in estate planning, **17:53**
Will exercise, **18:51**

POWERS RETAINED ON GIFTS
Gross estate determination, **16:42 to 16:46**

POWERS TO ALTER, AMEND, REVOKE, OR TERMINATE
Contingency for exercise, estate tax, **16:45, 16:46**
Estate tax
generally, **16:45**
fiduciary selection, **30:25**
Estate tax considerations, **16:46**
Judicially enforceable standards, **16:45**

PRACTITIONERS
Tax shelter opinions, Circular 230 amendments, **6:19**

PRECATORY DISTRIBUTIONS
Advantages and risk, **18:24**
Beneficiary's gift tax liability, **18:24**
Definition, **18:24**
Testamentary gifts of tangible personal property for minors, **18:25**

PRECIOUS METALS
Valuations, **35:11**

PREDECEASED CHILD RULE
Generation skipping tax, **26:19**

PREFERRED SHARES
Entity freezes, basic structure, **27:10**
Tax treatment, **6:47**
Valuation, **35:70**

PREFERRED STOCK
Transfers upon organizing entity, **3:105**
Treatment in Section 351 transaction, **3:105**

PREFERRED STOCK RECAPITALIZATIONS
Generally, **27:07**
Entity freezing, overview, **27:01**
Grantor retained income trust as alternative, **28:3**
Overview of entity freezing, **27:01**
Types of transactions, **27:05**

PRELIMINARY NOTICES OF PROPOSED TAX DEFICIENCY
Generally, **39:2**
30-day letter, **39:13**

PRENUPTIAL AGREEMENTS
Generally, **11:39**
See also index headings MARITAL AGREEMENTS; POSTNUPTIAL AGREEMENTS
Community property, **10:58, 20:13**
Estate planning considerations, **17:26**
Form, **11:41**
Requirements, **20:12**
Tax aspects, **11:40**
Waiver of election against will, **20:7**

PREPAID TUITION PLANS
State sponsored plans, exclusion from debt instrument treatment, **2:46**

PREPARATION AND FILING OF FORMS
Generally, **34:52**
See also index heading FORMS
Computation of tax, **34:26 to 34:30**
Discharge from personal liability
filing, **34:132**
Form 5495: income and gift taxes, **34:133**
letter, estate tax, **34:134**
Federal estate tax returns
adjusted taxable gifts, **34:63**
alternate valuation, election, **34:74**
basic information, **34:62**
closely held corporations interest, **34:69**
completed forms, **34:112 to 34:115**
computation of generation skipping tax, **34:106**
credits, **34:99 to 34:104**
deductions, **34:92 to 34:98**
domicile, **34:62**
elections by executor, **34:74 to 34:79**
employer identification number, **34:116**
ESOP plan, election, **34:79**
excess retirement accumulations, **34:111**
extension of time to pay estate tax, application, **34:128**
family-owned business interest deduction, **34:99**
filing requirements, **34:60**
Form 56: notice concerning fiduciary relationship, **34:120**
Form 712: life insurance statement, **34:122**
Form 4810: request for prompt assessment, **34:131**
Form SS-4: employer identification number, **34:117**
gathering information, **34:59**
generation skipping tax
completed form, **34:113**
filing requirements, **34:107**
generation skipping tax computations, **34:105 to 34:110**
generation skipping tax exemption, **34:108**
generation skipping tax grandchild exclusion, **34:109**
gift tax credit, **34:102**

PREPARATION AND FILING OF FORMS—Cont'd
Federal estate tax returns—Cont'd
gift tax returns previously filed, **34:67**
gross estate, **34:80 to 34:91**
information about decedent, **34:64**
installment payments of tax, **34:77**
life insurance policies, **34:68**
statement, **34:121**
lifetime transfers by decedent, **34:70**
notice of fiduciary relationship, **34:119**
other forms to file, **34:116 to 34:134**
partnership interests, **34:69**
personal information about decedent, **34:65**
place of filing, **34:60**
powers of appointment, **34:72**
QTIP property election, **34:76**
QTIP property in surviving spouse's estate, **34:66**
real property, physical description and valuation, **34:83**
refund due deceased taxpayer, claim, **34:124**
request for prompt assessment, **34:130**
reversionary interests, postponement of tax, **34:78**
revocable living trust, completed form, **34:112**
Schedule A: real estate valuation, **34:83**
Schedule A-1: special use valuation, **34:83**
Schedule B: stocks and bonds, **34:84**
Schedule C: mortgages, notes receivable and cash, **34:85**
Schedule D: insurance on decedent's life, **34:86**
Schedule E: joint property, **34:87**
Schedule F: miscellaneous property, **34:88**
Schedule G: transfers during life, **34:89**
Schedule H: powers of appointment, **34:90**
Schedule I: annuities, **34:91**
Schedule J: funeral and administrative expenses, **34:93**
Schedule K: debts, **34:94**
Schedule L: net loss during administration, **34:95**
Schedule M: marital deduction, **34:96**
Schedule N: ESOP deduction, **34:97**
Schedule O: charitable deduction, **34:98**
Schedule P: foreign estate tax credit, **34:103**
Schedule Q: prior transfer tax credit, **34:104**
Schedule R: GST tax computation, **34:106**
Schedule R-1: notice to trustee, **34:110**
Schedule T: family-owned business interest deduction, **34:99**
signatures, **34:62**
small estates, filing requirements, **34:61**
sole proprietorship interest, **34:69**
special use valuation, **34:75**
state estate tax credit, **34:101**
trusts, interests held by decedent, **34:71**
unified credit, **34:100**
Fiduciary income tax returns
accrued wages, **34:18**
adjusted total income, **34:22**
alternative minimum tax, **34:28**
balance due, **34:30**

PREPARATION AND FILING OF FORMS—Cont'd
Fiduciary income tax returns—Cont'd
capital gain or loss, **34:16**
charitable deduction, **34:21**
components, **34:2**
credits, **34:27**
deductions, **34:19 to 34:25**
depreciable property, necessary form, **34:14**
dividend exclusion, **34:23**
dividend income, **34:12**
election to recognize gain, **34:33**
employer identification number, obtaining, **34:10**
estate open for two or more years, explanation, **34:33**
estate tax deduction, **34:24**
estates, **34:4**
estimated tax, payment, **34:8**
exemption, **34:25**
fiduciary fees deduction, **34:21**
filing requirements, **34:3**
general identifying information, importance of accuracy, **34:11**
gross tax, computation, **34:26**
income and losses from other estates or trusts, **34:13**
income distribution deduction, **34:22**
income or loss, **34:12 to 34:18**
individual retirement account distributions, **34:18**
interest deductions, **34:20**
interest income, **34:12**
management of property expenses, deduction, **34:21**
monthly monitoring of entity, **34:34**
net business income, **34:15**
net farm income, **34:15**
net rent income, **34:14**
ordinary gain or loss, **34:17**
partnership income or loss, **34:13**
payment of tax, **34:8**
payments, listing, **34:29**
place to file, **34:7**
preparation tips, **34:34**
professional service fees, deduction, **34:21**
profit-sharing plan distributions, **34:18**
recapture of investment credit, **34:28**
reduction of deductions, **34:19**
retirement plan distributions, **34:18**
royalty income, **34:14**
S corporation income, **34:18**
Schedule A: charitable deduction, **34:31**
Schedule B: income distribution deduction, **34:32**
sixty-five day rule election, **34:33**
tax rates, **34:26**
taxable year, selection, **34:9**
time to file, **34:6**
trusts, **34:5**
Gift and generation skipping tax (GST) returns
annual donee exclusion, **34:40**
basic computations, **34:42**

PREPARATION AND FILING OF FORMS—Cont'd
Gift and generation skipping tax (GST) returns—Cont'd
calendar year, choice, **34:39**
charitable deduction, **34:45**
extensions for payment of tax, **34:39**
filing requirements, **34:39**
foreign gift tax credit, **34:48**
format of return, **34:42**
generation skipping tax exemption, **34:51**

PRERESIDUARY CLAUSES
Will preparation, **18:39**

PRERESIDUARY GIFTS
Definition, **18:39**
Marital gifts, **18:40**
Use, **18:39**

PRESENT INTEREST OF PROPERTY TO BE ACQUIRED IN FUTURE
Trust preparation, **19:9**

PRESENT INTERESTS
Crummey powers, **8:15**
Gift planning, **8:13 to 8:26**

PRETAX FORMULA
Estate tax marital deduction, **21:57**

PREVIOUSLY TAXED PROPERTY CREDIT (PTP CREDIT)
Planning for imminent death, **31:37**
Simultaneous deaths, **31:37**

PRIMARY BENEFICIARIES
Crummey powers, **8:15**

PRINCIPAL RESIDENCE
Multiple residences, ownership of, **20:19**
Sales. See index heading PRINCIPAL RESIDENCE SALES

PRINCIPAL RESIDENCE SALES
Choice of domicile, **20:19**

PRIOR TRANSFER TAX CREDIT
Estate tax, **34:104**

PRIVATE ANNUITIES
Asset freeze technique
generally, **29:37 to 29:45**
comparative chart, **29:50**
form for agreement, **29:49**
Death imminent, Section 2036(c), **31:40**
Imminent death planning, use, **31:40**
Qualified debt, **14:18**
Terminally ill clients, use, **31:40**
Unmarried clients, use, **14:18**

PRIVATE FOUNDATIONS
Capital gains property, limitations on gifts, **12:14**
Charitable contributions, limitations, **12:11**
Charitable gifts, issues to consider, **12:89**

PRIVATE FOUNDATIONS—Cont'd
Charitable lead trusts, rules, **24:26**
Charitable purpose, **24:33**
Charitable remainder trusts
remainder interests, **12:53**
rules, **12:63**
Charitable remainders, change beneficiary by will, **24:20**
CRUTs, multiple with related beneficiaries, self-dealing prohibition, **24:26**
Definition, **12:89**
Director of foundation, family member of grantor, **12:63**
Disclosure rules, exempt organization standards, **12:89**
Dissolution, **24:33**
Estate tax charitable deduction, **24:33**
Exempt status, application, **24:33**
Expenses of board members, permissible payments, **12:89**
Form of entity, **24:33**
Managers, succession, **24:33**
Nonexempt activities, **24:33**
Prohibitions, **24:33**
Termination issues, **12:89**
Termination tax, **24:15**
Testamentary provisions, **24:33**
Trustee powers, naming remainder charitable organization, **24:20**
Use, **12:89**

PRIVATE LETTER RULINGS
Requests, expatriation motivation, **1:4**

PRIVATE NURSING CARE
Medicare coverage, **13:10**

PRIVATE PLACEMENT
Life insurance, **22:5**

PRIVATE PLACEMENT STOCK
Valuations, **35:32**

PRIVILEGE
Attorney-client
generally, **1:16**
accountant material transferred, **1:17**
Work product, **1:16**

PRIVILEGED COMMUNICATIONS
Accountants
generally, **1:16**
transfers to attorneys, **1:17**
Attorneys, **1:16**

PROBATE
Gross estate interests and assets, overview, **16:27**
Revocable living trusts, avoidance, **19:15**

PROBATE ESTATE
Alimony for recipient, not included in estate, **16:27**

PROFESSIONAL CORPORATIONS
Income tax avoidance as principal purpose, **3:88**

PROFESSIONAL CORPORATIONS—Cont'd
Leased employees, retirement compensation, **3:87**
Management functions, performance, **3:86**
Retirement plans, special rules applicable, **3:85**
Single partnership entity, treatment, **3:88**

PROFESSIONAL PRACTICES
Valuation methods, **35:71 to 35:74**

PROFIT SHARING PLANS
Advantages, **5:2**
Definition, **5:8**
Distributions
date, **5:38**
estate income taxation, **32:46**
fiduciary income tax return line, **34:18**
form of payment, **5:40**
trust income taxation, **32:46**
In-service distributions
generally, **5:35**
taxation, **5:44**
Loans to participants, **5:36**
Qualification rules, **5:14 to 5:29**
Required distributions, **5:37**

PROHIBITED TRANSACTIONS
Individual Retirement Accounts, **5:64**

PROMISSORY NOTES
Gifts, **12:20**
Value, **35:61**

PROPERLY MAILED DOCUMENT PRESUMPTION
Special use valuation, executor elections, **34:75**

PROPERTY
See also index headings PERSONAL PROPERTY; REAL PROPERTY
Community property, **10:2, 10:7, 10:39 et seq.**
Conservation easement exclusion
amount of exclusion, **34:92**
filing requirements, **34:81**
Corporate property, **10:9**
Definitions, **10:1, 18:12**
Dividing fractional interests, charitable contributions, **12:87**
Division of property. See index heading DIVORCE AND SEPARATION
Exempt property
generally, **18:21**
homestead, **10:14, 18:33, 20:7**
Inception of title rule, **10:7**
Individually held property, **10:2**
Intellectual property, gifts of present interest, **12:38**
Joint management community property, **10:7, 10:13**
Marital property, **10:52**
Nonresidents, situated in United States, **16:70**
Ownership types
generally, **10:1 et seq.**
tax considerations, **10:18 et seq.**
Partnership property, **10:10**

PROPERTY—Cont'd
Separate property, **10:2, 10:7, 10:45 et seq.**
Sole management community property, **10:7, 10:13**
Tax considerations, types of property ownership, **10:18 et seq.**
Taxes, estate tax deduction, **16:52**
Tenured faculty position, property right, **3:20**

PROPERTY TAXES
Estate tax deductibility, **16:52**

PROTECTIVE CLAIMS
Tax refund, **39:24**

PROTECTIVE ELECTION
Special use valuation, **38:10**

PROTESTS
Avoidance with requested 90-day letter, **39:17**
Contents, **39:15**
Filing, **39:2, 39:15**
Form, **39:15**
Information requirements, **39:15**
Necessity, **39:15**
Place for filing, **39:15**
Relationship to administrative and judicial process, **39:2**
Review, **39:15**
Taxpayer representative's declaration, **39:15**
Technical advice requests, **39:15**
Time for filing, **39:2, 39:15**
Transfer, **39:15**
Undue hardship as ground for transfer request, **39:15**

PROTOTYPE PLANS
Opinion letters, application for, **5:14**

PROVISIONS
Generally, **19:61**
See index heading FORMS

PRUDENT MAN RULE
Fiduciary selection, **30:07**

PS 58 RATES
Valuing life insurance, ''carve out'' arrangements, **2:31**

PS-58 TABLES
Valuing life insurance, Notice 2001-10, **2:24**

PTP CREDIT
See index heading PREVIOUSLY TAXED PROPERTY CREDIT

PUBLIC CHARITIES
Definition, **12:89**

PUBLICATION 5
Thirty-day letter enclosure, **39:13**

PUBLICATION 78
Charitable deductions, organization not listed, **18:13**
Charitable gifts, tax exempt status of charity, **12:11**

PUBLICITY
Corporate sponsorship arrangements, **12:16**
Property ownership, avoidance of publicity, **10:15**

PUBLISHERS CLIPPINGS LIBRARY
Tax basis, **12:8**

PUNITIVE DAMAGES
Generally, **2:5**

PUTS
Closely held businesses, **23:22**

QEAA
See index heading QUALIFIED EXCHANGE ACCOMMODATION ARRANGEMENT (QEAA)

QMDM
See index heading QUANTITATIVE MARKETABILITY DISCOUNT MODEL (QMDM)

QPRT
Generally, **28:7**
See also index headings QUALIFIED PERSONAL RESIDENTIAL TRUSTS; GRANTOR RETAINED INCOME TRUSTS; GRANTOR RETAINED ANNUITY TRUSTS; TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988

QSSTs
See index heading QUALIFIED SUBCHAPTER S TRUSTS

QSUB DESIGNATION
Form 8869, **3:46**

QTIP LIFE ESTATES
Election, contingent on election, **21:38**

QTIP TRUSTS
Advantages, **18:45**
Authorization of partial election, form, **21:41**
Avoiding inclusion in second estate, testamentary transfers, **21:39**
Beneficiary is trustee, powers of spouse, **5:65**
Characteristics, **18:45**
Contingent interests, **21:38**
Conversion of trust assets to other property, **21:43**
Disclaimers
generally, **37:6, 37:15, 37:21**
disclaimer to create qualifying trust, form, **37:27**
Drafting requirements, testamentary transfers, **21:39**
Election
generally, **16:20, 16:21**
amended return, **21:40**
method, **21:40**
personal representative, **21:40, 21:41, 21:74**
Estate tax
generally, **16:55**
surviving spouse, **21:39**
Estate tax election, **21:38 et seq.**
Estate tax marital deduction, qualifications, **19:36**
Estate tax return election, **34:76**

QTIP TRUSTS—Cont'd
Fiduciary powers, **19:44**
Forms
disclaimer to create trust, **37:27**
partial election authorization, **21:41**
severance of trust authorization, **21:41**
Fractional share formula, qualifying devise, form, **21:58**
Generation skipping tax
additional election, **33:21**
effective date rules, **26:32**
exemption, **33:21**
Gift tax marital deduction, **16:20**
Gifts
income interest, **21:43**
third parties, **21:38**
Homestead life estate, **20:7**
Inclusion in surviving spouse's estate, presumption, **21:42**
Income interest
dispositions, **21:43**
transfers, gift tax, **16:8**
Income payments, testamentary transfers, **21:39**
Life estates
generally, **21:38 et seq.**
drafting requirements, **21:39**
limitations, **21:38**
Marital deduction qualification, **18:45**
Negative tax, **21:38**
Net gift characterization, **21:43**
Nonqualified deferred compensation plans, **5:3**
Partial elections
generally, **21:40**
form for authorization, **21:41**
Partitioning trust, **21:43**
Personal representative, **21:40**
Postmortem estate planning, use, **33:16**
Powers of appointment
executor discretion, effect, **21:38**
Property includable, **21:38**
Provision for paying tax from QTIP, spouse's death, form, **26:59**
Qualified income interest for life requirement, **21:38**
Qualified Sub S trust (QSSTs) qualification, **23:40**
Rehabilitation of trust, disclaimers from disqualified beneficiaries, **33:11**
Remainder interest transfers, **21:43**
Requirements
generally, **21:38**
drafting provisions, **21:39**
Return requirements, **16:21**
Right of first refusal to buy trust asset, effect on election, **21:38**
Section 2207A, net gift characterization, **21:43**
Severance
generally, **21:40**
authorization, form, **21:41**
Split gifts between spouse and charity, **21:45**

QTIP TRUSTS—Cont'd
State taxes, owner of remainder interest, **16:69**
Surviving spouse's estate
estate tax, **16:49**
inclusion, **21:42**
Time, **21:40**
Trust rehabilitated, disclaimers from disqualified beneficiaries, **33:11**
Use
generally, **21:74**
election, **21:40**
Use of transfers, **26:12**
Valuation
debts and encumbrances, effect, **21:52**
gift of QTIP interest, **21:43**
Valuation in surviving spouse's estate, **21:42**
Will form, **18:69**
Withdrawal power in surviving spouse, **21:38**

QUALIFIED APPRAISALS
Qualified contributions, closely held and personal service corporations, **12:8**

QUALIFIED CONSERVATION EASEMENT EXCLUSION
Gross estate determination
amount of exclusion, **34:92**
filing requirements, **34:81**

QUALIFIED CONTINUING CARE FACILITIES
Below market loans, **13:19**

QUALIFIED CONTRIBUTIONS
Charitable gifts, qualified appraisals, **12:8**

QUALIFIED DEBT
Private annuities, **14:18**

QUALIFIED DEFERRED COMPENSATION PLANS
Generally, **5:1**
See also index heading NONQUALIFIED DEFERRED COMPENSATION PLANS
Accrual of benefits, service requirement, **5:18**
Advantages, **5:2**
Affiliated service groups, special rules, **3:85**
After-tax thrift plans, **5:10, 5:11**
Age requirements, **5:22**
Average benefits tests, **5:23**
Beneficiary, designation, **5:42**
Benefits, limits, **5:29**
Breaks in employee service, **5:21**
Capital gain treatment, **5:48**
Choice of plans, **5:12**
Contribution limits, **5:29**
Control over assets in account, subject to fiduciary rules, **5:43**
Death benefits, **5:41**
Defined benefit plans
advantages, **5:12**

QUALIFIED DEFERRED COMPENSATION PLANS —Cont'd
Defined benefit plans—Cont'd
risk of loss, **5:13**
Defined contribution plans
advantages, **5:12**
risk of loss, **5:13**
Delays in participation, **5:22**
Determination letter on plan amendments, **5:38**
Discrimination testing, **5:25**
Distributions
generally, **5:34 to 5:42**
capital gain treatment, **5:48**
corporations and partnerships compared, **3:83**
date, **5:38**
death of participant, **3:83**
early distributions, **5:50**
estate income taxation, **32:46**
excess, excise tax, **5:51**
failure, excise tax, **5:49**
five-year averaging, eligibility, **13:15**
joint and survivor annuity, **13:15**
planning considerations, **13:15**
qualified domestic relations orders, **3:84**
Roth account distributions, **5:53**
selection of methods, **5:52**
trust income taxation, **32:46**
Early distributions, taxation, **5:50**
Eligibility for participation, service requirement, **5:16**
Employee stock ownership plans, **5:9**
Employer contributions, limits, **5:29**
Excess distributions, excise tax
grandfather rule, **5:51**
spousal exception, **5:51**
Excluded employees, **5:23**
Factor in choice of business entity
generally, **3:79**
participation standards, **3:81**
Failure to distribute, excise tax, **5:49**
Five-year averaging, **5:47**
Forfeiture, **5:24**
Highly compensated employees, **5:28**
Highly-compensated employee, defined, **5:10**
In-service distribution
generally, **5:35**
taxation, **5:44**
Irrevocable trust provisions, **19:62**
Loans to participants, **5:36**
Minimum coverage, **5:23**
Minimum participation standards, **5:22**
Minimum service requirement, **5:16**
Multiple plans
comparability, **5:27**
effect, **5:23**
top-heavy rules, application, **5:33**
Nature, **5:2**

QUALIFIED DEFERRED COMPENSATION PLANS —Cont'd
Nondiscrimination, requirement, **5:25**
Nonqualified plans, compared, **5:4**
Partially vested participants, **5:24**
Pension plans, **5:6, 5:7**
Percentage coverage tests, **5:23**
Postmortem estate planning, **33:36 to 33:40**
Profit sharing plans, **5:8**
Qualification rules, **5:14 to 5:29**
Qualifications, **5:2**
Qualified joint and survivor annuity, requirement, **3:83**
Qualified preretirement survivor annuity, requirements, **3:83**
Required aggregation group, top-heaviness, **5:31**
Required distributions, **5:37**
Retirement benefits, taxation, **5:45**
Retirement Equity Act of 1984 provisions
distributions, **3:83**
domestic relations orders, **3:84**
Revocable trust provisions, **19:31**
Risk of loss, **5:13**
Rollovers, taxation, **5:46**
Roth account distributions, **5:53**
Savings plans, **5:10**
Service of employee
accrual purposes, **5:18**
breaks, **5:21**
credit for vesting, **5:24**
credit received, **3:81, 5:20**
hourly credit, **5:20**
required period, **5:15**
vesting period, computation, **5:17**
Social Security integration, **5:26**
Stock bonus plans, **5:8**
Taxation of distributions
five-year averaging, **5:47**
in-service distributions, **5:44**
receipt of benefits, **5:43**
retirement benefits, **5:45**
rollovers, **5:46**
Thousand hour standard, **5:19**
Thrift and cash (401(k)) plans, **5:10, 5:11**
Top-heavy, **5:30 to 5:34**
Use, **5:1**
Vesting
computation period, **5:17**
rules, **5:24**
service requirement, **5:17**
time, **5:15**
Welfare benefit plans, contribution limitations, **5:29**

QUALIFIED DISCLAIMERS
Generally, **37:3 et seq.**
Acceptance of benefits, **37:11**

QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)
Nonassignability of benefits and divorce, **11:16**

QUALIFIED DOMESTIC RELATIONS ORDER (QDRO) —Cont'd
Pension plan funds, **3:84**

QUALIFIED DOMESTIC TRUST
Generally, **18:41, 21:10**
Estate tax marital deduction, **5:65**
Form, **19:50**

QUALIFIED EXCHANGE ACCOMMODATION ARRANGEMENT (QEAA)
Requirements for reverse like-kind exchange, **6:49**
'Starker' exchanges, safe harbor, **6:49**

QUALIFIED HEIR
Planning with farmland, **38:09**
Special use valuation
lease of property by qualified heir, **4:19**
member of the family, **4:18**

QUALIFIED INTEREST RULES
Grantor retained interest trusts, **28:5**

QUALIFIED JOINT AND SURVIVOR ANNUITIES
Definition, **16:10**
Distributions, **3:83**
Gift tax, **16:10**
Waiver, gift tax, **16:10**

QUALIFIED JOINT INTERESTS
Definition, **10:23**
Economic Recovery Tax Act of 1981, prior law, before 1982, **10:27**
Tax Reform Act of 1976
generally, **10:23**
prior law, before 1982, **10:27**

QUALIFIED NONRECOURSE FINANCING OF REAL ESTATE
At-risk rules, **6:7**

QUALIFIED OPPORTUNITY ZONES
Tax advantaged investments, **6:50**

QUALIFIED PERSONAL RESIDENCE TRUSTS (QPRTs)
Generally, **28:7**
Allocation of expenses, **28:9**
Conservation easement on property, **28:3**
Considerations for using, **28:6**
Control of residence, **28:9**
Form for trust, **28:12**
Rental of residence, short terms permitted, **28:7**
Retaining use of residence in trust, **28:8**
Use by family, **28:7**

QUALIFIED PLANS
Loans, residential mortgage, **5:36**

QUALIFIED PRERETIREMENT SURVIVOR ANNUITIES
Death benefits, **5:41**
Definition, **16:10**
Gift tax, **16:10**
Waiver, gift tax, **16:10**

QUALIFIED REAL PROPERTY INTEREST
Easements, **24:19**

QUALIFIED RETIREMENT PLANS
See also index headings NONQUALIFIED DEFERRED COMPENSATION PLANS; PENSION PLANS; QUALIFIED DEFERRED COMPENSATION PLANS; RETIREMENT BENEFIT PLANS
Basic qualification rules, prohibited transactions, **5:14**
Contribution limits, **5:29, 5:59**
Designated beneficiary determination, **5:39**
Excess distributions tax, **5:51**
Income limitations, transportation fringe benefits, **2:54**
Limitations, EGTRRA 2001, **5:29**
Limits on contributions and benefits, **5:29**
Loans of plan funds, **5:36**
Minimum coverage, separate lines of business rules (''SLOB''), **5:23**
Minimum distribution requirement, **5:39**
Salary reduction agreements, income limitations, determining, **2:54**

QUALIFIED SUB S TRUSTS (QSSTs)
See also index heading TRUSTS
QTIP trusts, qualification, **23:40**

QUALIFIED SUBCHAPTER S SUBSIDIARIES (QSSs)
Election, effect on corporation, **3:46**
SBJPA 1996 enactment, **3:46**

QUALIFIED SUBCHAPTER S TRUSTS (QSSTs)
See also index heading TRUSTS
Distribution of income, **9:29**
Form for trust article, **23:46**
Generation skipping transfer tax, additions, **26:33**
Qualification, **9:29**
Requirements, **23:39**
Transfer of stock, **23:39**

QUALIFIED TERMINABLE INTEREST PROPERTY (QTIP)
See also index headings QTIP LIFE ESTATES; QTIP TRUSTS
Contingent interests
generally, **16:55**
election for life estate, **21:38**
Duty of consistency, **39:3**
Executor's discretion, effect, **21:38**
Stub period income, **16:55**
Waiver of will contest rights, **31:09**

QUALIFIED TRANSFERS
Gift tax, **16:9**

QUALIFIED TRUST SEVERANCES
EGTRRA 2001, **26:45**

QUALIFIED USE
Conversion of lease, effect, **4:19**
Land ownership requirements, **4:14**
Material participation, lease to nonfamily member, **4:16**
Special use valuation
lease of property by qualified heir, **4:19**
time requirements, **4:14**
Termination, **4:19**

QUALIFIED WORK OF ART
Loans of artwork, gift tax, **16:11**

QUANTITATIVE MARKETABILITY DISCOUNT MODEL (QMDM)
Valuation method, validity of method, **35:67**

QUANTITY SURVEY METHOD
Land valuation, **35:20**

RABBI TRUSTS
See also index heading TRUSTS
Definition, **2:9**
Funding arrangements, tax treatment, **3:90**
Model trust, **2:9**
Safe harbor, **2:9**
Taxation of benefits, **5:4**
Use, **2:9**

RACEHORSES
Depreciation, **4:9**

RAILROAD RETIREMENT BENEFITS
Eligibility, **13:11**
Full benefits, payment, **13:11**
Loss of benefits, **13:11**
Medicare hospital insurance, availability, **13:10**
Medicare medical insurance, **13:10**
Modified adjusted gross income, **13:12**
Taxation of benefits, **13:12**

RANCHERS
Generally, **4:1 et seq.**
For detailed treatment see index heading FARMERS AND RANCHERS

RANCHING
Qualifying assets, **4:12**

RATE OF TAX
Brackets, **9:3**
Estate tax, **16:67**
Gift tax, **16:67**
Income tax, **9:3**

RATES OF INTEREST
Corporations, over and under payments of tax, **39:31**

REAL ESTATE BROKERS
Retirement plan rules, **3:85**

REAL ESTATE INVESTMENT TRUSTS (REITs)
Section 355 separations, active, substantial management, **3:115**
Tax advantaged investments, **6:25**

REAL ESTATE LIMITED PARTNERSHIPS
See also index headings LIMITED PARTNERSHIPS; PARTNERSHIPS
Active income, **25:2**
Alternative minimum tax, applicability, **25:6**
Book value, usefulness, **25:15**
Capital account, definition, **25:4**
Capital gains, tax treatment, **25:2**
Crossover point, **25:5**
Death of investor
inside basis, **25:10**
outside basis, **25:9**
planning for transfer, **25:13**
Disposition of interest
estate taxes, consideration, **25:13**
lifetime, **25:6 to 25:8**
Fair market value, determination, **25:15**
Gift of partnership interest, **25:7**
''Grandfathered'' investments, **25:2**
Hypothetical limited partnership, **25:3**
Income in respect of decedent, effect on basis, **25:9**
Inside basis
generally, **25:4**
step-up at death of investor, **25:10**
Joint ownership with right of survivorship, **25:12**
Limited partner, choice, **25:12**
Locked-in gain, **25:4**
Outside basis
generally, **25:4**
step-up on death of investor, **25:9**
Ownership, importance, **25:12**
Passive income, **25:2**
Passive loss rules, applicability, **25:2**
Phantom gain, **25:4**
Portfolio income, **25:2**
Postmortem income tax planning, **25:14**
Sale of partnership assets, Section 754 election, **25:11**
Sale of partnership interest, **25:6**
Section 754 election
inside basis, effect, **25:10**
sale of partnership assets, effect, **25:11**
willingness of partnership to make, importance, **25:12**
Step-up basis at death of investor
inside basis, **25:10**
outside basis, **25:9**
Successor in interest, designation, **25:13**
Transfer of interest to irrevocable trust, **25:8**

REAL ESTATE MORTGAGE INVESTMENT CONDUITS
Tax advantaged investments, **6:24**

REAL PROPERTY
Administration, **31:21**
Approaches to valuation, **35:16 to 35:20**
Assessed value, state and local taxation, **20:16**
Basis, **32:12**
Community property, **10:57**
Comparative unit method of valuation, **35:20**
Conflict of law rules, disposition of estate, **20:7**
Conflict of law rules for disposition, **20:5, 30:39**
Conservation easements, election to exclude from estates, **24:19**
Deed from grantor to trustee, form, **19:10**
Definition, **10:1**
Disclaimers by spouses
timing requirements, **37:9**
use of property before disclaimer, **37:11**
Equity, use during retirement, **13:20**
Estate exclusions, qualified conservation easements, **24:19**
Estate tax, special use valuation, **16:58**
Extent of client's holdings, **15:8**
Fractional interests, valuation, **35:14**
Gain or loss, determination, **32:12**
Gifts, **12:20**
Homestead, **18:33, 20:7**
Illinois land trusts, **10:12**
Income, taxable item, **32:12**
Land trusts, **10:12, 10:38**
Methods of valuation, **35:16 to 35:20**
Multiple-factor method of valuation, **35:27**
Quantity survey method evaluation, **35:20**
Raw land, appreciation, **6:38**
Residential rental property, investment, **6:39**
Situs determining governing law, **20:5, 20:7, 30:39**
Special use valuation
additional estate tax liens, **39:33**
election, **4:22**
estate tax, **16:58**
methods available, **4:26**
notice of election, **4:22**
State and local taxation, assessed value, **20:16**
Tax advantaged investments
availability, **6:37**
raw land, availability, **6:38**
Taxes, deductibility, **6:38**
Tenancy by the entirety, creation and termination, prior law, before 1982, **10:26**
Testamentary gifts, **18:32**
Title as ownership, individually held property, **10:2**
Trade breakdown method of valuation, **35:20**
Undeveloped land, **6:38**
Unit-in-place method of valuation, **35:20**
Vacant land, appraisal, **35:17**
Valuation
band of investment method, **35:19**
built up method, **35:19**
capitalization right, **35:18**

REAL PROPERTY—Cont'd
Valuation—Cont'd
condemnation actions, **35:14**
direct capitalization, **35:19**
estimation in anticipation of highest and best use, **35:14**
fractional interests, **35:14**
generally, **35:14 to 35:27**
investment properties, **35:15**
investment value approach, **35:18**
market capitalization, **35:19**
market data approach, **35:17**
mortgage equity method, **35:19**
multiple-factor method, **35:27**
noninvestment properties, **35:15**
replacement cost approach, **35:20**
residual capitalization method, **35:19**
similar properties, comparison, **35:17**
subjective analysis, **35:14**
summation method, **35:19**

REASONABLE CAUSE
Estate tax return, failure to file, **39:31**

RECAPITALIZATIONS
Entity freezes
adjustment provision, **27:10**
business purpose requirement, **27:38**
continuity requirement, **27:39**
distributions of stock, **27:37**
form for plan and agreement, **27:120**
income tax issues, **27:43**
joint action without a meeting, form, **27:121**
loss of S election, **27:42**
overview, **27:07**
plan of reorganization requirement, **27:40**
postmortem, **27:08**
preferred stock redemptions, **27:55**
Section 305 stock
generally, **27:44**
application to recapitalization, **27:53**
common and preferred stock, **27:48**
conversion privilege, **27:54**
convertible preferred stock, **27:50**
disproportionate distributions, **27:47**
distributing preferred stock, **27:49**
distributions other than money, **27:46**
exceptions to nonrecognition, **27:45**
excess redemption premium, **27:52**
imputed distributions, **27:51**
Section 306 stock, **27:55**
shareholders and directors, action form, **27:121**
step transactions, **27:41**
Freeze transactions, **27:08**

RECAPTURE AGREEMENTS
Special use value election, **34:75**

RECAPTURE TAX
Alimony and settlement agreements, **11:5**
Conservation easement, specially valued farmland, **4:30**
Corporate redemptions, **23:12**
Lease of specially valued property, **4:30**
Special use valuation
cash leasing, **4:19**
substantial compliance, **4:22**

RECIPROCAL TRANSACTIONS
Gift tax, overview, **16:5**

RECIPROCAL TRUSTS
Doctrine examined, **19:59**
Income payment by trust, **19:59**

RECIPROCAL WILLS
See also index heading WILLS
Contract treatment, **18:61**
Marital deduction, estate tax, **18:61**
Third-party beneficiary enforcement, **18:61**

RECORDKEEPERS
Production of records, Fifth Amendment privilege, **39:6**

RECORDKEEPING
Determining business motive, **4:10**

REDEMPTION AGREEMENTS
See also index headings CLOSELY HELD BUSINESSES; CORPORATIONS
Closely held corporations, **23:33**
Corporate resolution for adoption, form, **23:43**
Forms
agreement provisions, **23:44**
corporate resolution for adoption, **23:43**

REDEMPTION OF CORPORATE STOCK
See also index heading CORPORATIONS
Agreements
generally, **23:33**
forms, **23:43, 23:44**
Attribution rule, waiver, **21:66**
Buy-sell agreements, **23:33**
Capital expenditures, **23:11**
Closely held business, marketability discount, **35:67**
Closely held corporations
buy-sell agreements, **21:34**
dividend treatment comparison, **23:11**
estate tax payment funding, **23:13**
sale or exchange treatment, **23:12**
Section 302 redemptions, **23:12**
Section 303 redemptions, **23:13**
Section 306 stock, **23:14**
significance for corporation, **23:11**
surviving spouse's stock, **21:66**
Dividend treatment comparison, **23:11**
Estate tax payment funding, **23:13**
Marital deduction, estate tax, **21:66**

REDEMPTION OF CORPORATE STOCK—Cont'd
No equivalency to dividends, sale or exchange treatment, **23:12**
Partial liquidations, **23:12**
Sale or exchange treatment, **23:12**
Section 302 redemptions, **23:12, 23:14**
Section 303 redemptions, **23:13**
Section 306 stock, **23:14**
Stockholder's devise to surviving spouse, estate tax marital deduction, **21:66**
Substantially disproportionate redemption, **23:12**
Tax Equity and Fiscal Responsibility Act of 1982, **21:66**
Terminating shareholder's interest, **23:14**
Termination of shareholder's interest, **23:12**

REDEMPTIONS
Stock, retirement planning, **13:21**

REDUCE-TO-ZERO FORMULA
Surviving spouse transfers, **21:4**

REDUCING DEATH RISK
Grantor retained interest trusts, **28:8, 28:11**

REFINANCED LOANS
Points, deduction of, **33:08**

REFORMATION (WILLS)
Charitable gifts, effect on, **12:82**
Death of beneficiary, **12:82**

REFORMATION SUIT
Noncitizen spouses, transfers to, **21:10**

REFUND CLAIMS
See also index heading REFUND LITIGATION
Amended claims, **39:22**
Amending refund claim, statute of limitations, **39:27**
Amount limitations, **39:23**
Beneficiary's standing, **39:25**
Contents, **39:22**
Date of filing, **39:23**
Disallowance, **39:26**
Drafting requirements and recommendations, **39:22**
Estate tax refunds, **39:23**
Estate taxes, **39:22 et seq.**
Examination, issues and grounds, **39:26**
Executor's authority to file, **39:25**
Extensions of time for filing, **39:23**
Fiduciary claims, **39:25**
Fiduciary income taxes, **39:22**
Filing, **39:22 et seq.**
Filing related to estate tax refund claim, **39:3**
Forms for filing, **39:22**
Gift tax claim, effect on estate tax claim, **39:3**
Gift taxes, **39:22 et seq.**
Incumbency evidence requirement for fiduciary claims, **39:25**
IRS procedures, **39:26**

REFUND CLAIMS—Cont'd
Limitations period, **39:23**
Litigation, **39:27 to 39:30**
Multiple beneficiary claims, **39:25**
New or additional grounds in late claims, **39:22**
Notices of disallowance, **39:26**
Party entitled to file, **39:25**
Party entitled to receive refund, **39:25**
Payment characterization, **39:23**
Place for filing, **39:22**
Prerequisite for litigation, **39:27**
Protective claims, **39:24**
Reconsideration requests, presentation, **39:26**
Reformed will, **12:82**
Requests for immediate issuance of claim disallowance, **39:26**
Settlement agreement as affecting ability to make refund claim, **38:16**
Signing requirement with coexecutors, **39:25**
Specificity requirement, **39:22**
Standing, **39:25**
Survey by IRS, **39:26**
Time for filing, **39:22, 39:23**
Waivers of notice of disallowance, **39:26**
Withdrawal requests, **39:26**
Withheld taxes, deemed payment period, **39:23**

REFUND LITIGATION
See also index heading REFUND CLAIMS
Amending refund claim, statute of limitations, **39:27**
Claim prerequisite, **39:27**
Claims Court, **39:2, 39:28 to 39:30**
Commencement of limitations period, **39:27**
District Court, **39:2, 39:28 to 39:30**
Extensions of limitations period, **39:27**
Forum choice considerations, **39:28 to 39:30**
Full payment jurisdictional requirement, Claims Court, **39:30**
Interest payment prerequisite, **39:27**
Payment of tax prerequisite, **39:27**
Preclusion by Tax Court suit, **39:27**
Time limitations, **39:27**

REFUNDS
Apportioned between spouses, **10:7**
Joint returns, after separation, **10:7**
Limitations period, no return filed, **39:18**

REGULATED INVESTMENT COMPANIES
Statutory restriction of valuation freezes, **6:24**

REHABILITATION TAX CREDITS
Historic properties, **6:40**

REITs
See index heading REAL ESTATE INVESTMENT TRUSTS

RELATED PARTIES
Deductibility of transactions, **3:69**

RELATED PARTIES—Cont'd
Definition, **19:26**
Income tax, depreciation or amortization of term interest, **28:23**
Trustees, **30:28**

RELIGIOUS ORGANIZATION
Charitable organization, **24:5**

REMAINDER TRUSTS
Taxation of, capital gains considerations, **12:69**

REMAINDERS
Charitable gifts, generally, **12:53**
Charitable remainder trusts, eligible income beneficiaries, **12:56**
Developments in the law, **28:25**
Gifts, **28:25**
Income tax rules, **28:23**
IRS valuation tables
Certain Estate Assets, **35:75**
Joint purchases, value shifting, **28:23**
Sale of interest, **28:23**

REMOVAL OF TRUSTEES
Power, **30:33**

RENTAL ACTIVITIES
Passive activity losses
generally, **6:9**
self rental, in business, **6:13**

RENTAL INCOME
Fiduciary income tax return line, **34:14**

REPLACEMENT COST METHOD
Land valuation, **35:20**

REPLACEMENT PERIOD
Natural disaster, **19:26**

REPORTING REQUIREMENTS
Partnership basis adjustments, **3:108**

REQUESTS FOR DISCHARGE FROM PERSONAL LIABILITY
Audited returns, **39:10**

RESIDENCES
Trusts, placing in, considerations for using, **28:6**

RESIDENCY
See also index heading DOMICILE
Domicile distinguished, **20:15, 20:18**
Domicile's relationship, estate administration, **20:2 to 20:4**
Estates, state and local income taxation, **20:18**
Fiduciaries. See index heading FIDUCIARIES
Multiple residences, **20:15**
State and local income taxes, **20:18**
State and municipality, requirements for tax, **20:15**
Trusts, state and local income taxation, **20:18**

RESIDENT ALIEN
Income taxation, **1:4**
Marital deduction, **18:41**

RESIDENTIAL MORTGAGE LOANS
Qualified plans, **5:36**

RESIDUAL CAPITALIZATION METHOD
Valuations, **35:19**

RESIDUARY CLAUSES
Absence, resulting dispositions, **18:42**
Drafting, **18:42, 18:43**
Equalization of total distributions, **18:42**
Form, **18:43**

RESIDUARY GIFTS
Administrative expenses, effect on, will provisions, **18:8**
Category distinction, overview, **18:14**
Clauses, **18:42, 18:43**
Definition, **18:18**
Equalization of total distributions among beneficiaries, form, **18:43**
General gift treatment, **18:17**
Lifetime gifts effecting, balance left for direction, **18:9**
Marital gifts, **18:40**
Pour-over clauses, **18:44**
Tangible personal property, disadvantages, **18:22**
Use, **18:42**

RESTRICTED SECURITIES
Resale restrictions, Federal securities laws, **35:32**

RETAINED LIFE ESTATES
Gift to children, proportion of property retained, **16:42**
Retained rights or interests, implied agreements, **16:42**

RETAINED RIGHTS OR INTERESTS
Stock in a controlled corporation, **16:42**

RETENTION OF RIGHTS
Gifts, determining gross estate, **16:43**

RETIREMENT
Deductible cost, continuing malpractice insurance, **1:31**
Distributions, equal periodic payments, **5:50**
Nonqualified plans, limitations, **5:3**
Planning considerations, **13:8**
Qualified plans, limitations, **5:29**

RETIREMENT BENEFIT PLANS
See also index headings NONQUALIFIED DEFERRED COMPENSATION PLANS; PENSION PLANS; QUALIFIED DEFERRED COMPENSATION PLANS; QUALIFIED RETIREMENT PLANS
Changes to plan by employer, affect on participants, **5:24**
Designated beneficiary determination, **5:39**
Distributions, fiduciary income tax return line, **34:18**
Divorcing spouses, **11:16**
Excess distributions, penalties, **13:15**
Income in respect of decedent, character of payment, **32:51**
Minimum distribution requirement, **5:39**

RETIREMENT BENEFIT PLANS—Cont'd
Private plans, factors to consider, **13:13**
Qualified plans, **5:1 to 5:13**
Railroad retirement benefits, **13:10**
Salary continuation agreement, form, **13:17**
Social security, **13:6 to 13:8**
Spousal rollovers, grandfathering provisions applicable, **5:51**

RETIREMENT DOMICILE
Choice considerations, **13:19**

RETIREMENT EQUITY ACT OF 1984
Alternative payee, definition, **3:84**
Domestic relations order, definition, **3:84**
Pension plan distributions, **3:83**
Qualified domestic relations order, definition, **3:84**

RETIREMENT PLANNING
Accumulations, community and separate property, **10:49**
Acute illnesses, Medicare coverage, **13:10**
Average pay, defined, **13:14**
Benefits, **10:43**
Capital transactions, **20:19**
Chronic illnesses, Medicare coverage, **13:10**
Civil service retirement system benefits, **13:14**
Closely held businesses, use, **13:21**
Community property, **10:43**
Corporate liquidations, **20:19**
Deferred compensation, definition, **13:16**
Durable power of attorney
drafting considerations, **13:24**
eligibility, **13:24**
form, **13:25**
Employee fringe benefits, nontaxable legal services, **2:46**
Estate taxes, installment payments, **13:28**
Expenses
checklist, **13:5**
estimating, **13:4**
Farm leases
generally, **13:26**
special use valuation, preservation of eligibility, **13:27**
Finances while incapacitated
durable power of attorney, **13:24**
life insurance, use of cash value, **13:22**
power of attorney, form, **13:25**
professional management, **13:23**
Financial needs, forecast, **13:4**
Financial planner, choice, **13:18**
Financial security, ensuring, **13:18 to 13:22**
Governmental retirement benefits, **13:14**
Home equity, use, **13:20**
Income distributions from trust, community and separate property, **10:49**
Income estimating, **13:4**
IRA withdrawals, **13:15**
Life insurance, reevaluation, **13:22**

RETIREMENT PLANNING—Cont'd
Medicare, necessity to supplement, **13:10**
Necessity, **13:2**
Nonfinancial considerations, **13:3**
Nonqualified deferred compensation agreements, **13:16**
Overview, **13:1**
Private employee benefit plans, factors to consider, **13:13**
Qualified employee benefit plans, withdrawals, **13:15**
Railroad retirement benefits, **13:11**
Resources, checklist, **13:6**
Retirement domicile, choice, **13:19**
Salary continuation agreement, form, **13:17**
Savings investments, **13:18**
Social Security benefits
additional wages and income, effect, **13:9**
availability of benefits, **13:7**
eligibility, **13:6**
Special use valuation, **13:27**
State income tax on distributions, **20:19**
Veterans life insurance, **13:22**

RETROACTIVE ALLOCATION OF GST EXEMPTION
EGTRRA 2001, **26:11**
Extension to make election, **26:11**

RETROACTIVE TAX INCREASES
Constitutionality, estate taxes, **16:1**

RETURN PREPARERS
Disclosures, penalty avoidance, **39:31**
Fees, **39:2**
Standards of practice, **39:2**

RETURNS
See also index headings FEDERAL ESTATE TAX RETURNS; GIFT AND GENERATION SKIPPING TAX (GST) RETURNS; FIDUCIARY INCOME TAX RETURNS; FINAL INCOME TAX RETURN OF DECEDENT; FORMS; PREPARATION AND FILING OF FORMS
Amendments filed before spouse becomes citizen, **21:10**
Audits, **39:2 et seq.**
Decedent's final return, joint return limitations, **33:04**
Disclosures, penalty avoidance, **39:31**
Divorce or separation
determination of filing status, **11:20**
separation agreements and decrees, **11:35 to 11:37**
Electronic filing, **1:23**
Eligible worker-owned cooperative, filing requirement, **16:57**
Employee stock ownership plan, filing requirement, **16:57**
Estate tax
audits, **39:2 et seq.**
computation of tax, **16:59**
documents, filing with return, **39:6**
failure to file, **39:31**
filing place, **39:4**
necessity, **39:31**
rate of tax, **16:59**
requirements, **16:57, 16:66**

RETURNS—Cont'd
Extensions, deemed payment of withholdings, **39:23**
Failure to file, reasonable cause, **39:31**
Filing date
generally, **39:32**
mailing rules, **39:23**
Filing place
determination, **39:4**
domicile establishment, **20:4**
Gift tax
audits, **39:2 et seq.**
failure to file, **39:31**
filing by executor or examiner, **39:3**
necessity, **39:31**
requirements, **16:21, 16:24**
Income tax, decedent's income, **39:3**
Land trust income tax, **20:27**
Nonresidents, state and local tax, **20:4, 20:19**
Passive activity losses, **6:18**
Penalties in preparation or preparation assistance, **39:31**
Preparation for audit, **39:6**
Required returns, **39:31**
Special use valuation, estate tax return, **4:22**
State income tax, domicile change, **20:19**
Taxpayer identification number (TIN) requirement, **39:31**

REVENUE PROCEDURE 64-19
In-kind distributions, marital deduction clauses, **21:67**

REVENUE RECONCILIATION ACT OF 1989
ESOPs
executor elections, **34:79**
postmortem transfer tax options, **33:17**
EWOCs
executor elections, **34:79**
Low-income housing, adjusted gross income phase out, **6:40**
Penalties
accuracy-related penalty, **39:31**
fraudulent failure to file return, **39:31**
negligence, **39:31**
Tax Court improper proceedings, **39:21**
valuation overstatement, **39:31**
valuation understatement, **39:31**

REVENUE RECONCILIATION ACT OF 1990
Buy/sell agreements, **23:35**

REVERSE PRESUMPTION CLAUSES
Content, **21:23, 21:24**
Equalization clause combination, **21:23**
Form, **21:24**
Statute's effect, **21:23**
Time clause combination, **21:21**
Use, **21:11, 21:21, 21:23**

REVERSE QTIP ELECTION
GST tax, effect, **26:12**

REVERSIONARY TRUSTS
Creation after 1986, **9:9**
Death of beneficiary before majority, **9:10**
Income shifting, use, **9:5**
Statutory history, **9:6**

REVERSIONS
Estate tax
generally, **16:47**
insurance policy gifts, **16:48**
Fiduciary selection, **30:25**
IRS valuation tables
Certain Estate Assets, **35:75**
Surviving spouses, **28:14**

REVOCABLE TRUSTS
See also index headings IRREVOCABLE TRUSTS; TRUSTEES; TRUSTS
Administration delays, **19:15**
Adverse party, definition, **19:26**
Amendments
consistency, necessity, **19:46**
execution, **19:45**
particular provisions, form, **19:52**
trust in its entirety, form, **19:53**
Assets
generally, **19:27**
coal, **19:26**
discretionary, **19:34**
domestic iron ore, **19:26**
mandatory, **19:34**
manner, **19:32**
multiple beneficiaries
disposition of income, **19:34**
disposition of principal, **19:35**
net income, **19:34**
powers of trustees, **19:34**
principal, **19:35**
standards, **19:34**
time, **19:32**
Augmented estate, **19:18**
Beneficiaries
designation, **19:32**
survival, **19:42**
Coal, trust asset, **19:26**
Construction, governing law, **19:24**
Contingency provisions, **19:42**
Continuity of ownership, **19:20**
Convertible, **19:16**
Corpus, identity, **19:29**
Costs savings, **19:15**
Court administration, waiver, **19:41**
Creditors, effect, **19:19**
Debts of beneficiary, payment, **19:19**
Definition, **19:14**
Dispositive provisions, **19:32 to 19:47**
Distributions, **19:34**

REVOCABLE TRUSTS—Cont'd
Domestic iron ore, **19:26**
Durable powers of attorney, use, **19:16**
Employee death benefits, **19:31**
Enjoyment of trust by grantor, **19:30**
Estate administration expenses, deductibility, **19:27**
Execution, **19:45**
Expenses, payment, **19:32**
Factors to consider, **19:14**
Family share trust, creation, **19:32**
Fraudulent transfers, **19:19**
Generation skipping trusts, **19:37**
Gift property, holding period, **19:26**
Gifts, description, **19:33**
Governing law, choice, **19:24**
Grantors
expression of intent, **19:29**
principal, right to receive, **19:35**
trustees, **19:23**
Gross estate of grantor, inclusion, **19:27**
Homestead real property, gift, **19:33**
Incapacitation of beneficiary, **19:16**
Income, reporting, **19:26**
Incompetency of grantor, provisions, **19:30**
Incompetent beneficiaries, **19:38**
Individual with marital deduction gift, form, **19:50**
Individual without marital deduction provision, form, **19:49**
Insurance proceeds, provisions, **19:31**
Joint, advantages, **17:42**
Joint with marital deduction provisions, form, **19:51**
Lapsed gifts, **19:42**
Life insurance trusts, duties of trustee, **22:21**
Livestock, **19:26**
Marital deduction trusts, **19:36**
Minors, **19:38**
Monetary gift, **19:33**
Multiple beneficiaries, distribution of principal, **19:35**
Net income, definition, **19:34**
Nonadverse party, definition, **19:26**
Nonspousal property transfers, gift taxation, **19:27**
Operating costs, **19:22**
Origination costs, **19:22**
Outright gifts, kinds, **19:33**
Partial vesting, tax impact, **19:26**
Pecuniary gifts, **19:33**
Personal exemption, amount, **19:26**
Pour-over wills, use, **19:28**
Preparation of agreement, **19:29**
Privacy, maintenance, **19:17**
Probate, avoiding, **19:15**
Property management
generally, **19:20**
management by trustee, evaluation, **19:21**
Protection against incapacity, **19:16**
QTIP property, eligibility, **19:27**

REVOCABLE TRUSTS—Cont'd
Qualifying S trust treatment, use, **19:26**
Related parties, **19:26**
Revocation, **19:47**
Rights of grantor, retention, **19:30**
Shares of trust, gift, **19:33**
Situs, **19:40**
Spendthrift clauses, **19:39**
Spendthrift provision, use, **19:19**
Standby, **19:16**
Supervision of court, waiver, **19:41**
Surviving spouse's statutory right of election, **19:18**
Survivorship clause, **19:42**
Tax issues, **19:25**
Taxes, payment, **19:32**
Termination, **19:47**
Timber, **19:26**
Title revesting in grantor, effect, **19:26**
Transfer of property, taxable gift, **19:27**
Trust instrument
contents, **19:29**
corpus, **19:29**
distribution of assets, **19:30**
incompetency of grantor, **19:30**
revocation provisions, **19:47**
Trustees
absence or illness, **19:43**
administrative powers, **19:44**
appointment, **19:43**
distribution powers, **19:44**
executor of estate, **19:27**
investment powers, **19:44**
selection, **19:23**
statutory powers, **19:44**
Unharvested crops, treatment, **19:26**
Unmarried client's estate plan, use, **14:12**
Use, **1:11**

RIGHT OF FIRST REFUSAL
Buy-sell agreements, **23:30**
Closely held corporations, **23:34**
Purchase of QTIP trust asset, effect on election, **21:38**

RIGHT OF REIMBURSEMENT
Appreciation of separate property, **10:48**
Closely-held businesses, **10:46**
Community property, **10:7**
Creation, **10:7**
Improvements to separate property, **10:47**
Separate property
appreciation, **10:48**
creation of right, **10:7**
improvements, **10:47**

ROLLOVERS
Annuity paid to surviving spouse, **5:65**
Individual Retirement Accounts, **5:65**

ROLLOVERS—Cont'd
IRA, inclusion in gross estate, **5:65**
IRAs, **5:46**
Proceeds of qualified plan, funds received from estate, **33:38**
Qualified fiduciary requirement, **5:55**
Roth IRAs, **5:73**
Spousal rollovers, **5:65**
Tax-free growth IRA, **5:73**

ROTH IRAs
Converted conventional IRAs, timing of distributions, **5:73**
Distributions, **5:53, 5:73**
Extension of time for recharacterization of, **5:73**
Recharacterization, defined, **5:73**
Section 9100 relief, timing of election, **5:73**
Separate trusts required, **5:73**
Tax-free growth in account, requirements, **5:73**

ROYALTIES
Generally, **3:20**
Right to receive, **38:17**

ROYALTY INCOME
Fiduciary income tax return line, **34:14**

RULE AGAINST PERPETUITIES
Failure to vest within period, **18:45**
Provisions, **18:45**
State law variations, **30:42**
Testamentary trusts, **18:45**
Time for period's beginning, **18:45**

RULING REQUESTS
Expatriation motivation, **1:4**
Qualified plan amendments, tax law changes, **5:14**

RULINGS (REVENUE)
Addresses for requests, **39:2**
Procedures for issuing, **39:2**

S CORPORATIONS
See also index headings CORPORATIONS; PREFERRED SHARES; SHAREHOLDERS; S STOCK; STOCKS
Accident and health plans, **3:93 to 3:100**
Adjusted basis of shareholders, computation, **3:48**
Advantages, **23:21**
Affiliated group membership, **3:3**
At risk rules, **3:74**
Automatic relief, no election filed, **3:46**
Buy-sell agreements, **23:41**
Capital gains, tax rates, **1:3**
Carryforward or carryback losses, deductibility, **3:76**
Cash distributions
with accumulated earnings and profits, **3:51**
without accumulated earnings and profits, **3:50**
Centralized management, **3:10**
Change in taxable year, effect on shareholders, **3:103**
Child care assistance, **3:99**

S CORPORATIONS—Cont'd
Classification for tax purposes, **3:3**
Collapsible corporation rules, applicability, **3:107**
Continuing relationship as creditor; death or retirement of shareholder, **3:112**
Converting a QSST, **9:29**
Corporate gain, recognition, **3:49**
Corporate losses
at risk rules, **3:74**
tax treatment, **3:76**
Corporations compared, **3:122**
Court-ordered beneficiary, **3:46**
Death or retirement of shareholder, **3:111, 3:112**
Deductibility of losses, consideration in choice of entity, **3:54**
Definition, **3:3**
Dental reimbursement plans, **3:94**
Dependent care assistance, **3:99**
Depreciation, **3:48**
Disability retirement benefits, deductibility, **3:95**
Disposition of stock by estate, **38:05**
Distributions, **3:49 to 3:52**
Double taxation, avoidance, **3:47**
Electing small business trusts, **38:06**
Elections, **3:46**
Eligibility to elect, **3:3**
Employee death benefits, lump-sum exclusions, **3:97**
Estate as shareholder, **38:04**
Estate planning during life, **23:38 to 23:41**
ESTB for prior QSST, **9:29**
Expenses of organizing, amortization, **3:105**
Expensing depreciable business assets
extension of time for making, **3:46**
Farming operations, tax year, **4:7**
Fiduciary power to incorporate, form, **31:73**
Fiscal year, factor in choice of entity, **3:103**
Freeze entities, **27:09**
Fringe benefit rules, **3:92**
Gift tax, family S corporation, **27:12**
Grantor retained annuity trusts, **28:16**
Grantor trusts, as shareholders, **12:45**
Group-term life insurance, deductibility of premiums, **3:96**
Holding periods, capital gains, **1:3**
Inadvertent termination of election, **33:32**
Income, fiduciary income tax return line, **34:18**
Income shifting vehicle
generally, **9:28**
qualified trusts, **9:29**
Income tax
generally, **3:3, 3:46, 3:47**
rates, **3:24**
treatment, **38:03**
Investment tax credit, recapture, **3:47**
Limited liability, **3:8**
Liquidation, recognition of gains or losses, **3:116**
Lodging provided for convenience of employer, **3:98**

S CORPORATIONS—Cont'd
Loss pass-through, deductibility, **3:76**
Management and control, **3:10**
Management fees, offset against revenues, **3:76**
Meals provided for convenience of employer, **3:98**
Medical payments, deductibility, **3:92**
Medical reimbursement plans, **3:94**
Net active income, determination, **6:11**
Net operating losses, per share pass-through, **3:76**
Net passive income, taxation, **3:47**
Nonqualified deferred compensation plans, **3:90**
Nonresident spouse, **3:46**
Organizing transaction, tax treatment, **3:105**
Ownership restrictions, **38:03**
Partnerships
comparison, **3:47, 3:122, 38:03**
shareholders, **3:46**
Passive activity losses
applicability of rule, **6:32**
deductibility, **3:48**
Pass-through rules, Regulations, **3:48**
Permitted taxable year, requirement, **3:103**
Phantom stock, **2:76**
Postmortem termination of S election, **33:32**
Preferred stock, Section 351 boot characterization, **3:105**
Property distributions, **3:52**
Purposes, **3:3**
QSSS election, Regulations, **3:46**
QSST converting to ESTB, **9:29**
Qualified retirement plans, participation standards, **3:81**
Qualified subsidiaries, making election, **3:46**
Redemption of stock, **3:111**
Requirements, **3:3**
Restrictions on flow through of income and losses, **6:32**
Retirement plan considerations, **3:89**
Retirement plans, factor in choice of entity, **3:89**
Retroactive allocations, **3:75, 3:77**
S elections, **23:41**
Sale of interest, tax treatment, **3:107**
Sale or distribution of property, taxation on gain, **3:47**
Second class of stock restriction, **23:41**
Section 351 transaction, boot treatment, preferred stock, **3:105**
Section 1244 election, advantages, **3:76**
Self employment tax, **3:80**
Shareholders
grantor trust as shareholder, **23:40**
GRATs, status, **19:26**
items passing through, **3:48**
limitations, **23:39**
pass-through rules, effect, **3:48**
pro rata share of income, **3:48**
stock dispositions, **38:05**
terminally ill shareholder
fiduciary power to incorporate, form, **31:73**
successor in interest, eligibility, **31:72**

S CORPORATIONS—Cont'd
Shareholders—Cont'd
terminally ill shareholder—Cont'd
trust as recipient, **31:72**
Special status, **6:32**
Status, relief for not filing election, **3:46**
Stock option plans, availability, **3:91**
Straight debt instrument, treatment, **3:3**
Structure of organization, **3:46**
Subsidiaries, **3:46**
Tax advantaged investment, **6:32**
Taxable income, computation, **3:48**
Taxable incorporation, methods, **3:105**
Taxable years, **3:103**
Terminally ill shareholder
fiduciary power to incorporate, form, **31:73**
successor in interest, eligibility, **31:72**
trust as recipient, **31:72**
Termination of S election
inadvertent termination, **3:120**
recapitalization, option, **3:119**
Terminations, **3:119**
Top heavy plans, requirements, **3:82**
Trusts as shareholders, **38:06**
Valuation
cash flow adjustment, **35:42**
discounts applicable, **35:65 to 35:69**
Wholly owned subsidiaries, **3:3**

S STOCK
See also index headings CORPORATIONS; PREFERRED SHARES; S CORPORATIONS; STOCKS
Grantor trust ownership, **23:39**
Ownership, **23:39**
Ownership limitations, **23:39**
Qualified Subchapter S trust (QSST) ownership, **23:39**
Second class restriction, **23:41**
Special asset of estate, **38:03**
Testamentary trust ownership, **23:39**
Trust or will provision on ownership, form, **23:47**
Trust ownership, **23:39, 23:46, 23:47**
Trust provision on ownership, form, **23:47**
Trusts as shareholders, **38:06**
Valuing, **35:42**
Voting trust ownership, **23:39**
Will provision on ownership, form, **23:47**

S SUB STATUS
Qualification as QSub, **3:46**

SAFE DEPOSIT BOXES
Location and inventory, **31:04**
Storage of will, **31:13**

SAFE HARBORS
Interest rates, gifts, **9:17**
Leased employees, fringe benefits, **3:87**
Rabbi trusts, **2:9**

SAFE HARBORS—Cont'd
Stock options, safe harbor valuation, **2:79**

SALARY CONTINUATION AGREEMENTS
Form, **13:17**
Source of liquidity for estate, **17:36**
Terminally ill client, use for surviving spouse, **31:70**

SALARY HEDGE AGREEMENTS
Double taxation mitigation, **3:30, 3:31**

SALARY REDUCTION AGREEMENTS
Individual retirement arrangements, **5:71**
Simple retirement accounts, contribution limits, **5:71**
Transportation fringe benefits, qualified plan income limitations, **2:54**

SALE OF BUSINESS ASSETS
Deferred tax payments, acceleration of, **4:42**

SALES
Bargain sales, asset freeze technique, **29:47**

SALES OF REMAINDER INTERESTS
See also index heading VALUE SHIFTING
Disadvantages, **28:23**
Enterprise, unmarried client, **14:19**
Gifts, **28:25**
Use, **14:19**

SALES-LEASEBACKS
Use as income shifting vehicle, **9:30**

SAME SEX MARRIAGE
Definition of terms for tax purposes, **11:4**
Employment taxes, **11:20**

SAVINGS BONDS
Transferring bonds to trust, **10:37**
Tuition savings, **6:44**
Types of ownership, **10:36**

SAVINGS CLAUSES
Marital deduction, estate tax, **21:68**
Rule against perpetuities, **18:45, 18:46**
Testamentary trusts, **18:45, 18:46**

SCHOOLS
See index heading EDUCATIONAL ORGANIZATIONS

SCIENTIFIC ORGANIZATION
Charitable organization, **24:5**

SCINS (SELF-CANCELING INSTALLMENT NOTES)
Gift characterization, **16:40**

SECRETARY'S TAX ASSESSMENT
Collection Due Process (CDP) hearing, **39:32**
Collection of tax, **39:32**
Notify taxpayer, collection actions, **39:32**
Tax Court review, **39:32**

SECTION 23
Adoption expense, tax credit, **2:46**

SECTION 25A
Postsecondary education expenses, tax credits, **2:46**

SECTION 83 PROPERTY
Split dollar arrangements, **2:24**

SECTION 83(b) ELECTION
Compensatory stock transfers, **2:57**
Mistake of fact as to underlying transaction, revocation of Section 83(b) election for, **2:64**

SECTION 104(a)(2)
Excludable damage awards, **2:5**

SECTION 108
Shareholder basis, excluded COD income, **3:76**

SECTION 121 EXCLUSION
Late return filed, **33:08**

SECTION 132
Nontaxable employee fringe benefits, retirement planning legal services, **2:46**

SECTION 137
Exclusion from income, **2:46**

SECTION 179
Deductions, loss allowances, **3:60**

SECTION 221
Interest on education loans, tax credits, **2:46**

SECTION 351
Tax-free treatment of transfers, exchange of stock or securities, **3:105**

SECTION 351 TRANSACTIONS
Entity freezes, **27:57**

SECTION 355 SEPARATIONS
REITs, active, substantial management, **3:115**

SECTION 409A
See index heading NONQUALIFIED DEFERRED COMPENSATION PLANS

SECTION 419
Single plans, exception to contribution limits, **5:29**

SECTION 457
Rulings on changes in law, **5:14**

SECTION 529 PLANS
Education savings accounts, **5:74**

SECTION 678 TRUSTS
Income shifting, **9:12**

SECTION 704(c)
Interest purchased, effect on basis, **3:108**

SECTION 751 ASSETS
Liquidity planning, **23:10**

SECTION 751 PROPERTY
Liquidity planning
partnerships, **23:10**

SECTION 754 ELECTIONS
Buy-sell agreements, **23:36**

SECTION 1031
Replacement property, interest in single member LLC, **6:49**

SECTION 1035 EXCHANGES
General rules, **7:7, 22:8**
Life insurance, **22:8**

SECTION 1362(f)
Relief for subsidiary election, **3:46**

SECTION 2033
Estate tax considerations, entity freezes, **27:15**

SECTION 2033A
Exemption from gross estate, **38:20**

SECTION 2035
Split gifts, inter vivos, **8:31**

SECTION 2036
Entity freeze application, **27:03**
Legislative history, **27:03**
Retained interest, family partnerships, **27:71**

SECTION 2036(c)
Closely held business, buy-sell agreements, **31:68**
Corporate buy-sell agreements, agreed value safe harbor, **23:29**
Irrevocable life insurance trusts, **22:25**
Private annuities, death imminent, **31:40**
Section 2036(a) differences, **27:03**
Statutory restriction of valuation freezes, **27:03**
TAMRA 1988, statutory restriction of valuation freezes, **27:03**

SECTION 2038
Transfers of property, power exercisable in conjunction with another, **10:12**

SECTION 2043
Entity freezes, consideration issue, **27:23**

SECTION 2207A
QTIP transfers, net gift characterization, **21:43**

SECTION 2503(c)(3) TRUSTS
Income shifting, **9:13**

SECTION 2504
Prior gift valuation, **27:14**

SECTION 2519
Avoidance, **21:43**

SECTION 2701
Transactions outside of, **27:05**

SECTION 2701 VALUATION
Entity freezes
compounding rule, **27:29.50**
elections, **27:29.50**
exceptions to application, **27:29.40**
lower value rule, **27:29.10**
minimum value rule, **27:29.20**
subtraction method, **27:29.30**

SECTION 2702
Grantor retained interest trusts, **28:6**
Private annuities, effect on, **29:45**

SECTION 2703 VALUATION
Buy-sell agreements, **27:30**

SECTION 2704
Family limited partnerships, valuation discounts, **27:98**
Lapsing interests, entity freezes, **27:16**

SECTION 2704 VALUATION
Lapse of rights, **27:31.10**
Liquidation right restrictions, **27:31.20**
Liquidation value, **27:31**

SECTION 4941
Personal benefit contracts, **12:42**

SECTION 6050S
Postsecondary education expenses, reporting for institutions, **2:46**

SECTION 6213
Notice of deficiencies, date requirement, **39:17**

SECTION 6324A
Special lien for estate taxes, installment payments, **36:10**

SECTION 7580A
Deadlines, postponement of, **29:23**

SECTION 7872
Below market loans
income shifting effect, **9:21**
scope of coverage, **9:20**
statutory exemption, **9:22**

SECTION 9100 RELIEF
Roth IRAs elections, **5:73**

SECTIONS 2036-2038
Debt as consideration, **27:17**
Entity freezes, overview, **27:17**

SECTIONS 2701-2704
Historical background, **27:04**

SECULAR TRUSTS
Nonqualified deferred compensation plans, **2:9**
Taxation, **2:9**

SECURITIES
Charitable deduction for full fair market value, **31:56**

SECURITIES—Cont'd
Charitable gifts, use, **12:20, 12:30**
Common trust fund interests, valuation, **35:34**
Death or retirement of shareholder, **3:110**
Foreign markets, valuation, **35:34**
Futures prices, valuation, **35:34**
Less actively futures market, **35:34**
Listed options, valuation, **35:34**
London metal exchange prices, valuation, **35:34**
Redemptions, types, **3:110**
Restricted securities, **35:32**
Sales to ESOP, estate tax deduction, **33:17**
Section 351 treatment, **3:105**
Valuation, **35:28**

SECURITY INTERESTS
Priority over estate tax liens, **16:66**

SEED COSTS
Deductibility, **4:8**

SELF-CANCELING INSTALLMENT NOTES (SCINS)
Gift characterization, **16:40**

SELF-DEALING
CTRs, tax on self-dealing transactions, **12:83**
Section 4941, personal benefit contracts, **12:42**

SELF-EMPLOYED INDIVIDUALS
Insurance deductions, **3:93**

SELF-EMPLOYMENT INCOME
Fiduciary's fees, **30:48**

SELF-EMPLOYMENT TAX
Generally, **3:20**
S corporation earnings, **3:80**

SELF-PROVING AFFIDAVITS
Advantage, **18:64**
Notary public as will witness, **18:64**
Signing, **18:64**
Wills
effect, **20:8**
signing, **20:8**
state law variations, **20:8**

SELF-PROVING WILLS
Admission to probate, **18:64**
Affidavit, **18:64, 20:8**
Notary public for affidavit as witness, **18:64**

SEPARATE LINES OF BUSINESS ("SLOB")
Qualified plans, minimum coverage, **5:23**

SEPARATE PROPERTY
Apportionment
generally, **10:7**
life insurance proceeds, **10:42**
Appreciation, **10:45 to 10:49**
Classification determination, **20:13**

SEPARATE PROPERTY—Cont'd
Closely-held businesses, **10:46**
Community property
commingling, **10:7, 10:52, 20:13**
conversion, **10:52, 10:58**
partition, **10:59, 10:61**
postnuptial agreements, **10:58, 10:61**
Conflict of laws, **20:13**
Conversion, **10:52, 10:58**
Definition, **10:2, 20:13**
Domicile change, effect, **20:13**
Encumbrance payment with community property, **10:7**
Enhancement of value, **10:45 to 10:49**
Forms
postnuptial agreement, **10:61**
Gifts, **10:58**
Improvements, **10:47**
Inception of title rule, **10:7, 10:42**
Income distributions from trusts, **10:49**
Income from property, **10:7**
Life insurance proceeds, **10:42**
Partition of community property, **10:59, 10:61**
Partnerships, **10:46**
Personal property, **10:57**
Postnuptial agreements
generally, **10:58**
form, **10:61**
Prenuptial agreements, **10:58**
Real property, **10:57**
Reimbursement right, **10:7, 10:46**
Sole proprietorships, **10:46**
Title, **20:13**
Trusts
accumulations, **10:49**
income distributions, **10:49**

SEPARATE SHARE RULE
Fiduciary treatment, **32:68**

SEPARATION AGREEMENTS AND DECREES
Generally, **11:26 to 11:38**
Alimony clause, **11:31**
Alimony redefined, pre-2019 agreements, **11:5**
Breach of warranties or representations, remedies, **11:38**
Child support clause, **11:29**
Dependency exemptions, allocation of, **11:30**
Earlier years' returns, **11:36**
Employee benefit plans clause, **11:33**
Form of agreement, **11:27**
Future years' returns, **11:37**
Joint return clause, **11:35**
Life insurance clause, **11:34**
Payments as taxable income, pre-1984, **11:2**
Pensions clause, **11:33**
Property division clause, **11:32**

SEPARATION AGREEMENTS AND DECREES—Cont'd
Returns
earlier years' returns, **11:36**
future years' returns, **11:37**
joint return, **11:35**
Specific clauses, **11:28 to 11:38**
Warranties or representations, remedies for breach, **11:38**

SEPARATION OF SPOUSES
See index headings DIVORCE AND SEPARATION; SEPARATION AGREEMENTS

SERVICE CONTRIBUTIONS (CHARITABLE)
Expense deductions, **12:6**

SERVICES
Contribution, valuation of, **12:40**
Performance of, election to defer income, nonqualified deferred compensation plan, **2:8**

SETTLEMENT AGREEMENTS
See also index heading SEPARATION AGREEMENTS
Charitable deduction, will contests, **24:8**

SETTLEMENTS
Damage claims, **2:5**
Refund claim, ability to make, **38:16**
Third parties, taxability of settlement payments to, **32:36**

SETTLEMENTS WITH APPEALS OFFICE
Administrative and judicial processes, relationship, **39:2**
Closing agreements, **39:16**
Form usage, **39:16**
Litigation hazards, **39:2**
Reopening case after settlement, **39:16**

SHARECROPPING
UBTI, **12:69**

SHAREHOLDER LOANS
Imputed interest, applicable rules, **9:23**

SHAREHOLDERS
See also index heading STOCKS
Adjusted basis
reduction by distribution, **3:26**
S corporations, **3:48**
Compensatory stock transfers to employees on behalf of corporation, **2:59**
Corporate property, personal use, **3:27**
Corporate shareholders, deduction of dividends from gross income, **3:26**
Double taxation
generally, **3:25**
effect on corporation, **3:12**
repurchase of stock, **3:110**
Fiscal year, use for income shifting, **9:16**
Life insurance, corporate ownership, **22:20**
Limited liability, **3:8**

SHAREHOLDERS—Cont'd
Loans from corporation
income shifting, **9:23**
short-term capital loss treatment, **3:70**
tax treatment, **3:27**
Losses, recognition, **3:70**
Purchase of corporate assets, **3:27**
S corporations
grantor trust as shareholder, **23:40**
GRATs, status, **19:26**
items passing through, **3:48**
limitations, **23:39**
pass-through rules, effect, **3:48**
pro rata share of income, **3:48**
stock dispositions, **38:05**
terminally ill shareholder
fiduciary power to incorporate, form, **31:73**
successor in interest, eligibility, **31:72**
trust as recipient, **31:72**
Salary hedge agreements, **3:30, 3:31**
Sale or lease of property to corporation, income tax treatment, **3:27**
Shareholder-employees, payment of reasonable compensation, **3:29**
Transferability of interests, **3:14**

SHOPPING CENTERS
Analyzing investments, **6:35**

SHORT TAXABLE YEARS
Trusts and estates, estimated income tax payments, **32:65**

SIMPLE 401(k) PLANS
Generally, **5:11**

SIMPLE IRAs
Application and use, **5:57**
Employers entitled to establish, **5:57**
Requirements, **5:57**

SIMPLE RETIREMENT ACCOUNTS
Contributions permitted, **5:71**

SIMPLE TRUSTS
Definition, **32:7**

SIMPLE WILLS
Marital deduction, estate tax, **21:8**
Personal representative powers, **18:60**
Will with standby trust, form, **18:68**

SIMPLIFIED EMPLOYEE PENSIONS (SEP)
Generally, **5:67**
Contributions, **5:70**
Deductions, **5:70**
Examination guidelines, **5:67**
Nondiscrimination rules, **5:69**
Participation rules, **5:68**

SIMULTANEOUS DEATH
Child, **17:43**
Equalization clauses
generally, **21:23**
form, **21:24**
Marital deduction, estate tax, **21:11, 21:21**
Reverse presumption clauses
generally, **21:21, 21:23**
form, **21:24**
Statute applicability, **18:50**
Uniform Simultaneous Death Act, **21:11, 21:22**

SIMULTANEOUS WILLS
Preparation, **18:61**

SINGLE CLIENTS
Asset considerations, **14:3**
Charitable gift planning, **14:17**
Employee benefits, **14:16**
Estate planning considerations, **14:1 to 14:21**
Estate planning overview, **14:1**
Estate plans, revised, **14:21**
Freeze techniques, **14:20**
Gifts during life, **14:11**
Hypothetical fact patterns, **14:5**
Implementing plans, **14:8 to 14:21**
Joint property, **14:14**
Joint purchases, **14:19**
Power of attorney, use, **14:10**
Private annuities, **14:18**
Testamentary dispositions, **14:13**
Trusts during life, **14:12**

SINGLE PARTNERSHIP ENTITY
Tax treatment, **3:88**

SINKING FUNDS
Buy-sell agreements, **23:37**

SITUS OF TRUST
Trust preparation, **19:40**

SKIP PERSONS
Generation skipping tax, **26:7**

SMALL BUSINESS INVESTMENT COMPANIES
Characteristics, **6:26**

SMALL BUSINESS JOB PROTECTION ACT OF 1996 (SBJPA)
Distributions, after age 70 and one half, **5:38**
Electing small business trusts (ESTB), S corporation shareholder, **23:39**
Eliminate pre-retirement right to distributions, **5:38**
Foreign transfers, **16:70**
Rollovers of spousal IRAs, **5:47**
S corporation subsidiaries, **3:46**
SIMPLE IRAs, application and use, **5:57**
Trust status, foreign or domestic, **32:63**

SMALL BUSINESS STOCK PROVISION
Corporate losses, **3:71**

SMALL ESTATES
Tax return filing requirements, **34:61**

SOCIAL SECURITY
Additional wages and income, effect, **13:9**
Availability, **13:8**
Child's benefits, **13:7**
Derivative benefits
generally, **13:7**
reduction, **13:8**
Divorce or separation, allocation of income for benefit qualification purposes, **11:20**
Farm leases, effect on benefits, **13:26**
Father's benefits, **13:7**
Full benefits, calculation, **13:8**
Fully insured individual, **13:7**
Increases, **13:8**
Medicare hospital insurance, availability, **13:10**
Medicare medical insurance, availability, **13:10**
Modified adjusted gross income, **13:12**
Mother's benefits, **13:7**
Nonqualified deferred compensation agreements, impact on benefits, **13:16**
Old-age benefits
generally, **13:7**
reduction, **13:8**
Parent's benefits, **13:7**
Payment prior to retirement age, effect, **13:8**
Qualified requirement plans, integration, **5:26**
Quarters of coverage, **13:7**
Request for statement of earnings, form, **13:8**
Retirement age, **13:8**
Surviving spouse's, **13:7**
Taxation of benefits, **13:12**
Wage base, defined benefit plan, ''covered compensation'' defined, **5:25**

SOIL CONSERVATION
Deductibility, **4:8**

SOLE MANAGEMENT COMMUNITY PROPERTY
Creditors' claims, **10:13**
Debts, **10:13**
Nature of control, **10:7**

SOLE PROPRIETORSHIPS
Appreciation, **10:46**
Balance sheet adjustments, **35:49**
Closely held business interest, inclusion in definition, **35:36**
Community property, **10:46**
Death of owner, **23:8**
Enhancement of value, **10:46**
Federal estate tax return listings, **34:69**
Liquidity of estate, **23:8**
Restructure of ownership and control, **23:16, 23:18, 23:19**

SOLE PROPRIETORSHIPS—Cont'd
Separate property, **10:46**
Terminally ill owner, disposition, **31:75**
Use by farmers, **4:3**
Valuation methodology, **35:36**

SPECIAL ASSETS OF ESTATE
See also index heading ESTATES
Artwork, **38:17**
Copyrights, duration, **38:17**
Farmland
cessation of qualified use, **38:11**
percentage tests, **38:09**
premature disposition, **38:11**
protective election of special use valuation, **38:10**
special use valuation, eligibility, **38:09**
valuation problems, **38:08**
Flower bonds, **38:07**
Installment payments and income items, **38:19**
Licenses, **38:17**
Life insurance on another, **38:18**
Narcotics belonging to deceased physician, **38:16**
Partnership interests
discounted value, **38:12**
disposal of interest, **38:13**
general partner's basis, **38:14**
income in respect of decedent, **38:15**
limited partner's basis, **38:14**
problems, **38:12**
taxable year, closing, **38:13**
Patient records, **38:16**
Physician's practice, **38:16**
Problems, **38:02**
Royalties, **38:17**
S corporation stock
disposition, **38:05**
estate as shareholder, **38:04**
income taxation, **38:03**
ownership restrictions, **38:03**
partnerships, comparison, **38:03**
trusts as shareholders, **38:06**

SPECIAL LIENS
Bankruptcy stay provisions, **39:33**
Deferred estate tax, **39:10, 39:11, 39:33**
Estate tax, **16:66, 39:10, 39:11, 39:33**
Gift tax, **39:33**
Priority over state tax liens, **16:66**
Special use valuation, additional estate tax, **39:33**

SPECIAL POWER OF APPOINTMENT
Maximizing gift benefits, **8:17**

SPECIAL USE VALUATION
Acquisition of property by qualified heir, **4:18**
Additional estate tax, imposition, **35:25**
Adjusted value percentages, **4:21**
Agreement, form, **4:23**

SPECIAL USE VALUATION—Cont'd
Appraisals necessary, **35:25**
Businesses other than farming, availability, **4:28**
Cessation of qualified use, **38:11**
Comparable properties lacking, multiple factors considered, **4:26**
Comparable properties omitted, multiple factor method used, **35:26**
Corporate-owned property, **4:29**
Correcting defective elections, Section 2032A(d)(3) changes, **4:26**
Crop-share lease as material participation, **4:16**
Deferral of estate taxes, disqualification, **4:36**
Dispositions, qualified conservation easements, **24:19**
Election
disqualification, **4:22**
estate tax return, **4:22**
extension to allow, **4:22**
procedure, **38:10**
Estate tax
generally, **16:58**
election, **34:75**
savings, **4:30**
Farm, definition, **38:09**
Farm method of valuation
Federal Land Bank loans interest rate, **4:26**
marital deduction valuation, **35:26**
Farm property
availability, **4:13**
eligibility, **38:09**
Gifting nonfarm assets, advantages, **4:32**
Gross estate, adjusted value percentage, **4:21**
Land held in corporation, **4:29**
Liens for additional tax, **39:33**
Limitations, **35:25**
Marital deduction property, **21:48**
Material participation requirement, **4:16**
Maximum reduction in fair market value, **4:13**
Minority discount, incorporated family farm, **35:25**
Minority discounts, **4:29**
Minority ownership discount, **4:29**
Multiple factor method, **4:26, 4:27, 35:27**
Nonfamily use, **4:15**
Nonqualified heirs
generally, **4:15**
minor interests in property, **4:18**
Nonqualified use, **38:09**
Notice of election, form, **4:24**
Notice of protective election, form, **4:25**
Oil leases as disqualifying property, **4:20**
Partial election, unified credit equivalent, **4:14**
Partnership owned property, **4:29**
Percentage tests, **38:09**
Planning situations, **4:32**
Postmortem estate planning, use, **33:15**
Postmortem material participation, **4:20**

SPECIAL USE VALUATION—Cont'd
Postmortem qualified use property, **4:19**
Pre-death requirements, **4:13 to 4:32**
Premature disposition, **38:11**
Problems, **4:31**
Procedure for election, **38:10**
Property acquired from decedent, **4:17**
Property held in trust, **4:29**
Protective election, **38:10**
filing, **33:15**
Qualified conservation easements, no disposition, **24:19**
Qualified heir
definition, **4:18, 38:09**
member of the family, **4:18**
Qualified real property, **4:14**
Qualified use
generally, **38:09**
family member, **4:15**
land ownership requirements, **4:14**
Real property passing in trust, availability, **4:18**
Recapture agreement, **34:75**
Recapture of estate tax savings, **4:30**
Requirements, **4:14**
Special power of appointment, effect on qualifying property, **4:18**
Substantial compliance
executor elections, **34:75**
rancher/farmer, **4:22**
Unpaid tax, acceleration, **4:42**
Use for farming purposes, definition, **4:14**

SPECIFIC GIFTS
See also index heading GIFTS
Ademption, **18:14, 18:15**
Burden of proof, **18:17**
Category distinction, **18:14**
Definition, **18:15**
Encumbrances, **18:37**
Example, **18:15**
Income after death, **18:15**
Property included, **18:15**
Shares of corporate stock, **18:31**
Tangible personal property, description requirement, **18:22**

SPECIFIC PORTION LIMITATION
See also index heading MARITAL DEDUCTION
Entire interest concept, relationship, **21:33**
Freeze of value of surviving spouse's interest, **21:31**
Qualification for deduction, **21:32**

SPENDTHRIFT CLAUSES
Financially irresponsible beneficiary, use, **17:21**
Form, **17:22**
Marital deduction trusts, testamentary transfers, **21:34**

SPENDTHRIFT TRUSTS
Avoidance of conflict with beneficiary's general power of appointment, **18:47**

SPENDTHRIFT TRUSTS—Cont'd
Provisions, **19:39**
Purpose, **18:47**
Recognition by states, **30:42**
Testamentary trusts, **18:47**
Validity, **18:47**

SPLIT DOLLAR LIFE INSURANCE
See also index heading LIFE INSURANCE
Annual value of benefit as income, **2:24**
Collateral assignment method
generally, **2:22**
form, **2:29**
Definition, **2:21**
Economic benefits, **2:21**
Employee Welfare Benefit Plan status, **2:26**
Endorsement method
generally, **2:22**
form, **2:28**
Estate tax consequences, employee, **2:23**
Incident of ownership of policy, **2:23**
Irrevocable trust, GST exemption, **2:23**
Irrevocable trust, transfer of policy, **2:23**
Private arrangement, **2:11**
PS 58 cost, effect, **2:24**
Reporting requirements
generally, **2:26**
letter to Department of Labor, form, **2:27**
Right to borrow, effect, **2:24**
Section 83 treatment, avoidance of, **2:25**
Structural methods, **2:22**
Tax implications, **2:24**
Termination provisions, **2:25**
Transfer for value rules, applicability, **22:7**
Trusts, **22:27**
Variations, **2:21**

SPLIT DOLLAR PLANS
Premium rates, interim guidance, **2:24**

SPLIT GIFTS
See also index headings GIFT PLANNING; GIFTS; GIFT TAX
Annual exclusion, use, **17:52**
Charitable and noncharitable split gifts, **16:54**
Charity and spouse, **21:45**
Consenting spouse, **8:30**
Definition, **8:27**
Election, methods, **8:29**
Generation skipping transfer tax purposes, **34:53**
Gift tax return, requirements, spouses' gifts to third parties, **16:2, 16:15, 16:21, 16:24**
Requirements, **8:28**
Restrictions, **8:28**
Spouse and charity, **21:45**
Spouses' gifts to third parties
estate tax, **16:2**
gift tax, **16:2, 16:15, 16:21, 16:24**

SPLIT GIFTS—Cont'd
Spouses' gifts to third parties—Cont'd
income tax, **16:15**

SPLIT-INTEREST CHARITABLE LEAD TRUST
Distributions to charitable beneficiary, **19:65**

SPLIT-INTEREST CHARITABLE TRUSTS
Estate tax deductions, **21:45**

SPLIT-INTEREST GIFTS
Imminent death planning, **31:55**

SPONGE TAXES
Choice of domicile, **20:21**
State estate tax type, **16:62**

SPOUSAL JOINT OWNERSHIP
See also index headings NONSPOUSAL JOINT OWNERSHIP; OWNERSHIP OF PROPERTY
Community property
generally, **10:39 et seq.**
creditors claims, **10:13**
overview, **10:7**
Disclaimers
timing requirements, **37:9**
use of property before disclaimer, **37:11**
Economic Recovery Tax Act of 1981, **10:20 et seq.**
Estate tax
gross estate inclusion, **10:23**
interests with right of survivorship, **16:37 to 16:39**
marital deduction, **10:23, 21:12, 21:47**
prior to 1982
gross estate inclusion, **10:27**
qualified joint interests, **10:27**
qualified joint interests, **10:23**
Flexibility for survivor, **10:16**
Gift tax
generally, **10:22**
prior law, before 1982, **10:26**
Gifts, **37:9**
Income tax, **10:21, 10:25**
Joint tenancy with right of survivorship
generally, **10:6**
estate tax, **16:37 to 16:39**
Marital deduction, estate tax, **10:23, 21:12, 21:47**
One-half rule, estate tax, **16:38**
Prior law, before 1982, **10:24**
Qualified joint interests
generally, **10:23**
prior law, before 1982, **10:27**
Section 2515 and 2515A rule, prior law, before 1982, **10:26**
Tax consequences, **10:20 et seq.**
Tax Reform Act of 1976, **10:23, 10:27**
Tenancy by the entirety
generally, **10:5**
estate tax, **16:37 to 16:39**

SPOUSAL REMAINDER TRUSTS
Income shifting, **9:8**
Nature, **19:66**

SPOUSAL ROLLOVERS
Disclaimers, use of, **33:11**
Five-year averaging rule repealed, **5:47, 37:9**
Gifts, **37:9**
Gross estate inclusion, **5:65**
Permissibility, **5:65**
Prior receipt of distributions, election permitted, **5:65**
Retirement benefit plans, grandfathering provisions applicable, **3:81**

SPOUSAL SUPPORT
See also index headings ALIMONY
Historical background, **11:1**
Tax consequences, pre-1984, **11:2**

SPOUSES
See index heading HUSBAND AND WIFE

SPOUSE'S SOCIAL SECURITY BENEFITS
Eligible beneficiaries, **13:7**

"SPRUNG" DURABLE POWER OF ATTORNEY
Imminent death planning, **31:06**

STANDARD DEDUCTION
Phase-out levels, **9:3**
Tax Cuts and Jobs Act, **1:3**

STANDARD PRESUMPTION OF SURVIVORSHIP
Form, **21:26**
Use, **21:25**

STANDBY TRUSTS
Form with simple will, **18:68**
Protection against incapacity, **19:16**
Use, **18:46**

START-UP EXPENSES
Deductibility, **3:56**

STATE AND LOCAL TAXES
Avoid by changing domicile, **20:17, 20:19**
Credit to estates, subsequent refund, treatment, **16:62**
Estate taxes, **20:20 to 20:23**
credit amounts, **16:69**
Gift taxes, **20:17**
Income of estates and trusts, **20:18**
Income taxes, **20:15, 20:18, 20:19**
Inheritance taxes
apportionment, **18:9**
Federal estate tax treatment, **16:52, 16:62**
imposition by states, **20:20 to 20:23**
Legacy taxes, **16:52, 16:62**
Pickup taxes, **16:62, 20:21**
QTIP interests, owner of remainder interest, **16:69**
Real property, **20:16**
Residency required for income tax, **20:15**

STATE AND LOCAL TAXES—Cont'd
Sponge taxes, **16:62, 20:21**
State estate tax credit, Federal estate tax, **16:62**
Succession taxes, **16:52, 16:62**
Trust income, **20:18**

STATE ESTATE TAXES
Domicile requirement, **20:22**
Double taxation, **20:20, 20:23**
Dual domicile cases, arbitration, **20:23**
Dual domicile of decedent, **20:22**
Estate tax, **20:20, 20:21**
Estate tax credit
generally, **34:101**
additional state taxes, **39:23**
Federal tax, **16:62**
Federal estate tax credit, **16:62**
Inheritance taxes
apportionment, **18:9**
Federal estate tax treatment, **16:52**
Intangible personal property, **20:20, 20:22**
Multistate taxation, **20:22**
Nonresident decedents, **20:20**
Pickup taxes, **16:62, 20:21**
Requirements for imposition, **20:20**
Sponge taxes, **16:62, 20:21**
Types, **20:21**
Uniform Act on Interstate Arbitration of Death Taxes, **20:23**
Uniform Act on Interstate Compromise of Death Taxes, **20:23**

STATE GIFT TAX
Intangible personal property, **20:17**

STATE INCOME TAX
Avoid by changing domicile, **20:19**
Credit for tax paid to other state, **20:15**
Death benefits, **20:19**
Domicile change during tax year, **20:19**
Double taxation
more than one state, **20:15**
multiple states, **20:19**
Estates, **20:18**
Nonresidents, **20:15, 20:19**
Residency requirement, **20:15**
Retirement benefits, **20:19**
Returns, **20:19**
Stock dividends, **20:19**
Trusts, **20:18**

STATE LAW
Administrative expenses, reasonableness of deduction, **34:93**
Construction of for GST purposes, no change in beneficial interest, **26:33**
Disclaimers of interest, ultimate takers, intestacy laws, **37:23**
State law default rules, **27:31.30**

STATE LAW—Cont'd
Statute of limitations, Federal tax collections, effect on, **39:32**
Trust income characterization, total return investment strategies, **32:11**
Trusts, choice of fiduciary and situs, **30:42**
Valuation of business entities, **27:31.30**

STATE SPONSORED PREPAID TUITION PLANS
Income tax liability, **2:46**

STATE TAX LAWS
Estate tax credit, generation skipping tax, **26:22**
Tax advantaged investments, effect, **6:22**

STATE TAX LIENS
Priority of estate tax liens, **16:66**

STATUTE OF FRAUDS
Express trust in real property, impact, **19:13**
Express trust of personalty, impact, **19:13**
Nature, **19:13**
Property interests covered, **19:13**

STATUTE OF LIMITATIONS
Amending refund claims, **39:27**
Disability of taxpayer, equitable tolling, **30:04**
Disallowance of tax refund claim, waiver of notice, **39:26, 39:27**
Equitable tolling
incompetency of taxpayer, **30:04**
refund claims, **39:23**
Extensions by agreement, **39:14, 39:27**
Extensions for refund claims, **39:23**
Gifts, adequate disclosure required, **16:22**
Partnerships, **3:34**
Payments v. deposits, **39:23**
Refund claims, **39:23, 39:24**
amending, **39:27**
Refund litigation for tax overpayment, **39:26, 39:27**
Refunds, no return filed, **39:18**
State statutes, effect on Federal tax collection, **39:32**
Tax shelters, **6:19**
Withheld taxes, deemed payment period, **39:23**

STATUTE OF USES
Consideration for trusts, **19:7**

STATUTORY FRINGE BENEFITS
Generally, **2:46**

STATUTORY NOTICES OF TAX DEFICIENCY
Generally, **39:2**
Burden of proof, **39:2**
90-day letter, **39:17**

STATUTORY REQUIREMENTS
Disclaimers, **37:5**

STATUTORY SHARE ELECTIONS
Marital deduction, **20:7**

STATUTORY SHARE OF SURVIVING SPOUSE
Augmented estate, **20:7**
Election, **20:7**
Estate tax, includibility in gross estate, **16:50**
Form, **20:7**
Inter vivos trust transfer, **21:12**
Marital deduction qualification
generally, **20:6**
dower elected properly, **21:12**
Settlements, maintaining marital deduction, **21:12**
Size, **20:6, 20:7**
State law variances, **20:7**
Uniform Probate Code, **20:6, 20:7**

STEP TRANSACTIONS
Gift tax, overview, **16:5**
S corporation subsidiaries, effect on election, **3:46**

STEP-CHILDREN AS FAMILY MEMBERS
Special use valuation, **4:15**

STOCK
See also index headings SHAREHOLDERS; CORPORATIONS
Blockage, definition, **35:33**
Book value, definition, **35:48**
Compensatory stock transfer, election to treat as completely vested, **2:55**
Controlling shares, value, **35:62**
Dividends, **23:11, 23:14, 23:21**
Extent of client's holdings, **15:8**
Joint accounts, **10:35**
Marital deduction, estate tax, **21:66**
Market rates of return, **35:46**
Price adjustment factors, **35:33**
Publicly held stock selling "ex-dividend," valuation, **35:29**
Redemption agreements
generally, **23:43, 23:44**
attribution rule waiver by estate or trust, **21:66**
buy-sell agreements, **23:33**
capital expenditures, **23:11**
closely held corporations, **21:34, 21:66, 23:11 to 23:14**
dividend treatment comparison, **23:11**
estate tax payments
generally, **36:21, 36:22 to 36:27**
funding, **23:13**
generation skipping tax treatment, **26:41**
marital share satisfaction, **21:66**
no equivalency to dividends, **23:12**
partial liquidations, **23:12**
sale or exchange treatment, **23:12**
Section 302 exchange treatment, **36:28**
Section 302 redemptions, **23:12, 23:14**
Section 303 redemptions, **23:13**
Section 306 stock, **23:14**
substantially disproportionate redemption, **23:12**
Tax Equity and Fiscal Responsibility Act of 1982, **21:66**
terminating shareholder's interest, **23:14**

STOCK—Cont'd
Redemption agreements—Cont'd
termination of shareholder's interest, **23:12**
S corporation, dispositions, **38:05**
S corporation stock, **23:39 et seq.**
Section 302 redemptions, **23:12, 23:14**
Section 303 redemptions, **23:13**
Section 306 stock, **23:14**
Section 351 treatment, **3:105**
Short sales, income in respect of decedent, **32:48**
Substantially disproportionate redemption, **23:12**
Tax Equity and Fiscal Responsibility Act of 1982, **21:66**
Transfer taxes, provisions for avoiding, **35:65**
Valuation
generally, **23:27, 23:29, 35:29**
nonlapse restrictions, **2:58**
Valuing, control blocks, **35:65**

STOCK APPRECIATION RIGHTS
Accounting for, **2:75**
Nonqualified stock options issued with, **2:68**

STOCK BONUS PLANS
Definition, **5:8**
Distributions
dates, **5:38**
estate income taxation, **32:46**
form of payment, **5:40**
income in respect of decedent, **32:51**
trust income taxation, **32:46**
In-service distributions
generally, **5:35**
taxation, **5:44**
Loans to participants, **5:36**
Qualification rules, **5:14 to 5:29**
Required distributions, **5:37**

STOCK OPTIONS
Compensatory stock transfers, valuation, **2:61**
Divorce, effect of dividing nonstatutory options, **11:16**
Golden parachute payments, **2:79**
Nonqualified, **2:68**
Reporting value on employee's W-2 form, **2:68**
Section 409A, special rules for stock options, **2:87**

STOCK REDEMPTIONS
Retirement planning, **13:21**

STRAIGHT DEBT INSTRUMENT
S corporations, **3:3**

STRAWMEN
Tenancy by the entirety, **10:5**

STRING PROVISIONS
Consideration given, **27:23**
Entity freeze application, **27:03**
Entity freezes
alterable transfers, **27:21**

STRING PROVISIONS—Cont'd
Entity freezes—Cont'd
overview, **27:17**
Section 2038
adverse interest approval, **27:22**
alterable transfers, **27:21**
Section 2038, **27:21**
Sections 2036, retained rights, entity freezes, **27:18**
Sections 2036-2038, **27:17**
Sections 2036(b), retained rights
Byrum doctrine, **27:20**
equity transfers, **27:19**
Sections 2043, consideration, freeze transactions, **27:23**
Transferees with limited funds, **27:24**

STRINGS RETAINED
Transferred interests in property, **16:40**

STUB PERIOD INCOME
QTIP election, **16:55**

SUBSIDIARIES
S corporations, **3:46**
Spin-off after gaining control, **3:115**

SUBSTANTIAL COMPLIANCE
Special use valuation
executor elections, **34:75**
rancher/farmer, **4:22**

SUBSTANTIAL PRESENCE TEST
Resident alien income tax, **1:4**

SUBSTANTIAL RISK OF FORFEITURE
Incentive stock options, alternative minimum taxable income, **2:64**
Nonlapse restrictions, **2:58**
Nonqualified deferred compensation plans, **2:6**
Stock subject to repurchase agreement, **2:56**

SUBSTANTIATION RULES
Business expenses, substantiation methods, **2:51**
Charitable gifts, **12:8**

SUCCESSION
State law variances, **20:6**

SUCCESSION TAXES
Credit, Federal estate tax, **16:62**
Deductibility, Federal estate tax, **16:52**

SUMMARY JUDGMENTS
Tax Court, **39:20**

SUMMARY RECORDS OF ASSESSMENT
Notice and demand for payment, **39:32**

SUMMATION METHOD OF CAPITALIZATION
Valuations, **35:19**

SUPER TRUST
Irrevocable life insurance trust, **22:27**

SUPPLEMENTAL RETURNS (ESTATE)
Later-discovered expenses, **33:23**

SUPREME COURT TAX LITIGATION
Appeals, **39:2, 39:21**

SURETIES
Definition, **30:12**

SURFACE TRANSPORTATION ACT
Fringe benefits, exclusions from income, **2:46**

SURGERY
Medicare coverage, **13:10**

SURVIVORS AND SURVIVORSHIP
Generally, **17:26**
Augmented estate, **19:18**
Clauses, **21:19 et seq.**
Contingent reversions, **28:14**
Creditors' claims, **10:13**
Deceased spousal unused election (DSUE), **33:21.50**
Deemed gifts, **10:40 et seq.**
Disclaimers, **37:9 to 37:11**
Elections, **10:44, 20:7, 21:71**
Estate planning considerations, **17:15**
Exempt personal property allowance, **20:7**
Family allowance, **20:7**
Flexibility for survivor, **10:16**
Homestead right or allowance, **20:7**
In testate share size determination, **20:6**
In testate succession survivorship requirements, **20:6**
Joint interests with right of survivorship, estate tax, **16:37 to 16:39**
Joint tenancy, **10:4 to 10:6**
Marital deduction, estate tax, **16:51, 16:55**
Marital deduction trusts
generally, **16:49**
testamentary transfers, **21:29 et seq.**
Marital devise conditions, **21:74**
Presumptions, **21:21 et seq.**
Reverse presumption, **21:11**
Rights provided by statute, **20:7**
Simultaneous death, **21:11, 21:21 to 21:24**
Social security benefits, **13:7**
Statutory right of election, revocable living trust, **19:18**
Statutory rights, **20:7**
Statutory share, **16:50, 20:6, 20:7**
Statutory share of surviving spouse
generally, **21:71**
probate transfers, **21:6**
Surviving coowner's flexibility, **10:16**
Survivor annuities and other payments, **16:30**
Tenancy by the entirety, **10:5**
Terminable interest rule exception, estate tax marital deduction, **21:19 et seq.**
Testamentary dispositions, **18:29**
Testamentary transfers to, **21:1 et seq.**

SURVIVORS AND SURVIVORSHIP—Cont'd
Testamentary transfers to surviving spouse, **16:55**
Uniform Simultaneous Death Act, **21:11, 21:22**
Widow's election, community property, **10:44**

SURVIVORSHIP CLAUSES
Common disasters, **21:19, 21:20**
Equalization, **21:23 et seq.**
Estate tax minimization, **18:50**
Forms
equalization clause combination, **21:24, 21:28**
reverse presumption, **21:24**
spouses with nearly equal estates, **21:28**
standard presumption, **21:26**
Marital deduction
estate tax, **21:19 et seq.**
preservation, **18:50**
Omission from will, **18:50**
Reverse presumption
generally, **21:21, 21:24**
use, **21:23**
Spouses with nearly equal estates, **21:27, 21:28**
Standard presumption, **21:25, 21:26**
Statutory requirements, overriding of, **18:50**
Time clauses, **21:21**
Uses, **18:50**

SUSPENDED LOSSES
Shareholder basis, excluded COD income, **3:76**

SWEEP FEES
Fiduciary compensation, **30:47**

TAINTED ASSET RULE
Testamentary spousal transfers, **21:18**

TARGETED JOBS TAX CREDIT
Availability to estates and trusts, **32:34**

TAX ADVANTAGED INVESTMENTS
Generally, **6:1 to 6:50**
See also index heading TAX SHELTERS
Abusive tax shelters, malpractice liability, **6:5**
Access, **6:4**
Acquisition, **6:4**
Airplane, dry lease, **6:13**
Alternative minimum tax, effect, **6:6**
Analysis, **6:34**
At-risk individual, definition, **6:7**
At-risk rules, **6:7**
Boat charter, **6:13**
Carrying charges, **6:49**
Civil penalties, **6:19**
Closely held corporations, **6:30**
Code provisions, penalty for noncompliance, **6:19**
Common stock, **6:47**
Corporate bonds, **6:46**
Deferring gain, **6:49**
Definition, **6:3**

TAX ADVANTAGED INVESTMENTS—Cont'd
Equipment leasing, availability, **6:42**
Equities, **6:47**
Failure to register, penalty, **6:19**
Fannie Mae's, **6:44**
Federal bonds, **6:46**
Financing, **6:49**
Forms of ownership
comparisons, **6:21**
importance, **6:3**
nontax implications, **6:20**
state tax laws, effect, **6:21**
Fraud, penalties, **6:19**
General business reputation, review, **6:34**
General partnerships, **6:29**
Ginnie Mae's, **6:44**
Individual ownership, implications, **6:33**
Inherent nature of tax advantage, **6:3**
Investment advisers, use, **6:4**
Investment amounts, limitations, **6:19**
Investment interest, definition, **6:17**
Legislative history, **6:2**
Limitations on tax benefits, **6:6**
Limited partnerships
characteristics, **6:27**
net partnership passive income, impact, **6:27**
qualified income offset, **6:27**
requirement, **6:27**
substantial economic effect, **6:27**
Losses, tax treatment, **6:5**
Market discount bonds, **6:46**
Master limited partnerships, **6:28**
Material participation, requirement, **6:10**
Mutual funds, **6:24**
Negligence, penalties, **6:19**
Net active income, **6:11**
Offering memorandum, review, **6:36**
Overstatement of values, penalties, **6:19**
Partial ownership, effect on value, **6:23**
Passive activity losses
deduction, **6:15**
definition, **6:8, 6:9**
phase-in rules, **6:16**
Payment for significant services, **6:13**
Personal service corporations, **6:31**
Portfolio income, treatment, **6:12**
Preferred stock, **6:47**
Private placements, **6:4**
Promoters, Code requirements, **6:19**
Promoters, income tax preparers, liability, **6:5**
Promotion of abusive tax shelters, civil penalty, **6:19**
Prospectus
analysis, **6:34**
review, **6:36**
Qualified nonrecourse financing, **6:7**

TAX ADVANTAGED INVESTMENTS—Cont'd
Qualified opportunity zones, **6:50**
Raw land, availability, **6:38**
Real estate
availability, **6:37**
raw land, **6:38**
Real estate investment trusts, **6:25**
Real estate mortgage investment conduits, **6:24**
Regular corporation, **6:30**
Regulated investment companies, **6:24**
Rental activities, **6:13**
Research and development activities, passive activity rule, **6:8**
Residential rental property, **6:39**
Role in investor's portfolio, **6:2**
S corporations, **6:32**
Securities, **6:43 to 6:47**
Shopping centers, **6:35**
Short sales of stock, **6:47**
Short-term leases of tangible property, **6:13**
Small business investment companies, **6:26**
Sources of offerings, **6:4**
Tax Cuts and Jobs Act, **6:50**
Tax deficiencies, risks, **6:19**
Taxation, tradeoffs, **6:35**
Tax-exempt bonds, **6:43**
Tax-motivated transactions, **6:19**
Trade or business, comparison, **6:48**
Tradeoffs, **6:35**
Transfer of passive activity to related party, **6:15**
United States government obligations, **6:44**
United States savings bonds, **6:44**
Value, partial ownership, **6:23**

TAX AVOIDANCE
Economic substance test, elements to consider, **9:11**

TAX BASIS
Charitable contributions, publishers clippings library, **12:8**

TAX BRACKETS
Inflation adjustments, **9:3**

TAX COLLECTION
See also index headings AUDITS; TAX COURT
Additional amounts and additions, **39:31**
Assessment, **30:20, 39:32**
Collection Due Process (CDP) hearing, **39:32**
Interest rates, **39:31**
Liens
generally, **39:10, 39:11, 39:33**
priority over state tax liens, **16:66**
Notice and demand, **39:32**
Notify taxpayer, collection actions, **39:32**
Penalties, **39:31**
Statute of limitations, state law effect on Federal tax, **39:32**
Summary records of assessment, **39:32**
Tax Court review, **39:32**

TAX COLLECTION—Cont'd
Time and place for payment, **39:32**
Transferee liability, statute of limitations, **39:32**

TAX CONSULTANT ERROR
Malpractice action, **1:31**

TAX COURT
Additional assessments, **39:20**
Alternate forums, **39:2, 39:17**
Appeals, **39:2, 39:21**
Assessment of tax or other liability, **39:20, 39:32**
Burden of proof, **39:17**
Collection actions, jurisdiction, **39:32**
Computation submission and arguments, **39:20**
Cost awards, **39:19, 39:20**
Decision date, **39:20**
Default judgments, **39:20**
Deficiency or overpayment, stipulation, **39:19**
Deficiency redetermination, petition, **39:2, 39:17, 39:18**
Determination, **39:20**
Dismissals, **39:20**
District counsel case referrals and settlement attempts, **39:19**
Fact finding, **39:20**
Finality of decision, **39:20**
Forum availability, **39:2, 39:17**
Hearings, **39:20**
Judgments on pleadings, **39:20**
Judicial review of IRS actions, **39:32**
Jurisdiction
innocent spouse liability, **11:21, 11:22**
review of installment payment denial, **36:16**
Motions for summary judgment, **39:20**
New issues during settlement procedures, **39:19**
Penalties, **39:20**
Place of hearing, **39:18**
Powers, **39:20**
Publication of reports, **39:20**
Reports, **39:20**
Settlement procedures, **39:19**
Small tax cases, **39:20**
Summary judgments, **39:20**
Tax period reviewable, **39:20**
Time for settlement procedures, **39:19**
Transfer to Appeals Office for settlement, **39:19**
Waiver of restrictions on assessment and collection with settlements, **39:19**

TAX CREDITS
Education expenses, **2:46**
Gift tax liabilities, equitable defenses of IRS, **34:102**

TAX CUTS AND JOBS ACT
Alternative minimum tax, **2:1**
Business expenses, **2:51**
Itemized deduction, **2:51**
Tax advantaged investments, **6:50**

TAX CUTS AND JOBS ACT—Cont'd
Tax rates, **1:3**
Treatment of alimony following enactment, **11:6**

TAX EVASION
Corporate owner diverting funds, earnings and profits threshold, **3:28**

TAX FREE EXCHANGES
Life insurance, **7:7, 22:8**

TAX HOME
Travel expense deductibility, **2:51**

TAX LIABILITY
Transfers of income, **1:3**

TAX LIENS
Bankruptcy stay provisions, **39:33**
Certificates of subordination, **39:33**
Deferred estate tax special liens, **39:10, 39:11, 39:33**
Discharge, **39:33**
Estate tax
generally, **39:10, 39:11, 39:33**
priority over state tax liens, **16:66**
Forfeiture provisions, federal tax lien as surviving reclamation of property by seller, **39:33**
General, **39:33**
Gift tax, **16:24, 39:33**
Notice requirement, **39:33**
Releases, issued in error, **39:33**
Special, **16:66, 39:10, 39:11, 39:33**
Special use valuation, additional estate tax, **39:33**
Withdrawal of notice of lien, situations permitting, **39:33**

TAX MOTIVATED TRANSACTIONS
Compliance provisions, **6:19**

TAX ON PRIOR TRANSFERS
Credit against tax, **16:65**

TAX PRACTICE
Injunction by IRS, **39:2**

TAX PROTESTERS
Attorneys in litigation, **1:31**

TAX RATES
Capital gains
generally, **1:3**
income shifting considerations, **9:3**
Capital gains v. ordinary income, choice of business entity, **3:109**
Cost of living adjustments, **9:3**
Estate tax, **16:67**
Estates, trusts and individuals compared, **9:3**
Gift tax, **16:67**
Gift taxes, EGTRRA 2001, **16:23**
Individual income tax, **9:3**
Individuals, trusts, and estates compared, **9:3**
Inflation adjustments, **9:3**

TAX RATES—Cont'd
Trusts, estates, and individuals compared, **9:3**
2001 tax act
estate tax rates, **16:62**
phased in rates, **1:3**

TAX REFORM ACT OF 1986
Compensatory stock transfers, effect on, **2:60**

TAX REFORM ACT OF 1997
Death of partner, effect on partnership tax year, **32:52**

TAX SHELTER INVESTORS
Malpractice prevention, **1:31**

TAX SHELTERS
See also index heading TAX ADVANTAGED INVESTMENTS
Active, **25:2**
Alternative minimum tax, applicability, **25:6**
Book value, usefulness, **25:15**
Capital accounts, definition, **25:4**
Criminal prosecution exposure, **6:2**
Crossover point, **25:5**
Death of investor
inside basis, **25:10**
outside basis, **25:9**
planning for transfer, **25:13**
Disposition of interest
generally, **25:13**
lifetime, **25:6 to 25:8**
Extent of client's holdings, **15:8**
Fair market value, determination, **25:15**
Foreign sourced income, **6:2**
Gift of interest, **25:7**
Hypothetical real estate limited partnership, **25:3**
Income in respect of decedent, effect on basis, **25:9**
Inside basis
generally, **25:4**
step-up on death of investor, **25:10**
Joint ownership with right of survivorship, **25:12**
Leverage, use, **25:2**
Limitations period, **6:19**
Limited partner, choice, **25:12**
Locked-in gain, **25:4**
Opinions issued by practitioner, **6:19**
Ordinary income, conversion to capital gains, **25:2**
Outside basis
generally, **25:4**
step-up on death of investor, **25:9**
Ownership, importance, **25:12**
Passive loss provisions, **25:2**
Penalty exposure, **6:2**
Phantom gain, **25:4**
Planning for disposition, generally, **25:1 to 25:15**
Portfolio, **25:2**
Postmortem income tax planning, **25:14**
Promotion of abusive tax shelters, penalties, **6:19**
Sale of interest, **25:6**

TAX SHELTERS—Cont'd
Sale of partnership assets, **25:11**
Section 754 election
inside basis, effect, **25:10**
sale of partnership assets, **25:11**
willingness to make, importance, **25:12**
Successor in interest, designation, **25:13**
Transfer of interest to trust, **25:8**

TAX YEARS
C corporation, changing to calendar year, **3:103**
Change of tax year, **3:2**
Farmers, **4:7**

TAXABLE ESTATE
Debt as consideration, string provisions, **27:17**
Deduction for income taxes, prohibition against double deduction, **16:52**
Definition, **16:51 et seq.**
Determination, **17:37**
Entity freezes
generally, **27:13, 27:17**
adverse interest approval, **27:22**
alterable transfers, **27:21**
Byrum doctrine, **27:20**
consideration given, **27:23**
decedent's interest in property, **27:15**
determination considerations, **27:14**
lapsing interests, **27:16**
Section 2036, **27:18**
Section 2036(b), **27:19**
Section 2038, **27:21**
transferees with limited funds, **27:24**
Freeze transactions, **27:13**
State estate tax, **20:21**

TAXABLE GIFTS
Definition, **16:16**
Donor retention of interests or rights, **16:40**
Estate tax applicability, donor retention of interests or rights, **16:40**
Estate tax computation, **16:59**
Estate tax credit, paid gift taxes, **16:63**

TAXABLE TERMINATION
Generation skipping tax, **26:8**

TAX-DEFERRED ANNUITY
Secular trust compared with, **2:9**

TAX-EXEMPT BONDS
Amortization for life interest, **10:29**
Tax advantaged investment, **6:43**

TAX-EXEMPT INCOME
Expenses attributable to, damage recovery, **2:5**

TAXPAYER ADVISORS
Criminal prosecution exposure, **6:2**
Penalty exposure, **6:2**

TAXPAYER IDENTIFICATION NUMBER
Dependents, **39:11**
Failure to furnish, **39:31**

TAXPAYER RELIEF ACT OF 1997
Applicable credit amount, testamentary transfers, **21:1**
Boot characterization when organizing, **3:105**
Capital gains, tax rates, **1:3**
Charitable gifts of easements, basis in gift, **35:24**
Collateral heirs, deceased child rule, GST, **26:19**
Conservation easements, **24:19**
Consistent reporting, beneficiaries, estates, and trusts, **39:3**
Contributions to IRAs, combined limitations, **5:60**
Estate taxes, installment payments, **36:13**
Excess retirement accumulations, **33:40**
Family business assets, qualified, **38:20**
Holding periods, property acquired from decedents, **32:15**
IRAs contributions, combined limitations, **5:60**
Preferred stock, treatment in Section 351 transaction, **3:105**
Qualified conservation easements, **24:19**
Residence sale
gain exclusion, **20:19**
Return positions, consistency requirements, **39:3**
Sale of partnership interest, inventory element, **3:108**
Sale of principal residence
gain exclusion, **20:19**
Spousal IRAs, **5:60**
Throwback rules, repealed, **32:56**

TAXPAYER REPRESENTATIVES
Authorization, filing requirements, **39:3**
Declaration of status, **39:3**
Power of attorney, requirements, **39:6**
Protest preparation and filing, **39:15**
Tax information authorization forms, **39:3**
Thirty-day letter
extension, **39:14**
issuance, **39:13**

TAXPAYER'S BILL OF RIGHTS
Cost awards, **39:19**

TECHNICAL ADVICE REQUESTS
Protests, **39:15**

TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988 (TAMRA)
Generally, **28:3**
Alternative minimum tax (AMT), incentive stock options, **2:64**
Annuities, joint and survivor annuities, **16:20**
Asset freezes, anti-freeze statute, **31:78**
Athletic tickets, disallowance of deduction, **12:36**
Buy-sell agreements, options to buy or sell, inclusion in estate, **23:25**
Cafeteria plans, benefit selection, **2:47**
Charitable lead grantor trusts, valuation of deduction, **12:46**
Citizenship status, marital deduction, eligibility, **31:18.50**

TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988 (TAMRA)—Cont'd
Employee benefit plans, continuation coverage, penalties, failure to provide, **2:43, 2:46**
Estate freeze transactions, deemed gifts, **16:11**
Estimated income tax payments, temporary relief from, **33:27**
Gifts, deemed gifts, **16:5**
Golden parachutes, excise tax, small business corporation exception, **2:78**
Group life insurance, uniform rates, **2:32**
Inadvertent incentive stock options, problem eliminated, **2:66**
Incentive stock option plans, $100,000 limit as plan requirement deleted, **2:63**
Incentive stock options, alternative minimum taxable income (AMTI), **2:64**
Kiddie tax
coordination with tax on trusts' income, **9:26**
joint custody, **9:26**
Life insurance, modified endowment contracts, **7:7**
Loan of artwork to charity
deemed gift in estate freeze, **16:11**
gift of present interest in artwork, **12:35**
separate property, **24:28**
Marital deduction, estate tax, noncitizen spouses, denial of deduction, **18:41, 21:10, 31:18.50**
Modified endowment contracts, **7:7**
Qualified debt definition, **14:18**
Qualified deferred compensation plans, excess distributions, excise tax
grandfather rule, **5:51**
spousal exception, **5:51**
Qualified domestic trust, **18:41, 21:10**
Section 2036(c), statutory restriction of valuation freezes, **27:03**
Section 2036(c) background, **27:03**
Tax Court, cost awards, **39:19**
Taxpayer's Bill of Rights, cost awards, **39:19**

TENANCY BY THE ENTIRETY
Advantages, **17:45**
Characteristics, **10:5**
Community property states, **10:5**
Creation, **10:5**
Creditors' claims, **10:13**
Death of first joint tenant, impact, **17:48**
Definition, **17:45**
Disclaimer timing requirements, **37:9**
Estate tax
generally, **10:23**
nonprobate assets, **16:37**
Flexibility for survivor, **10:16**
Gift tax
marital deduction, **16:20**
prior law, before 1982, **10:26**
Income from property, **10:5**

TENANCY BY THE ENTIRETY—Cont'd
Income tax, **10:21, 17:48**
Ownership form, **10:7**
Personal property gift taxation, prior law, before 1982, **10:26**
Qualified joint interests, **10:23**
Real property gift taxation, prior law, before 1982, **10:26**
Severance, **10:5**
Surviving coowner's flexibility, **10:16**
Survivorship, **10:5**
Tax consequences, **10:20 et seq.**
Uniform Simultaneous Death Act, **21:22**

TENANCY IN COMMON
Characteristics, **10:3**
Creation, **10:3**
Definition, **17:45**
Disclaimer timing requirements for spouses, **37:9**
Estate tax treatment, **17:47**
Income from property, **10:3**
Married person's acquisition of title, **10:3**
Ownership form, **10:3**
Possessory rights, **10:3**
Real property valuation, fractional interest discount, **35:14**
Spouse's disclaimers, timing requirements, **37:9**
Use by terminally ill client, **31:36**

TENTATIVE TAXES
Estate tax computation, **16:59**
Gift tax computation, overview, **16:23**

TERM LIFE INSURANCE
See index heading LIFE INSURANCE

TERM OF YEARS
IRS valuation tables
Certain Estate Assets, **35:75**

TERMINABLE INTEREST RULE
Annuities, **21:15**
Application, **16:55**
Common disaster provisions, exception, **21:19 to 21:21**
Copyrights, **21:16**
Definition, **21:9**
Estate trusts, **21:15, 21:46**
Exceptions, **16:55, 21:15, 21:19 et seq., 21:74**
Family allowance, **21:16**
Income interests owned by decedent, **21:15**
Insurance proceeds with power of appointment, **21:44**
Joint and mutual wills, **21:47**
Joint and survivor annuities, **21:16**
Leasehold interests, **21:15**
Life estates
deductibility, **21:15**
exception to rule, **21:19, 21:29 et seq.**
general power of appointment, **16:55, 21:29 et seq.**
types of interests, **21:16**
Marital deduction trusts, exception, **16:49**

TERMINABLE INTEREST RULE—Cont'd
Patents
generally, **21:15, 21:29**
types of interests, **21:16**
Purchase for surviving spouse, **21:17**
Purpose, **21:15**
QTIP life estates
contingent on election, **21:38 et seq.**
testamentary transfers, **21:38 et seq.**
Reverse presumption clauses
form, **21:24**
use, **21:23**
will provisions, **21:21**
Simultaneous death provisions
form, **21:24**
use, **21:23**
will provisions, **21:21**
Split gifts between spouse and charity, exception, **21:45**
Survivorship of spouse, condition, **21:16**
Survivorship provisions, exception, **21:19 et seq.**
Tainted asset rule, **21:18**
Terminable interests, types, **21:16**
Third party diversion powers
minors support, **21:37**
spouse's incapacity, **21:37**
Time clauses, presumption as to order of death, **21:21**
Will contests, resulting in property transfers, **21:73**

TERMINABLE INTERESTS
See also index heading TERMINABLE INTEREST RULE
Annuities, **16:20**
Charitable remainder trusts, **16:20**
Definition, **16:20, 16:55, 21:7, 21:9**
Examples, **16:55**
Exceptions to gift tax treatment, **16:20**
Gift tax marital deduction
generally, **16:20**
exclusion, **8:40**
Joint tenancy with right of survivorship transfers, **16:20**
Nondeductible interest requirements, **21:15**
Purchase for surviving spouse by trustee, **21:17**
Tenancy by the entirety transfers, **16:20**
Types, **21:16**

TERMINAL ILLNESS
See also index headings ESTATE PLANNING; POSTMORTEM PLANNING
Additional estate tax, imposition, **31:63**
Administration of estate, facilitation, **31:19**
Advisors, identification, **31:05**
Annual gift tax exclusion, use, **31:43**
Annuity valuation, use for measuring life, planning for imminent death, **31:40**
Beneficial interests in trust, review, **31:76**
Burial arrangements, preparation, **31:08**
Bypass trust, eligibility for tax savings, **31:23**

TERMINAL ILLNESS—Cont'd
Client as beneficiary, notification of client's condition, **31:32**
Closely held business interests
buy-sell agreement, possibility, **31:68**
decision as to disposition, **31:64**
estate tax value, **31:71**
executor's ability to carry on business, **31:66**
inter vivos gift to reduce value, **31:71**
management duties, assumption, **31:65**
ownership, transfer, **31:67**
post death redemption, **31:69**
salary continuation agreement for spouse, **31:70**
stock redemption, **31:69**
valuation issues, **31:71**
Current litigation, review, **31:26**
Custodial property, review, **31:30**
Debts, payment before death, **31:41**
Difficult-to-value property, disposition, **31:24**
Disgruntled beneficiaries, anticipation, **31:09**
Disposition of assets, consideration, **31:24**
Durable power of attorney, execution, **31:06**
Emotional stages, **31:03**
Employee benefits, review, **31:63**
Estate taxes, review, **31:33**
Existing powers of appointment, review, **31:10**
Fiduciary relations
analysis, **31:28**
appointments, review, **31:18**
persons named in client's will, **31:29**
Funeral arrangements, preparation, **31:08**
Gift tax returns, **31:48**
Gifts
charitable gifts, **31:49**
excess of annual exclusion, **31:45**
minority ownership, creation, **31:46**
use in estate planning, **31:42**
Income in respect of decedent, tax treatment, **31:59**
Income tax planning
charitable gifts, use, **31:53**
double deductions, **31:54**
gain property transfers, **31:56**
income in respect of decedent, **31:59**
income tax returns, filing, **31:60**
joint return, filing, **31:52**
"loss" property transfers, use, **31:57**
net operating losses, deductibility, **31:58**
split-interest gifts, **31:55**
taxable year, **31:52**
Inter vivos trusts, use, **31:25**
Interests in estates or trusts of others, disclaimer, **31:23**
IRA funding, possibility, **31:63**
Joint tenancy property, disposition, **31:36**
Life insurance policies
beneficiary designations, review, **31:62**
policy loans, repayment, **31:62**

TERMINAL ILLNESS—Cont'd
Life insurance policies—Cont'd
transfer of ownership, **31:62**
Life-sustaining procedures, withholding, **31:07**
Living trusts, use, **31:25**
Living will, execution, **31:07**
Location of assets, **31:04**
"Loss" property, transfer, **31:57**
Marital agreements, determining existence, **31:22**
Military papers, location, **31:08**
Partnership interests
income or loss distribution, determination, **31:74**
review, necessity, **31:74**
unmarried partner, disposition of interest, **31:74**
Passive loss activities, review, **31:77**
Payment of debts, **31:34**
Personal representative, choice, **31:05**
Planning for specific assets, **31:61**
Private annuities, use, **31:40**
Property
location and extent, **31:04**
reduction of estate tax value, **31:35**
Psychological needs, **31:03**
Qualified plan benefits, funding charitable gifts, **31:63**
Regulations, **12:43**
Resignation as fiduciary, **31:31**
Review of estate plan, **31:01**
S corporation interests
fiduciary power to incorporate, form, **31:73**
successor in interest, eligibility as shareholder, **31:72**
trust as recipient, **31:72**
Sole proprietorship, disposition, **31:75**
Split gifts, advantages, **31:44**
Split-interest gifts, use, **31:55**
"Sprung" power of attorney, use, **31:06**
State gift taxes, effect, **31:47**
Surviving spouse rights, **31:63**
Unified credit, funding, **31:39**
Veterans' benefits, availability, **31:08**
Wills
importance, **31:12**
redrafting for changed circumstances, **31:15**

TERMINATION PAYMENTS
Taxability, **2:54**

TERMINATION TAX
CTRs, **12:83**
Private foundations, **24:15**

TERRORISM
Presidentially-declared disasters, deadlines postponed for taxpayers affected by, **34:6, 39:23**

TESTAMENTARY CHARITABLE PLANNING
Bequest by decedent, requirement, **24:7**
Charitable remainder trusts
benefits of deduction, **24:21**

TESTAMENTARY CHARITABLE PLANNING—Cont'd
Charitable remainder trusts—Cont'd
disclaimer, drafting, **24:23**
marital gifts, combination, **24:24**
noncharitable beneficiary, protection, **24:23**
settlement of defective trusts, **24:22**
Contribution requirements, **24:5**
Copyrights, separate property, **24:28**
Deduction requirements, **24:6**
Disqualification of deduction, **24:15**
Educational organizations, eligibility for deduction, **24:5**
Eligible organizations, **24:4**
Enforceable pledges, deductibility, **24:32**
Estate taxes, reduction of deduction, **24:13**
Farm, transfer of remainder interest, **24:17**
Forms used, **24:36**
Fraternal societies, eligibility, **24:5**
Generation skipping taxes, avoidance, **24:35**
Gifts of partial interest
generally, **24:16 to 24:28**
charitable lead trusts, **24:26**
charitable remainder trusts, **24:20 to 24:24**
defects, reformation, **24:27**
easements, **24:19**
pooled income funds, **24:25**
qualified real property interest, limitations, **24:19**
qualifying, **24:16**
undivided portion of entire interest, **24:18**
Goals of client, **24:2**
Income in respect of decedent, use, **24:31**
Income tax charitable contributions, contrast, **24:3**
Interrelated computations, **24:34**
Life insurance bequests, **24:30**
Limitation of deduction to value of property, **24:14**
Literary organizations, eligibility for deduction, **24:5**
Marital deduction, application, **24:29**
Personal residence, transfer of remainder interest, **24:17**
Political subdivisions, eligibility for deductions, **24:5**
Power of charity to consume property, effect, **24:11**
Private foundations
generally, **24:33**
termination tax, **24:15**
Promissory notes, deductibility, **24:32**
Property actually reaching charity, requirement, **24:10**
Property passing by power of appointment, eligibility for deduction, **24:9**
Property passing to qualifying charity, requirement, **24:10**
Public charities, eligibility for deduction, **24:4**
Qualified disclaimers, preservation of deduction, **24:12**
Qualifying charities, **24:5**
Reformation of defective partial interests, **24:27**
Religious organizations, **24:5**
Scientific organizations, eligibility for deduction, **24:5**
Termination of charitable lead trust, liability for GST tax, **24:35**
Termination of power to consume, **24:11**

TESTAMENTARY CHARITABLE PLANNING—Cont'd
Transfer by decedent
passing by power of appointment, **24:9**
settlement of will dispute as transfer, **24:8**
Veterans' organizations, eligibility, **24:5**
Will dispute settlement as transfer, **24:8**

TESTAMENTARY DISPOSITIONS
Definition, **14:13**

TESTAMENTARY GUARDIANS
Appointment, **18:52**

TESTAMENTARY TRANSFERS
Death benefit annuity, **21:12**
Devises using marital deduction, **21:1 et seq.**
Disclaimer timing requirements, **37:6, 37:7**
Disclaimers, **21:72**
Estate tax overview, **16:25 et seq.**
Freeze transactions, **27:08**
Gift categories, **18:14 et seq.**
Marital deduction, estate tax, **21:1 et seq.**
Marital deduction qualification, dower elected properly, **21:12**
Noncitizen spouses, reformation suit, **21:10**
Personal property gifts, **18:20 et seq.**
Postmortem freezes, **27:08**
Settlements, maintaining marital deduction, **21:12**

TESTAMENTARY TRUSTS
Advantages, **19:71**
Appointment, **18:54**
Beneficiary
designations in will, **18:45**
identity, **19:6**
necessity, **19:70**
Characteristics, **17:5**
Conflict of law rules, **30:40**
Constructive trusts, imposition, **19:6**
Contents, **19:70**
Contingent interests, **18:45**
Creation, **19:4, 19:6**
Death benefits, payment to trustee, **18:36**
Disposition, clarity, **19:70**
Estate trusts, **18:45**
Execution, **19:45**
Family share trusts, **18:45**
Fiduciary powers and duties, provision drafting, **18:60**
Freeze transactions, **27:08**
Intent of testator, **19:70**
Life insurance
ownership of policy, **22:21**
payments to trustee, **18:36**
policies on life of another, planning, **18:34**
power to hold insurance on spouse's life, **18:35**
proceeds receipt, holding, and distribution, **18:45**
Life insurance trust, form, **22:22**

TESTAMENTARY TRUSTS—Cont'd
Minor beneficiaries
advantages, **18:46**
provisions of trust in general, **18:46**
separate trust advisability, **18:46**
standby trust for alternate beneficiaries, **18:46**
Nonmarital trusts, **18:45**
Postmortem freezes, **27:08**
Pour-over arrangement, **19:6**
Power of appointment trusts, **18:45**
Preparation, **19:70**
Property, identity, **19:6**
QTIP trusts, **18:45**
Requirements, **19:6**
Residency requirements
fiduciary income tax purposes, **30:40**
individuals, **30:10**
selection planning suggestions, **30:17**
S corporation stock ownership, **23:39**
Savings, **19:71**
Savings clauses, **18:45, 18:46**
Situs, **18:48**
Spendthrift provisions, **18:47**
Terms
generally, **19:6**
included by will, **18:45**
Trustees
generally, **18:54**
appointment, **19:43**
Types, **18:45**
Unmarried client, use, **14:9**
Use in planning, **1:11**
Vested interests, **18:45**
Will
incorporation by reference, **19:70**
provisions in general, **18:45**
Writing, requirement, **19:6**

TESTIMONIUM
Wills, **18:2**

THEFT
Casualty or theft losses. See index heading CASUALTY OR THEFT LOSSES
Elder abuse, misappropriation by caregiver, **8:54**

THIRD PARTIES
Community property, joint bank accounts with third parties, **10:41**
Property owned jointly with third parties, tax considerations
generally, **10:28 et seq.**
see also index heading NONSPOUSAL JOINT OWNERSHIP
Transfer of property to third party on behalf of spouse, nonrecognition of gain or loss, **11:9**

THIRD PARTY GUARANTEES OF PAYMENT
Nonqualified deferred compensation, **13:16**

THIRD-PARTY BENEFICIARIES
Marital deduction trusts, testamentary transfers, **21:37**
Settlement payments to third-party beneficiaries, taxability of, **32:36**

THIRD-PARTY RECORDKEEPERS
Producing taxpayer records, Fifth Amendment privilege, **39:6**

THIRTY-DAY LETTERS
Administrative and judicial process, relationship, **39:2**
Avoidance with requested 90-day letter, **39:17**
Counsel's right to receive, **39:13**
Extension of reply period, **39:14**
Mailing, **39:13**
Publication 5 enclosure, **39:13**
Purpose, **39:13**
Subsequent action, **39:2, 39:13, 39:14**
Waiver form enclosure, **39:13**

THRIFT (401(K)) PLANS
Generally, **5:10, 5:11**
In-service distributions, **5:35**

TIMBER
Discount, **35:23, 35:65**
Trust property, **19:26**
Valuation, **35:23**

TIMBERLAND
Valuations, **35:23**

TIME CLAUSES
Presumption for order of death, **21:21**

TIME SHARE PROPERTY
Profit interest objective, **6:34**

TIMELY MAILING RULES
Private delivery services, permissibility, **39:23**

TIMING OF CONTRIBUTIONS
Year deductible, **12:7**

TIPS
Deductibility, **3:66**

TITLE TO PROPERTY
Community property, **10:7**
Corporate property, **10:9**
Illinois land trusts, **10:12**
Inception of title rule, **10:7, 10:42**
Individually held property, **10:2**
Land trusts, **10:12**
Partnership property, **10:10**
Separate property, **20:13**
Solely owned property, **10:2**
Tenancy in common, **10:3**
Trustees
Illinois land trusts, **10:12**
land trusts, **10:12**

TITLE TO PROPERTY—Cont'd
Trustees—Cont'd
necessity of showing trustee status, **10:11**
Trusts
coordination with type of ownership, **10:17**
Illinois land trusts, **10:12**
land trusts, **10:12, 10:38**
trustee's title, **10:11**
Uniform Partnership Act, **10:10**
Will, coordination with type of ownership, **10:17**

TOKEN BENEFITS
Charitable contributions, **12:36**

TOP-HAT GROUP
Nonqualified deferred compensation plans, **2:6**

TOP-HEAVY COMPENSATION PLANS
Definition, **5:31**
Key employees, determination, **5:31**
Minimum benefits rules, **5:32**
Multiple plans, application of rules, **5:33**
Required aggregation group, **5:31**
Requirements, **3:82**
Top-heaviness, determination, **5:31**
Use, **5:30**
Vesting rules, **5:32**

TOTTEN TRUSTS
See also index heading TRUSTS
Creditors' claims, **10:34**
Description, **10:34, 18:19**
Tax consequences, **10:34**
Usage with bank accounts, **18:19**

TRADE BREAKDOWN METHOD
Real property valuation, **35:20**

TRADE OR BUSINESS
Investment activities, **2:50**
Nonresident alien, income tax, **1:4**

TRANSACTIONS
Under power of attorney, **17:11**

TRANSFER OF PROPERTY
Community property
deemed gifts by surviving spouse, **10:40 et seq.**
joint accounts with third parties, **10:41**
partition, **10:59, 10:61**
Corporate property, **10:9**
Deemed gifts by surviving spouse, **10:40 et seq.**
Disclaimers, **37:1**
Divorce, transfer incident to. See index heading DIVORCE AND SEPARATION
Illinois land trusts, **10:12**
Individually held property, **10:2, 10:19**
Joint tenancy property
generally, **10:4**
with right of survivorship, **10:6**

TRANSFER OF PROPERTY—Cont'd
Land trusts, **10:12, 10:38**
Retained interests or rights
generally, **16:40**
lifetime transferor, **30:25**
S corporation stock, **23:39**
Savings bonds, transferring to trust, **10:37**
Sole proprietorships, **23:8**
Solely owned property, **10:2, 10:19**
Tenancy by the entirety property, **10:5**
Tenancy in common property, **10:3**
Testamentary gifts, **18:14 et seq.**
Testamentary transfers to surviving spouse, **16:55**
Transfers to surviving spouse, **21:1 et seq.**
Trusts
Illinois land trusts, **10:12**
land trusts, **10:38**

TRANSFEREE LIABILITY
Deducting tax paid, **16:22**
Executor use of agent, errors made by agent, **16:66**
Interest on taxes, **16:66**
Procedural requirements, **39:11**

TRANSFERORS
Definition, generation skipping tax, **26:5**
Gross estate, revocable or amendable transfers, **16:45**

TRANSFERS
Incomplete gifts, gift planning, **8:33**
Rights retained by transferor, valuation rules, overview, **27:04**

TRANSPORTATION
Employer provided, **2:49**
Exclusions, fringe benefits, **2:46**

TRAPPING DISTRIBUTIONS
Postmortem estate planning, **33:45**

TRAVEL BENEFITS
Frequent flyer miles, additional income, **2:54**

TRAVEL EXPENSES
Charitable deductions, **12:40**
Deductibility, restrictions, **2:51**
Judge's tax home, **2:51**
OBRA 93, **2:51**
Reporting requirements, **2:52**

TREASURY BILLS AND NOTES
Property ownership, **10:36**

TRIALS, TAX REFUND LITIGATION
Claims Court, **39:28, 39:30**
District Court, **39:28, 39:30**
Juries, **39:28, 39:30**

TRUE RESIDUARY FORMULA
Estate tax marital deduction, **21:57**

TRUST OFFICER
Planning team, **1:19**

TRUST REFORMATION
Charitable contribution, effect on, **19:65**

TRUST SEVERANCES
EGTRRA 2001, **26:45**

TRUSTEES
See also index headings FIDUCIARIES; TRUSTS
Absence or illness, **18:54**
Acceptance of property, **19:12**
Administrative duties, **19:21**
Adverse party status, **19:56**
Advisers to trustees, **30:31, 30:58**
Appointment, **18:54**
Beneficiary
parent as trustee, **30:32**
power to remove, **19:43**
taxation, **30:29**
trustee or with removal power, **18:54, 30:29**
Bond, **18:56, 30:12**
Charitable beneficiary, choosing, **12:67**
Charitable lead trusts, **16:54**
Charitable remainder trusts
permissible, **12:67**
power to name charitable beneficiary, **12:67**
Compensation, **18:58**
Conveyances, **10:11**
Cotrustees
generally, **30:31, 30:34, 30:58**
compensation, **18:58**
Disclaimers
generally, **37:15**
form, **37:28**
Discretion, exercise, **19:12**
Drafting suggestions for trustee provisions, **30:34 to 30:37**
Duties, **30:07**
Exercise of discretion, standards, **30:28**
Fees paid for revocable trust, deductibility, **33:24**
Forms
disclaimer, **37:28**
investment adviser to independent trustee, provision, **30:36**
multiple trustees, division of duties, **30:34**
resignation and removal, provision, **30:37**
Generation skipping tax, liability, **26:21**
Grantor as trustee, **19:23**
Grantor/spouse, **30:26**
Independent trustees, **30:30, 30:32, 30:33**
Inter vivos trust trustee selection planning suggestions, **30:17**
Investment adviser to independent trustee, form trust instrument provision, **30:36**
Investment limitations, **12:67**
Joint trustees, **18:57**

TRUSTEES—Cont'd
Land trusts, conveyances, **10:12**
Liability, **30:07, 30:58**
Life insurance
incidents of ownership in trustee, **16:29**
insured as trustee, **22:23**
Living trusts, **30:07**
Managerial duties, **19:23**
Marital deduction trusts, testamentary transfers, **21:34**
Multiple trustee drafting suggestions
generally, **30:34**
division of duties, form, **30:35**
Parent-trustee, taxation, **30:27**
Power to adjust income, characterizing receipts on investment, **32:11**
Powers
generally, **30:07**
determination by state law, **20:11**
Powers of distribution, **19:34**
Private foundations, grantor family member as director, **12:89**
Property management
generally, **19:20**
evaluation, **19:21**
Prudent man rule, **30:07**
Purchase of terminable interest for surviving spouse, **21:17**
Qualifications, estate administration, **20:9**
Related trustees, **30:28**
Removal power, **18:54, 30:33**
Resignation
generally, **18:54**
form, **30:37**
Selection
generally, **19:23**
planning, **30:17, 30:32, 30:42**
tax impact, **30:23 et seq.**
Signature on trust agreement, **19:12**
Subordinate party trustees
generally, **30:28**
residency requirement, **30:10**
third party powers to appoint successor, **18:54**
Successor appointments, **18:54**
Terminally ill client, review of choice, **31:29**
Testamentary trust trustees, selection, **30:17**
Title to trust property, **10:11, 10:12**
Transfers of property, **10:11, 10:12**
Trustees ad litem, **30:47**
Types, **30:26 et seq.**
Vacancies, **18:54**
Waiver of compliance with qualification laws, **18:49**
Will, provisions on appointment, **18:54**

TRUSTEE-TO-TRUSTEE TRANSFERS
Rollover of retirement account, **5:55**
Roth IRA recharacterizations, **5:73**
Spousal rollovers, **5:51**

TRUSTS
A trusts, disclaimers, **37:21**
Generally, **30:47**
Abusive use of devise, **19:1**
Accumulations, **10:49**
Administrative cost state variations, **30:42**
Advantages, **19:1**
Agreement, signature by trustee, **19:12**
Alimony income, payments in trust, **11:5**
Alimony trusts, **8:53**
Allocations, charitable lead trusts, **12:44**
Alternative minimum tax, application, **32:64**
Amendments
consistency, necessity, **19:46**
execution, **19:45**
particular provisions, form, **19:52**
trust in entirety, form, **19:53**
Amendments by compromise agreement, **12:82**
Ascertainable property
drafting provisions, **19:29**
requirement, **19:5**
Asset freezes, installment sale technique, **29:19 to 29:36**
Assets, selection, **19:9**
B trusts, disclaimers, **37:21**
Beneficiaries
death before age of majority, **9:10**
definition, **19:3**
disclaimers, **37:15, 37:16, 37:21, 37:24**
identity, requirement, **19:5**
marital deduction trust third party beneficiaries, **21:37**
requirement, **19:5**
survivorship, **19:42**
taxation on income, **30:24**
Bypass trusts, use by terminally ill client, **31:23**
Capital gains
holding period, **32:15**
includable gain, recognition, **32:16**
income taxation, **32:14**
sale within two years of transfer, **32:16**
tax rates, **1:3**
Changes to trust, GST implications, **26:33**
Charitable deduction for gifts in trust, definitions, **16:19**
Charitable lead grantor, use, **12:42**
Charitable remainder trusts
generally, **12:53 to 12:80, 21:45**
beneficiaries eligible, **12:56**
business interests, **12:60**
contributions, **12:62**
distributions, **12:55**
estate tax, **16:54, 16:55**
gift tax, **16:20**
overview, **16:19**
income interests, termination, **12:61**
income payments, **12:57**
investments, **12:64**

TRUSTS—Cont'd
Charitable remainder trusts—Cont'd
private foundation rules, **12:63**
remainder interest rules, **12:65**
tax payments, **12:66**
use in planning, **12:42**
valuing assets, **12:59**
various types, **12:54**
Charitable trusts, disagreement of beneficiaries on charity, **19:65**
Child support by means of trust, **11:7**
Choice of law instrument provisions
drafting suggestions, **30:43, 30:44**
form, **30:44**
inter vivos trusts, **30:41**
planning suggestions, **30:42**
testamentary trusts, **30:40**
Classification, effect on income taxation, **32:6**
Clifford, use in income shifting, **9:7**
Community property, **10:41, 10:44, 10:51**
Commuting a trust, avoiding gross estate, **31:76**
Complex trusts
definition, **32:8**
separate share rule, **32:68**
sixty-five day rule, **32:67**
Compromise agreement changes, **12:82**
Conflict of law rules
inter vivos trusts, **30:41**
testamentary trusts, **30:40**
Consideration, necessity, **19:7**
Construction, governing law, **19:24**
Constructive trusts, creation, **19:4**
Contingency provisions, **19:42**
Coordination with type of property ownership, advisability, **10:17**
Corpus
acceptance by trustee, **19:12**
assets, selection, **19:9**
assignment to trustee, **19:11 to 19:13**
deed transferring to trustee, form, **19:10**
definition, **19:3**
identity, **19:29**
ownership, requirement, **19:5**
selection, **19:9**
Court administration, waiver, **19:41**
Court supervision, **18:49**
Creation
generally, **19:4**
methods, **30:07**
Creator of trust, no gratuitous transfers, required, **32:60**
Credit shelter trusts
generally, **17:41, 21:64**
form, **21:65**
Crummey powers, **19:58**
Crummey trusts
generally, **8:15**

TRUSTS—Cont'd
Crummey trusts—Cont'd
creation of present interest, **22:11**
educational trust, **8:49**
form, **8:16**
generation skipping tax, exemption, **26:48**
gifts to lineals, **8:42**
hanging power, form, **8:20**
income shifting consequences, **9:12**
incomplete gifts, **8:33**
irrevocable trusts, use, **19:58**
lapse, taxation, **8:24**
life insurance trusts, **8:51**
notice of withdrawal right, **8:21**
powers of holder, **22:11**
special power of appointment, form, **8:18**
supplemental powers, **8:25**
CRUTs, multiple and related, self-dealing rules, **12:53**
Dealings with multiple CRUTs, **12:53**
Declaration by property owner creating, **19:4**
Deductions in respect of decedent, **32:54**
Deeds
evidence of delivery, **19:8**
form, **19:10**
Defective trusts. See index heading DEFECTIVE TRUSTS
Definition, **19:3**
Demand power of withdrawal, trust ownership changes, **8:24**
Director, private foundation, family member of grantor, **12:63**
Disabled beneficiary, **17:23**
Disclaimers
A trusts, **37:21**
B trusts, **37:21**
family share trusts, **37:21**
fiduciary disclaimers, **37:15**
form, trustee's disclaimer, **37:28**
generation-skipping transfer tax reduction or avoidance, **37:24**
marital share trusts, **37:21**
partial disclaimers, **37:16**
powers of appointment, **37:14**
qualification for QTIP treatment, **37:27**
timing requirements, **37:7 to 37:9**
trust creation, **37:21, 37:27**
trustee's disclaimer, form, **37:28**
Distributable net income, **30:24**
Distributions of income, order prescribed, **24:26**
Distributions to beneficiaries
basis of property, **32:41**
character of distributions, **32:38**
charitable beneficiaries, deduction, **32:18**
included in income, **32:37**
throwback rules, **32:57**
tier system, **32:39**
Domestic, **19:50**

TRUSTS—Cont'd
Educational trusts
educational exclusion, **8:49**
forms, **8:50**
Electing small business trusts, overview, **19:26**
Estate claim, inter vivos trusts, **18:8**
Estate planning tool, **17:4**
Estate tax
charitable remainder trusts, **21:45**
community property, **10:44**
power to alter, amend, revoke, or terminate, **16:45**
split-interest charitable trusts, **21:45**
Estate trusts
definition, **18:45**
dispositive provisions, **19:36**
marital deduction, estate tax, **21:15, 21:46**
Estimated income tax payments, **32:65**
Execution, **19:45**
Expense payments, inter vivos trusts, **18:8**
Express trusts, creation, **19:4**
Expression of intent, requirement, **19:5**
Family share
generally, **17:41, 37:21**
creation, **19:32**
marital deduction, use, **21:3, 21:55**
will provision, **18:45**
Family support trust, form, **19:69**
Fiduciary, definition, **19:3**
Fiduciary income tax returns
accrued wages, **34:18**
adjusted total income, **34:22**
alternative minimum tax, **34:28**
balance due, **34:30**
business income, **34:15**
capital gain or loss, **34:16**
charitable deduction, **34:21**
computation of tax, **34:26 to 34:30**
credits, **34:27**
deductions, **34:19 to 34:25**
depreciable property, necessary form, **34:14**
dividend exclusion, **34:23**
election to recognize gain, **34:33**
employer identification number, **34:10**
estate tax deduction, **34:24**
exemption, **34:25**
farm income, **34:15**
fiduciary fees, deduction, **34:21**
filing requirements, **34:5**
general identifying information, importance of accuracy, **34:11**
gross tax, computation, **34:26**
income and losses from other estates or trusts, **34:13**
income distribution deduction, **34:22**
income or loss, **34:12 to 34:18**
individual retirement account distributions, **34:18**
interest deductions, **34:20**

TRUSTS—Cont'd
Fiduciary income tax returns—Cont'd
investment credit, recapture, **34:28**
management of property expenses, deduction, **34:21**
net rent income, **34:14**
ordinary gain or loss, **34:17**
partnership income or loss, **34:13**
payment of tax, **34:8**
payments, listing, **34:29**
place to file, **34:7**
preparation tips, **34:34**
professional service fees, deduction, **34:21**
profit-sharing plan distributions, **34:18**
reduction of deductions, **34:19**
retirement plan distributions, **34:18**
royalty income or loss, **34:14**
S corporation distributions, **34:18**
Schedule A: charitable deduction, preparation, **34:31**
Schedule B: income distribution deduction, **34:32**
sixty-five day rule election, **34:33**
tax rates, **34:26**
taxable year, choice, **34:9**
time to file, **34:6**
Fiduciary relationship, definition, **19:3**
Forms
choice of law provision, **30:44**
corporate and individual cofiduciaries, compensation provision, **30:53**
corporate fiduciary, compensation provisions, **30:51**
credit shelter trust, **21:65**
disclaimer by trustee, **37:28**
disclaimer for QTIP treatment qualification, **37:27**
individual fiduciary, compensation provisions, **30:52, 30:53**
investment adviser requirement for independent trustee, **30:36**
QTIP trusts, partial election, **21:41**
qualified subchapter S trust article, **23:46**
S corporation stock ownership provision, **23:47**
situs change due to new corporate fiduciary provision, **30:44**
standby trust provisions, simple will, **18:68**
Generation skipping tax, Proposed Regulations on changing trust, **26:33**
Generation skipping transfer tax disclaimers, **37:24**
Generation skipping transfers, overview, **26:1**
Generation skipping trusts, **19:37**
Gifts in trust
generally, **8:48 to 8:53**
donor with power retention over gift, **30:25**
minors and others under 21 as donees, **16:18**
nondonor with general powers of appointment, **30:25**
Governing law, choice, **19:24**
Grantor, defined, **32:59**
Grantor retained income trusts, **28:2 to 28:12**

TRUSTS—Cont'd
Grantor trust rules
generally, **30:24**
application, **32:59**
attribution rule, **32:60**
exception to substantial owner rule, **32:61**
foreign trusts, **32:62**
grantor as substantial owner, **32:60**
outbound transfers, **32:62**
reversionary interest, effect of retention, **32:60**
S corporation shareholder, eligibility, **38:06**
S corporation stock ownership, **23:39**
substantial owner, **32:59**
third party as substantial owner, **32:61**
Grantor trusts, tax of trust paid by trust, gross estate determination, **16:42**
Grantors
definition, **19:3**
situs of trust, choice, **19:40**
Hanging power, **8:19**
Historical developments, **19:2**
Holding periods, capital gains, **1:3**
Holding property for benefit of beneficiary, requirement, **19:5**
Illinois land trusts, **10:12**
Implied trusts, creation, **19:4**
Income
disclaimer by trustee, form, **37:28**
disclaimers, **37:13, 37:28**
distributable net income, **30:24**
distributions, **10:49**
exemption, **34:25**
taxation, **20:18, 30:24**
Income characterization, total return investment strategies, **32:11**
Income in respect of decedent
acceleration of tax, **32:53**
character of income, **32:50**
classification factors, **32:48**
death benefits, **32:51**
definition, **32:47**
examples, **32:49**
exception, **32:53**
installment obligation, exception, **32:53**
partnership receipts, **32:52**
planning techniques, **32:55**
salary payments, **32:51**
Income payment by trust, **19:59**
Income payments, order prescribed, **24:26**
Income shifting, tax incentives, **9:3**
Income shifting vehicles
Clifford trusts, **9:7**
reversionary trusts after 1986, **9:9**
Section 678 trusts, **9:12**
Section 2503(c)(3) trusts, **9:13**
spousal remainder trusts, **9:8**

TRUSTS—Cont'd
Income taxation
administration expenses, deduction, **32:27**
alternative minimum tax, **32:64**
applicability of rules, **32:5**
beneficiaries' gross income, inclusion of distribution, **32:37**
bequest of personal effects, **32:36**
business expense deduction, **32:21**
capital gains and losses, **32:14**
charitable deductions, **12:18, 32:24**
classification, effect, **32:6**
common deductions, **32:20 to 32:30**
complex trusts, **32:8**
deductions, **32:17 to 32:34, 34:19 to 34:25**
deductions in respect of decedent, **32:54**
depreciation and depletion deduction, **32:26**
distributable net income, **32:3**
distribution deduction, **32:18**
distributions to beneficiaries, **32:35 to 32:46**
election between estate and income tax deduction, **32:32**
estate tax deduction, **32:28**
estimated payments, **32:65**
excess deductions, **32:33**
excise and stamp taxes, deduction, **32:23**
exclusions, **32:10**
expenses for production of income, deduction, **32:27**
expenses relating to tax exempt income, allocation, **32:31**
Federal import duties, deduction, **32:23**
fiduciary accounting income, taxable income distinguished, **32:4**
foreign taxes, deduction, **32:23**
grantor trust rules, **32:59 to 32:64**
income in respect of decedent, **32:47 to 32:55**
income items, **32:11 to 32:16**
in-kind distributions, **32:40**
interest deduction, **32:22**
losses, deduction, **32:25**
monetary bequests, **32:36**
multiple trusts, **32:69**
personal exemption, **32:19**
personal property income, **32:13**
personal property taxes, deduction, **32:23**
qualified plan distributions, **32:46**
real estate taxes, deduction, **32:23**
real property income, **32:12**
return, duty to file, **32:3**
sales taxes, deduction, **32:23**
separate share rule, **26:8, 32:68**
simple trusts, determination, **32:7**
sixty-five day rule, **32:67**
specific gifts, exclusion from income, **32:36**
tax credits, availability, **32:34**
taxable year, **32:66**
throwback rules, **32:56 to 32:58**
2 percent limitation for miscellaneous deductions, **32:30**

TRUSTS—Cont'd
Income taxation—Cont'd
unused loss carryovers, **32:33**
Incompetent beneficiaries, dispositive provisions, **19:38**
In-kind distributions
generally, **32:40**
gain or loss, **32:42**
gain recognition election, **32:43**
Kenan gains, **32:44**
marital bequests, funding, **32:45**
pecuniary legacies, **32:44**
Section 643(e) election, **32:43**
Instruments, **19:29 et seq.**
Insurance proceeds
power of appointment, **21:44**
provisions, **19:31**
Intent
expression, **19:29**
outward manifestation, **19:5**
Inter vivos
definition, **19:3**
flower bond funding of estate tax, **18:11**
payment of estate tax, **18:8, 18:10**
terminally ill client, use, **31:25**
use in planning, **1:11**
Interests held by decedent, Federal estate tax return listing, **34:71**
Investment advice, deductibility, **32:30**
Investments, charitable remainder trusts, **12:64**
IRA rollovers, surviving spouses, **32:47**
Irrevocable trusts
generally, **19:54 to 19:69**
advantages, **19:55, 19:60**
crummy powers, **19:58**
drafting of agreement, **19:60**
gift tax liability, **19:57**
grantors, control, **19:56**
gross estate inclusion, **19:63**
income shifting, **19:56**
income taxation, **19:56**
insurance policy proceeds, provisions, **19:62**
irrevocability provision, **19:61**
pour over provisions, **19:60**
qualified compensation plans, provision, **19:62**
Section 2037 property, inclusion in gross estate, **19:59**
single transfers, **19:57**
trust agreements, preparation, **19:60**
use in planning, **1:11**
Judicial interpretations, **12:82**
Lack of delivery, effect, **19:8**
Land trusts
generally, **10:12**
ancillary administration avoidance, **20:27**
gifts of, **10:38**
Lapsed gifts, **19:42**

TRUSTS—Cont'd
Life insurance
administering after grantor's death, **22:33**
advantages, **22:25**
deemed transfers, **22:29**
grantor trust provisions, **22:30**
insured as trustee, **22:23**
inter vivos trust, **22:21**
irrevocable, estate tax, **22:28**
liquidity of estate, **22:32**
reformation for mistake, **22:26**
special powers of appointment, **22:31**
Life insurance payments to trustee, **18:36**
Life insurance trusts
generally, **19:64**
form, **19:68**
purpose, **8:51**
split dollar arrangements, **22:27**
Living trusts, **30:07**
Loans between beneficiaries and trusts, **9:24**
Marital deduction trusts
generally, **16:49**
dispositive provisions, **19:36**
testamentary transfers, **21:29 et seq.**
Marital share trusts, disclaimers, **37:21**
Minor beneficiaries
gift tax, **16:18**
testamentary trusts, **18:46**
Minors
dispositive provisions, **19:38**
gifts of present interests, **8:14**
Modifications of trust, GST implications, **26:33**
Multiple trusts, **32:69**
Nonbeneficiary taxation on trust income, **30:24**
Nonmarital trusts, **18:45**
Nonresident trust income, taxation by state, **20:18**
Nonreversionary, income-shifting advantages, **9:11**
Operating costs, **19:22**
Order of payment of income, **24:26**
Origination costs, **19:22**
Outbound transfers, **32:62**
Owner, definition, **19:3**
Owner of foreign trust, excepted from excise tax, **32:62**
Owner taxation on income, **30:24**
Ownership of property, form of, **10:11**
Ownership under grantor trust rules, **30:24**
Parent trustee taxation, **30:27**
Partition, as exercise of POA, creation of trustee powers, **16:33**
Partners in an FLP, **27:75**
Permissive investment state variations, **30:42**
Personal exemption, **32:19**
Personal residences, regulations, **28:7**
Pour-over will, relationship
generally, **18:44**
fiduciary powers, **18:60**

TRUSTS—Cont'd
Power of appointment trusts
generally, **18:45**
dispositive provisions, **19:36**
Power to alter, amend, revoke, or terminate, **16:45**
Powers, choice of charity, **12:45**
Powers of appointment
disclaimers, **37:14**
use in creating, **19:4**
Promises, use in creating, **19:4**
Property, definition, **19:3**
QTIP interest, transfers for gift tax, **16:8**
QTIP trusts
generally, **18:45**
contingent on election, **21:38 et seq.**
disclaimers, **37:15, 37:21, 37:27**
marital deduction, estate tax, **21:38 et seq.**
qualified Subchapter S trust qualification, **23:40**
Qualified compensation plans
distributions, treatment, **32:46**
provisions, **19:31**
Qualified domestic, **19:50**
Qualified Subchapter S trusts
closely held businesses, **23:39, 23:40, 23:46**
shareholder, eligibility, **38:06**
use, **9:29**
Rabbi trusts, **2:9**
Reciprocal, **19:59**
Reformation for mistake, life insurance trust, **22:26**
Reformation period, **12:82**
Related party trustees, **30:32**
Remainder interest, valuing sale of interest, **16:40**
Requirements, **19:5**
Residence for tax purposes
inter vivos trusts, **20:18, 30:41**
testamentary trusts, **20:18, 30:40**
Residences put in, regulations, **28:7**
Resulting trusts, creation, **9:4**
Reversionary
death of beneficiary before majority, **9:10**
income shifting, use, **9:5 to 9:10**
Revocable
unmarried client, use, **14:12**
Revocable, advantages, **1:11**
Rule against perpetuities, choice of fiduciary and situs, **30:42**
S corporation stock ownership
generally, **23:39, 23:46**
trust provision on ownership, form, **23:47**
S corporations, grantor trust as shareholder, **23:40**
Savings bonds, transferring to trust, **10:37**
Section 678 trusts, eligibility, **38:06**
Section 2503(c)(3) trusts
continuation beyond age 21, **9:14**
disadvantages, **9:13**
income shifting vehicle, **9:13**

TRUSTS—Cont'd
Section 2503(c)(3) trusts—Cont'd
statutory requirements, **9:13**
Secular trusts, **2:9**
Separate share rule, fiduciary allocation, **32:68**
Separate trust for education of beneficiary, form, **17:18**
Settlor, definition, **19:3**
Severing partial interests, after 2000, **26:45**
Simple trusts, definition, **32:7**
Situs
generally, **19:40**
change, **18:48, 30:43**
change due to new corporate fiduciary, form, **30:43**
choice of fiduciary and situs, **30:42**
inter vivos trusts, **30:41**
selection, **18:48**
Special power of appointment, **8:17**
Spendthrift clause
generally, **19:39**
form, **17:22**
marital deduction trusts, **21:34**
testamentary trusts, **18:47**
use, **17:21**
Spendthrift trusts, choice of fiduciary and situs, **30:42**
Split dollar life insurance, **22:27**
Split-interest charitable trusts, **21:45**
Spousal remainder trusts, **9:8**
Standby trust for incompetent beneficiary, form, **17:24**
Standby trusts
generally, **18:46**
simple will with trust, form, **18:68**
State and local taxes
generally, **20:18**
choice of fiduciary and situs, **30:42**
Status, foreign or domestic, **12:45, 32:63**
Statute of frauds, impact, **19:13**
Supervision of court, waiver, **19:41**
Supplemental Crummey power, form, **8:26**
Supplemental needs trust, form, **17:25**
Support obligation discharge through trust, parent trustee taxation, **30:27**
Support obligation discharged, nonreversionary trust, **9:11**
Survivorship clause, **19:42**
Terminally ill beneficiary, review, **31:76**
Terminally ill clients
beneficiary, notification of condition, **31:32**
changed circumstances, redrafting, **31:15**
review and revision, **31:14**
Termination, **19:47, 34:6**
Terms, definition, **19:3**
Testamentary
generally, **18:45**
advantages, **19:71**
court administration, waiver, **18:49**
definition, **19:3**
minors, **18:46**

TRUSTS—Cont'd
Testamentary—Cont'd
preparation, **19:70**
S corporation stock ownership, **23:39**
situs, **18:48**
spendthrift provisions, **18:47**
use in planning, **1:11**
Throwback rules
accumulation of income, requirement, **32:57**
exceptions, **32:58**
Timing in creation, importance, **19:5**
Title
definition, **19:3**
vesting in beneficiary, **32:6**
Totten trusts, **8:52, 10:34, 18:19**
Transfer of property, necessity, **19:8**
Trapping distributions, **33:45**
Trust agreement, termination provisions, **19:47**
Trust res, definition, **19:3**
Trust status, foreign or domestic, **32:63**
Trustees
absence or illness, **19:43**
administrative powers, **19:44**
appointment, **19:43**
distribution powers, **19:44**
investment powers, **19:44**
statutory powers, **19:44**
Uniform Testamentary Additions to Trusts Act, **18:44**
Use in planning, **1:11**
Uses, **17:4**
Valuing sale of interest, remainder interest, **16:40**
Voting trusts
closely held corporations, **23:35**
S corporation stock ownership, **23:39**
Waiver of court administration, **18:49**
Will coordination for payment of taxes at death
generally, **18:11**
protecting gifts, **18:10**
Withdrawal powers
Crummey, **8:15**
hanging power, **8:19**
income shifting consequences, **9:12**
lapse changes ownership, **8:24**
special power of appointment, **8:17**
Withdrawal rights of beneficiary, time period to exercise, **8:15**

TUITION
Charitable donation, payment of tuition to private religious institution, **12:6**
Prepaid plans, state sponsored plans, exclusion from debt instrument treatment, **2:46**
Qualified gift transfers, **16:9**
Reduction plans, fringe benefits, **3:78**
Savings bonds, interest exclusion, **6:44**

UNDERPAYMENTS OF TAX
Interest, deductibility, **39:31**
Rates of interest, **39:31**

UNDERSTATEMENT PENALTIES
Surtax basis, degree of valuation error, **35:5**

UNDERSTATEMENTS OF PROPERTY VALUE
Penalty, **39:31**

UNDEVELOPED LAND
Tax advantaged investments, **6:38**

UNEARNED INCOME OF CHILD
Fiduciary selection, **30:20**

UNHARVESTED CROPS
Trust property, **19:26**

UNIFIED CREDIT
Allocation of credit amount, after reporting gift, **16:23**
Amount, **16:61**
Companion wills, **18:72**
Differences dependent on purpose, **16:3**
Disclaimers
generally, **37:22**
use in postmortem planning, **33:11**
Estate tax computation, **16:59, 16:61**
Estate tax credit, distinguished, **8:31**
Farmers, use, **4:12**
Funding, **31:39**
Gift tax, overview, **16:23**
Implementation, **16:2**
Marital deduction, estate tax, **21:1, 21:3**
Nonresident aliens, **16:70**
Phase-ins, effect on gift taxes for prior years, overview, **16:23**
Rate changes during life, **16:2**
Replacement of prior exemptions, **16:2**
Special use valuation, partial election, **4:13**
Terminally ill client, **31:39**
Testamentary transfers to surviving spouse, **21:3**
Transfers to surviving spouse, **21:1**
Use by both spouses, **17:42**
Utilization, **15:3**

UNIFORM ACT ON INTERSTATE ARBITRATION OF DEATH TAXES
Dual domicile, state estate taxes, **20:23**

UNIFORM ACT ON INTERSTATE COMPROMISE OF DEATH TAXES
Dual domicile, state estate taxes, **20:23**

UNIFORM CAPITALIZATION RULES
Nursery growers, **4:8**

UNIFORM GIFTS TO MINORS ACT
Accounts, **30:20, 30:21**
Custodians
authority, **20:10**

UNIFORM GIFTS TO MINORS ACT—Cont'd
Custodians—Cont'd
bond, **30:12**
duties, **20:10, 30:06**
liability, **30:06**
relationship to minor, **30:11**
residency as not required, **30:10**
successor qualification requirements, **30:11**
Gift tax annual exclusion, **16:18**
Purpose, **20:10**
Transfers of property, **8:46**

UNIFORM GIFTS (TRANSFERS) TO MINORS ACT ACCOUNTS
Generally, **30:20**
Custodial accounts, **30:21**

UNIFORM MARITAL PROPERTY ACT
Community property basis adjustment, **10:52**

UNIFORM PARTNERSHIP ACT
Death of partner, **23:9**
Partnership property, **10:10**

UNIFORM PROBATE CODE
Elective share of surviving spouse, **20:7**
Homestead, **20:7**
Housing allowance, **20:7**
Marital agreement, validity, **20:12**
Power of appointment, exercise by will, **18:51**
Situs of trusts, **19:40**
Succession without a will, **20:6**
Surviving spouse in testate share, determination, **20:6**
Surviving spouse's exempt allowance, **20:7**
Trust situs changes, **18:48**

UNIFORM SIMULTANEOUS DEATH ACT
Generally, **17:43, 21:11**
Survivorship clauses, **21:22**

UNIFORM TRANSFERS TO MINORS ACT
Accounts, **30:20, 30:21**
Custodians, **20:10, 30:06**
Domicile considerations, **20:10**
Gift tax annual exclusion, **16:18**
Gift vehicle, **8:47**
Scope, **20:10**
Tangible personal property
testamentary gifts, **18:25**
unregistered, property, applicability, **18:25**

UNINTENDED GIFTS
Expatriates, **16:70**
Income shifting, **9:31**

UNITED STATES ESTATE TAX RETURN FOR QUALIFIED DOMESTIC TRUSTS
Form 706-QDT, **34:115**

UNITED STATES POSSESSIONS
Residents of, estate and gift taxation, **16:70**

UNITED STATES REAL PROPERTY
Like-kind exchanges, **6:49**

UNITRUSTS
Charitable grantor lead trust, **12:45**
Charitable remainder
generally, **12:54**
annuity trusts, comparison, **12:68**
catch-up provision, **12:58**
income interest, **12:58**
Grantor retained unitrusts, **28:13 to 28:22**
GST exemption, **26:33**
Income interest transfers, **12:44**
Incomplete gift, children's succession to parent's unitrust interest as, **37:13**
Payment by note prohibited, **28:13**
Promissory notes, used for annuity payment, **28:13**
Transfer tax rules, **28:13**

UNIVERSAL LIFE INSURANCE
Insurance products, **7:53 to 7:55**

UNMARRIED CLIENT ESTATE PLANNING
Generally, **14:1 to 14.21**
Acceleration of income, **31:57**
Achievement of goals, **14:1**
Asset list, compilation, **14:3**
Charitable contributions, **14:4**
Charitable gifts, **14:17**
Charitable lead trusts, use, **14:17**
Charitable remainder trusts, use, **14:17**
Cohabitation, considerations, **14:2**
Employee benefits, **14:16**
Employee pension plan, effect on estate plan, **14:16**
Estate freezing techniques, **14:20**
Estate taxes, reduction, **14:4**
Federal estate tax treatment, **14:9**
Funeral arrangements, **14:2**
Future disability of client, consideration, **14:2**
Hypothetical fact patterns
generally, **14:5**
current estate plans, **14:7**
old estate plans, **14:6**
revised estate plans, **14:21**
Imminent death, **31:74**
Implementing plans, **14:8 to 14:21**
Income in respect of decedent, importance, **14:16**
Income shifting, **14:4**
Income taxes, reduction, **14:4**
Installment sales, use, **14:18**
Inter vivos gifts, use, **14:11**
Joint property, use, **14:14**
Joint purchases, use, **14:19**
Life insurance, use, **14:15**
Living will, use, **14:2**

UNMARRIED CLIENT ESTATE PLANNING—Cont'd
Nontax issues, **14:2**
Organs, bequests, **14:2**
Partnership interests, disposition, **31:74**
Power of attorney, use, **14:10**
Private annuities, use, **14:18**
Property ownership, discussion, **14:3**
Revocable trusts, use, **14:12**
Sale of remainder interest, use, **14:19**
Tangible personal property, bequests, **14:13**
Taxable estate, reduction, **14:4**
Testamentary dispositions, **14:13**
Testamentary trust, use, **14:9**

UNREGISTERED STOCK
Valuations, **35:32**

UNRELATED BUSINESS TAXABLE INCOME
Crop sharing lease, **12:69**

UNUSUAL ASSETS
Planning generally, **31:79**

USE OF PROPERTY
Annual lease value method, **2:49**
Employer provided transportation, **2:49**

VACANT LAND
Appraisal, **35:17**

VALUATION
Agribusiness corporation, asset and earnings values, **35:16**
Alternate valuation inherited property
generally, **10:19**
gross estate assets, **16:58**
Annuities
term interest, valuing gift, **28:17**
terminally ill, planning for imminent death, **31:40**
Appliances, **35:11**
Appraisals
charitable contributions, **12:8**
closely held corporation stock, **23:29**
importance, **35:8**
selection of appraiser, **35:9**
Arm's length sales transaction in active market, **35:3**
Artworks
blockage issue, **35:13**
discount in value, **35:13**
necessity of appraisal, **35:12**
premium in value, **35:13**
Attributes effecting valuation, entity freezes, **27:26**
Band of investment method, **35:19**
Blended valuation, agribusiness, **35:16**
Blockage, **35:33**
Bona fide business arrangement requirement, **23:31**
Bonds, **35:30**
Built up method, **35:19**
Burden of proof
generally, **35:8**

VALUATION—Cont'd
Burden of proof—Cont'd
closely held corporations, **35:35**
Business entities, generally
attributes effecting valuation, **27:26**
dividend coverage, **27:28.20**
historical background, **27:28**
liquidation coverage, **27:28.30**
other factors, **27:28.50**
Section 2701, **27:29**
stated yield, **27:28.10**
voting rights, **27:28.40**
Business interest with limited marketability, methodology, **35:38**
Business valuations, **35:65 to 35:69**
Buy-sell agreements
generally, **23:26, 23:29 to 23:31**
corporate generally, **23:27**
corporate shares valuation, **23:29**
formulas generally, **23:25**
substantial modification, **23:25**
valuation, Section 2703, **27:30**
Capitalization, definition, **35:18**
Carpets, **35:11**
Charitable contributions
conservation easement, **12:88**
easements, **35:24**
negotiated settlement agreement, **12:8**
partial interests, **12:43**
property subject to encumbrance, **12:8**
Checks, undelivered, **35:10**
Closed-end investment company, **35:31**
Closely held business
comparable companies method of valuation, **35:41**
marketability discount, **35:67**
minority discount, **35:66**
weighted average valuation method, **35:53**
Closely held business application, **35:65 to 35:69**
Closely held business interests
arm's length exchange, **35:40**
arm's length sale, **35:40**
artistic intangibles, **35:60**
asset-based formulas, **35:55**
balance sheet adjustments, **35:49**
bonds, **35:61**
book value, **35:48**
burden of proof, **35:35**
buy-sell agreements, **35:64**
capitalization of gross revenues, **35:54**
comparable companies, use, **35:41**
contingent legal fees, **35:61**
contractual properties, **35:61**
controlling stock, **35:62**
copyrights, **35:60**
cost of creation, formula, **35:59**
deferred compensation, **35:61**

VALUATION—Cont'd
Closely held business interests—Cont'd
Delaware block, **35:53**
discounted cash flow, **35:59**
discounted future earnings, **35:44**
discounts, **35:65**
dividend-paying capacity, **35:47**
estimated future earnings, **35:42**
excess earnings, calculations, **35:58**
family attribution principle, **35:63**
goodwill, **35:57**
gross revenue multipliers, **35:54**
income capitalization, **35:59**
income statement adjustments, **35:43**
intangible assets, **35:56**
interpreting provisions restricting transfer, **35:65**
key man loss, **35:69**
lack of marketability, discount, **35:67**
liquidation value, **35:50**
majority holdings, **35:62**
market rate of return capitalization, **35:46**
methods, **35:39 to 35:74**
minority holdings, **35:62**
mortgages, **35:61**
patents, **35:60**
preferred stock, **35:70**
premium application, **35:62**
price-earnings of comparable publicly-traded stocks, **35:45**
price-to-book value approach, **35:48**
principal manager, loss, **35:69**
promissory notes, **35:61**
rules of thumb, **35:55**
sales of stock, **35:40**
savings capitalization, **35:59**
selling restrictions, discount, **35:68**
weighted average formula, **35:53**
Closely held businesses
built-in gains, **35:65**
estate planning considerations, **17:31**
interpreting provisions restricting transfer, **35:65**
Clothing, **35:11**
Coal interests, **35:22**
Coin collections, **35:11**
Collectibles, necessity for appraisal, **35:12**
Common trust fund interests, **35:34**
Compensatory stock transfers, valuation, **2:61**
Corporate loan forgiven, **8:10**
Crops, **35:10**
Debt forgiveness, **8:10**
Debt issues, **35:30**
Definition, **35:3**
Direct capitalization method, **35:19**
Discounts
generally, **35:65 to 35:69**
marital joint tenancies, **35:14**

VALUATION—Cont'd
Discounts—Cont'd
minority and marketability, compared, **35:67**
Distribution rights, overview, **27:04**
Entities, generally, **27:25**
Equity issues, **35:29**
Estate freezes, buy/sell agreements, **23:35**
Estate tax
credit for another's tax, value of transfer, **16:65**
gifts during life, includibility, **16:40**
Experts, methods of valuation, **35:40**
Fair market value
definition, **16:58**
gross estate valuation, **16:58**
Family limited partnerships
Chapter 14 application, **27:98**
minority discount, **35:65**
Farm machinery, **35:10**
Farms, **35:26**
Flower bonds, **38:07**
Foreign markets, **35:34**
Form 706 value, minority holdings, **35:65 to 35:69**
Formulas
closely held business buy-sell agreements, **23:29, 23:41**
S corporation buy-sell agreements, **23:41**
Futures prices, **35:34**
Gas interests, **35:22**
General principles, entity freezes, **27:25**
Gifts
closed years, **6:49**
contingent reversion interests, **28:17**
prior years, **16:23**
reallocation of credit amount, **16:23**
relevancy of value, **16:22**
retention of interests or rights by donor, **16:40**
revaluation at death of donor, **16:22**
Government bonds, **35:30**
Gravel interests, **35:22**
Gross estate, contingencies affecting asset collection, **16:58**
Historical background, entity freezes, **27:28**
Household articles, **35:11**
Individual retirement accounts, **35:7**
Interest-free demand loan, gift element, **9:17**
Internal Revenue Manual guidance, analysis for taxpayers, **35:2**
Interpreting provisions restricting transfer, **35:65**
Investment companies, **35:31**
IRAs, **35:7**
IRS valuation tables
Certain Estate Assets, **35:75**
Jewelry, **35:11**
Lapse of rights, Section 2704, **27:31.10**
Leaseholds, **35:21**
Less-actively traded futures market, **35:34**
Liquidation right restrictions, Section 2704, **27:31.20**
Liquidation value, Section 2704, **27:31**

VALUATION—Cont'd
Listed options, **35:34**
Livestock, **35:10**
London metal exchange prices, **35:34**
Lottery proceeds, use of annuity tables, **35:6**
Marital devise, **21:48 et seq.**
Marital joint tenancies, discounts, **35:14**
Market capitalization, **35:19**
Marketable securities, **35:28**
Merchantable timber, **35:23**
Methods permitted, validity of QMDM, **35:67**
Mineral interests, **35:22**
Minority discounts
attribution rules, **17:50, 35:66**
family limited partnerships, **35:65**
interpreting provisions restricting transfer, **35:65**
Mortgage equity method, **35:19**
Motor vehicles, **35:10**
Mutual funds, **35:31**
Name, deceased artist, **35:6**
Oil interests, **35:22**
Orange grove, capitalizing income of trees, **35:23**
Oriental rugs, **35:11**
Overstatement penalties, **35:4**
Overstatements, resulting additions to tax and penalties, **39:31**
Paintings, **35:11**
Partial interest discount, **35:14**
Personal effects, **35:11**
Precommercial timber, **35:23**
Price formulas
buy-sell agreements, **23:25**
corporate buy-sell agreements, **23:27, 23:29**
Professional practices
generally, **35:71 to 35:74**
balance sheet adjustments, **35:72**
closely held corporation, comparison, **35:71**
goodwill, **35:73**
valuation techniques, **35:74**
Property under restoration, insurance proceeds, taxability, **35:2**
Purchase price, **35:11**
Purpose, **35:2**
QTIP, generally, **21:48**
QTIP interest gifts, beneficiary payment of tax, **21:43**
QTIP property in surviving spouse's estate, **21:42**
Quantitative Marketability Discount Model (QMDM), validity of method, **35:67**
Real property
capitalization rate, **35:18**
comparative unit method, **35:20**
condemnation proceedings, **35:14**
estimation in anticipation of highest and best use, **35:14**
fractional interests, **35:14**
investment properties, **35:15**
investment value approach, **35:18**

VALUATION—Cont'd
Real property—Cont'd
leases, **35:21**
market data approach, **35:17**
multiple-factor method, **35:27**
noninvestment properties, **35:15**
quantity survey method of valuation, **35:20**
replacement cost approach, **35:20**
similar properties, comparison, **35:17**
special use valuation, **35:25**
state and local taxes, **20:16**
subjective analysis, **35:14**
trade breakdown method, **35:20**
unit in place method, **35:20**
Residual capitalization method, **35:19**
Restricted securities, **35:32**
Restrictions on transfer, **35:40**
Reversionary interests, estate tax, **16:47**
Rights retained by transferor, overview, **27:04**
S corporations
generally, **23:41**
cash flow adjustment, **35:42**
Savings bonds, **35:30**
Section 2701 application
generally, **27:29**
compounding rule, **27:29.50**
elections, **27:29.50**
exceptions to application, **27:29.40**
lower value rule, **27:29.10**
minimum value rule, **27:29.20**
subtraction method, **27:29.30**
Section 2703 valuation, buy-sell agreements, **27:30**
Section 2704 valuation
generally, **27:31**
lapse of rights, **27:31.10**
liquidation right restrictions, **27:31.20**
Single economic unit theory, orange groves, **35:23**
Special use
marital deduction property, **21:48**
minority ownership discount, **4:29**
qualified real property, **16:58**
safe harbor interest rates, **16:22**
Special use valuation, farms, **35:26**
State law default rules, **27:31.30**
Stock marketability, **35:65 to 35:69**
Stocks
generally, **35:29**
control blocks, **35:65**
Summation method, **35:19**
Tangible personal property, retail price, **35:10**
Timber interests, **35:23**
Timberland, **35:23**
Transfer restrictions, **35:40**
Transfer taxes, provisions for avoiding, **35:65**
Treasury bonds, **35:30**

VALUATION—Cont'd
Triple appraisal method, **23:29**
Understatement penalties, **35:5**
Understatements, resulting additions to tax and penalties, **39:31**
Valuations of closely held businesses, **35:65 to 35:69**
Willing-buyer, willing-seller rule, **35:3**

VALUATION OVERSTATEMENT PENALTY
Revenue Reconciliation Act of 1989, Improved Penalty Administration and Compliance Act, **39:31**

VALUATION UNDERSTATEMENT PENALTY
Revenue Reconciliation Act of 1989, Improved Penalty Administration and Compliance Act, **39:31**

VALUE
Black Scholes method, **35:29**
Charitable gifts, substantiation, **12:8**
Gifts, below market loans, **9:17**
Market data approach, **35:17**
Minority ownership discount, special use property, **4:29**
Special use valuation, minority discounts, **4:29**
Token benefits, charitable gifts, **12:36**

VALUE SHIFTING
See also index headings ASSET FREEZES; ENTITY FREEZING
Goal, **28:1**
Grantor retained income trusts
advantages, analysis, **28:7**
benefit, **28:2**
definition, **28:2**
drafting, **28:2**
estate tax treatment, **28:3**
form, **28:12**
gift tax treatment, **28:3**
income tax treatment, **28:5**
Joint purchases, analysis of benefits, **28:23**
Payment by note prohibited, **28:13**
Promissory notes, used for annuity payment, **28:13**
Sales of remainder interest
generally, **28:25**
income tax treatment, **28:23**
Techniques
generally, **28:1**
grantor retained annuity trust
use of promissory notes, **28:13**
grantor retained income trusts, **28:3**
joint purchases, **28:23**
paying annuity by note, regulations prohibit, **28:13**
qualified personal residence trust
generally, **28:7**
form for trust, **28:12**
sale of remainder interests, **28:23**
Ten percent tables, use, **28:2**

VARIABLE WHOLE LIFE INSURANCE
Insurance products, **7:56 to 7:58**

VESTED INTERESTS
Will preparation, **18:45**

VETERANS' ORGANIZATION
Charitable organization, **24:5**

VICTIMS OF TERRORISM TAX RELIEF ACT
Presidentially-declared disasters, deadlines postponed for taxpayers affected by, **34:6, 39:23**

VOTING TRUSTS
S corporation stock, **23:39**

WAIVERS OF NOTICE OF DISALLOWANCE
Tax refund claims
advisability, **39:26**
effect, **39:26, 39:27**
statute of limitations effect, **39:26, 39:27**

WAIVERS OF RESTRICTIONS ON ASSESSMENT AND COLLECTION
Agreed cases, **39:8**
Partially agreed cases, **39:12**

WARDS
Guardian of person, **30:03**
Guardian of property, responsibilities, **30:04**

WATER CONSERVATION
Deductibility, **4:8**

WELFARE BENEFIT PLANS
Contribution limitations, **5:29**

WIDOW OF DESCENDANT
Family members, **4:15**

WIDOW'S ELECTION
Community property, **10:44**

WIFE
See index heading HUSBAND AND WIFE

WILLS
Abatement avoidance, **18:8**
Access, **31:13**
Administration expense payment provisions, source of funds, **18:8**
Advantages, **17:3**
Affidavits for self-proof, **18:64**
After-acquired property, **18:32**
Allocation of expenses between principal and income, marital deduction, **18:8**
Alternate representative nominations, **18:54**
Alternative beneficiary designations
advisability, **18:13, 18:24**
precatory distributions, **18:24**
Anatomical gifts, **18:5**
Ancillary personal representative appointments, **18:55**
Antilapse provisions, **18:53**
Apportionment provisions for estate taxes
generally, **18:9**

WILLS—Cont'd
Apportionment provisions for estate taxes—Cont'd
protecting gifts, **18:10**
Attorneys, personal representatives for estate, **18:59**
Bank and savings accounts, **18:29**
Beneficiary designations
generally, **18:13**
class gifts, **18:24**
Beneficiary taxation avoidance with specific tangible personal property gifts, **18:22**
Body disposition directions
generally, **18:4**
anatomical gifts, **18:5**
Burial instructions, **18:4**
Business property gifts
generally, **18:20**
separate writings, **18:23**
Changed circumstances, redrafting, **31:15**
Charitable beneficiary designations, **18:13**
Charitable contributions, nullified by will beneficiaries, **20:10**
Claim payment directions
generally, **18:6**
source of funds, **18:8**
Class gifts
beneficiary designations, **18:13**
distributions, **18:24**
Codicils, **18:74**
Common disaster provisions
estate tax marital deduction qualification, **21:19, 21:20**
reverse presumption clauses
generally, **21:21**
form for, **21:24**
use of, **21:23**
Companion wills, **18:72**
Conflict of laws
administration, **30:39**
interpretation, **30:39**
validity
generally, **20:8**
fiduciary selection, **30:39**
Contests
generally, **31:09**
charitable deduction, **24:8**
disgruntled beneficiaries, **31:09**
immediate payments to charity, deductibility of, **24:8**
preparation of defense, **31:09**
Contractual wills, **18:61**
Coordination with property ownership type, **10:17**
Corporate beneficiary designations, **18:13**
Credit shelter trusts, **21:64**
Cremation instructions, **18:4**
Death benefits, **18:36**
Debt discharge by gift, **18:6**
Debt forgiveness provisions, **18:30**
Definition provisions, **18:62**

WILLS—Cont'd
Demonstrative gifts, generally, **18:14, 18:16**
Disclaimer wills, **18:73**
Dispositive provisions, preparation, **18:12 et seq.**
Document of title gifts, **18:23**
Domicile provision
generally, **18:3**
change of domicile, **20:4**
Donor's intention, testimony of drafter, **16:32**
Election to take against will, **33:12**
''Entire estate'' disposition clauses, **18:18**
Equalization clauses
form
reverse presumption clause, **21:24**
spouses with nearly equal estates, **21:28**
provisions, **18:50**
reverse presumption clause, **21:23 et seq.**
Estate tax payment
funding source designations
generally, **18:11**
marital deduction, effect, **18:8**
marital devise reduction avoidance, **21:49 to 21:51**
provisions, **18:6 to 18:11**
Estoppel from retracting decedent as state domiciliary after probate, **20:22**
Evidence of indebtedness gifts
generally, **18:20**
separate writings, **18:23**
Execution, drafting provisions, **18:63**
Executor's powers provision, **20:11**
Exempt property
allowance provisions, **18:38**
gifts, **18:21**
Exordium, **18:2**
Expenses of administration payment directions
generally, **18:6**
source of funds, **18:8**
Family allowance provisions, **18:38**
Fiduciaries
bond waiver provisions, **18:56**
compensation provisions, **18:58**
powers and duties provisions
generally, **18:60**
actions by joint fiduciaries, **18:57**
Flower bond funding of estate tax payment, **18:11**
Forgiveness of debt provisions, **18:30**
Form use, **18:67**
Format, **18:2**
Forms
credit shelter marital deduction formula clause, **21:65**
disclaimer will, **18:73**
estate tax payment, preresidual marital bequest, tax payable from residue, **21:51**
formula marital deduction clauses, **21:59**
fractional share marital deduction clause, **21:58**

WILLS—Cont'd
Forms—Cont'd
life estate, general power of appointment for spouse, **21:30**
living will, **18:75**
marital deduction formula clause, **21:62**
marital deduction formula clauses
credit shelter formula, **21:65**
fractional share formula, **21:58**
pecuniary fairly representative, **21:60**
pecuniary fixed sum, **21:62**
marital deduction will
power of appointment trust, **18:70**
QTIP trust, **18:69**
pecuniary fairly clause, **21:60**
pecuniary fixed sum, **21:62**
pour-over will, **18:71**
power to hold insurance on spouse's life, **18:35**
QTIP trusts, partial election, **21:41**
residuary clause for total gift equalization among beneficiaries, **18:43**
S corporation stock ownership, **23:47**
simple will with standby trust, **18:68**
survivorship
spouses with nearly equal estates, **21:28**
standard presumption, **21:26**
Formula for gift equalization from residue with specific beneficiary, **18:42**
Formulas, marital deduction clauses, form, **21:59**
Fractional share formula, advantages, **21:56**
Funeral expense payment provisions, married women, **18:7**
General gifts, **18:14, 18:17**
Gift categories, **18:14 et seq.**
Gift protection from estate tax, **18:10**
Gift-over clauses, **18:28**
Gifts with encumbrances, **18:37**
Guardian appointments, **18:52**
Holographic wills, validity of will, **20:8**
Homestead limitations, **18:33**
In terrorem clause, use, **31:09**
In terrorem clauses
beneficiary designations, **18:13**
validity of will, **20:8**
Incorporation by reference of separate writing, **18:23**
Insured property gifts, **18:20**
Inter vivos trust disposition by will, validity of will, **20:8**
Introductory provisions, **18:2 et seq.**
Joint accounts, **18:29**
Joint and mutual wills, estate tax marital deduction, **21:47**
Joint fiduciaries, powers and duties provisions, **18:57**
Joint personal representative nominations, **18:54**
Joint tenancy property provisions, **18:19**
Joint wills, definition, **21:47**
Judicial injunction, effect, **16:32**
Land identification and description, **18:32**
Lapse clauses, **18:28**

WILLS—Cont'd
Legal counsel designation, **18:59**
Legal descriptions of land, **18:32**
Life estate with general power of appointment for spouse, form, **21:30**
Life insurance dispositions
policies on testator's life, **18:36**
power to hold insurance on spouse's life, **18:35**
testator's policies on lives of others, **18:34, 18:35**
Living wills, generally, **18:66, 18:75**
Loans against insurance policies, payment, **18:37**
Location, **31:13**
Marital deduction
formula clauses, **21:6, 21:55 et seq.**
monetary gifts, consideration, **18:28**
protection from estate tax, **18:10**
Marital deduction trusts, **16:49**
Marital deduction will forms
power of appointment trust, **18:70**
QTIP trust, **18:69**
Marital gifts, **18:40**
Marital transfers, **16:55**
Medical expense payment provisions, married women, **18:7**
Minor beneficiaries
tangible personal property gifts, **18:25**
testamentary trusts, **18:46**
Monetary gifts
generally, **18:20, 18:28**
separate writings, **18:23**
Mortmain statutes, **20:10**
Mutual wills, definition, **21:47**
Name of testator, **18:3**
Named fiduciaries, review, **31:29**
Objectives, **1:10**
Ordering liability of probate assets, **18:6**
Pecuniary fixed sum formula, fixed sum devise advantages, **21:63**
Per capita distribution provisions, **18:13**
Per stirpes distribution provisions, **18:13**
Percentage of estate as gift, **18:39**
Personal property gifts, **18:20 et seq.**
Personal representative, review of choice, **31:29**
Personal representative provisions
compensation, **18:58**
nominations, **18:54**
use of income and principal, **18:8**
Personal representatives, powers and duties provisions, **18:60**
Physicians, disbanding of practice, **31:17**
Planner succession, intent of testator, **18:2**
Pour-over clauses, **18:44**
Pour-over wills
generally, **18:44**
form, **18:71**
Power of appointment, exercise, estate tax, **16:35**
pre-October 21, 1942 powers, **16:33**

WILLS—Cont'd
Power of appointment exercise
classes of persons, **16:32**
drafting, **18:51**
estate tax
inclusion prior to 1942, **16:36**
post-October 21, 1942 powers, **16:32**
inadvertent, avoidance, **18:51**
requirements for effectiveness, **18:51**
second trust estate creation, **18:51**
Uniform Probate Code, **18:51**
Precatory distribution provisions, class gifts, **18:24**
Precatory gifts for minors, **18:25**
Preparation, **1:10, 18:1 et seq.**
Preresiduary clauses, **18:39**
Preresiduary gifts, **18:18, 18:39, 18:40**
Presumption of survival clause
form, **17:44**
use, **17:43**
Probate avoidance, **18:36**
Probate place
determination, **30:39**
state estate tax considerations, **20:22**
Publishing clause, **18:3**
Real estate gifts, **18:32**
Reciprocal wills, **18:61**
Rental property gifts, **18:20**
Renunciation by surviving spouse, **20:7**
Residuary clauses
generally, **18:42**
form, **18:43**
Residuary direction, lifetime gifts, effect on balance, **18:9**
Residuary gifts
generally, **18:42 to 18:44**
total gift equalization among beneficiaries, form, **18:43**
Residue disposition in absence of residuary clause, **18:42**
Reverse presumption clauses
generally, **21:11**
form, **21:24**
local law presumptions, **21:21 et seq.**
Revocation
prior wills and codicils, **18:3**
validity of will, **20:8**
S corporation stock ownership, form, **23:47**
Safety deposit box contents, gift, **18:20**
Savings clauses
marital deduction, estate tax, **21:68**
rule against perpetuities, protection of gifts in trust, **18:45**
Second trust estate creation by power of appointment holder, **18:51**
Securities gifts, **18:20, 18:23**
Self-proving affidavits
drafting provision, **18:64**
validity of will, **20:8**
Share or percentage of estate as gift, **18:39**
Shares of corporate stock as gifts, **18:31**

WILLS—Cont'd
Signatures
drafting provisions, **18:63**
validity of will, **20:8**
Simple wills
generally, **21:8**
will with standby trust, form, **18:68**
Simultaneous death provisions
generally, **21:11**
survivorship clauses, **21:21 to 21:24**
Simultaneous wills, **18:61**
Situs of trust provisions, **18:48**
Sound mind provisions, **18:3**
Specific devises, use, **31:16**
Specific gifts
generally, **18:15**
overview, **18:14**
tangible personal property, **18:22**
Spendthrift clauses
marital deduction trusts, **21:34**
testamentary trusts, **18:47**
Standby trusts
generally, **18:46**
simple will with trust, form, **18:68**
Successor personal representative nominations, **18:54**
Surviving spouse election, **33:12**
Surviving spouse renunciation, **20:7**
Survivorship accounts, **18:29**
Survivorship provisions, **21:19 et seq.**
Tangible personal property
schedule, **18:23**
separate gift, **18:22**
separate writings, **18:23**
shipping costs limitation, **18:27**
Terminally ill clients
access, **31:13**
existing will, review and revision, **31:14**
fiduciary appointments, review, **31:18**
importance of will, **31:12**
location, **31:13**
personal representative, review of choice, **31:29**
redrafting, **31:15**
specific devises, use, **31:16**
unified credit, funding provisions, **31:39**
Terminology
generally, **18:14**
definition provisions, **18:62**
use of terms, **18:12**
Testamentary trust, trustee as beneficiary of life insurance on testator's life, **18:36**

WILLS—Cont'd
Testamentary trusts
generally, **18:45 to 18:49**
requirements, **19:6**
Testimonium, **18:2**
Time clauses, presumption as to order of death, **21:21**
Troubled marriage, will for, **11:43**
Trust beneficiary designations, **18:13**
Trustee compensation provisions, **18:58**
Trusts as source of payment
estate tax, **18:11**
expenses, **18:8**
protecting gifts, **18:10**
Uniform Probate Code
power of appointment exercise, **18:51**
trust situs changes, **18:48**
Uniform Testamentary Additions to Trusts Act, **18:44**
Unwanted personal effects provision, **18:26**
Validity determined by domicile, **20:8**
Witnesses
drafting provisions, **18:63**
validity of will, **20:8**

WITHDRAWAL OF ASSETS FROM BUSINESS
Sale as, **4:42**

WITHDRAWAL POWER
Primary beneficiary, limited to, **8:15**

WITHDRAWAL RIGHTS
Crummey powers
generally, **8:15**
lapse changes ownership, **8:24**
401(k) plans, **5:44**
Time period to exercise, specific, finite period, **8:15**

WITHHOLDING
Rollovers of IRAs, **5:65**

WITHHOLDING OF TAXES
Assessable interest and penalties, **39:31**
Compensatory stock transfers, employer deduction prerequisite, **2:59**
Damage awards, **2:5**
Nonqualified stock options, shares of stock used, **2:68**

WORK PRODUCT PRIVILEGE
Proceedings applicable, **1:16**

WORKS OF ART
Loan to museum, **12:35**

WRITS OF CERTIORARI
Tax litigation
generally, **39:2**
Tax Court appeals, **39:21**