

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

**Estate of a citizen or resident of the United States (see separate instructions). To be  
 filed for decedents dying after October 22, 1986, and before January 1, 1990.  
 For Paperwork Reduction Act Notice, see page 1 of the instructions.**

OMB No. 1545-0015  
 Expires 8-30-91

**Part 1.—Decedent and Executor**

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

**Part 2.—Tax Computation**

<b>1</b> Total gross estate (from Part 5, Recapitulation, page 3, item 10)	<b>1</b>	
<b>2</b> Total allowable deductions (from Part 5, Recapitulation, page 3, item 25)	<b>2</b>	
<b>3</b> Taxable estate (subtract line 2 from line 1)	<b>3</b>	
<b>4</b> Adjusted taxable gifts (total taxable gifts (within the meaning of section 2503) made by the decedent after December 31, 1976, other than gifts that are includible in decedent's gross estate (section 2001(b)))	<b>4</b>	
<b>5</b> Add lines 3 and 4	<b>5</b>	
<b>6</b> Tentative tax on the amount on line 5 from Table A in the instructions	<b>6</b>	
<b>Note: If decedent died before January 1, 1988, skip lines 7a-c and enter the amount from line 6 on line 8.</b>		
<b>7a</b> If line 5 exceeds \$10,000,000, enter the lesser of line 5 or \$21,040,000. If line 5 is \$10,000,000 or less, skip lines 7a and 7b and enter zero on line 7c	<b>7a</b>	
<b>b</b> Subtract \$10,000,000 from line 7a	<b>7b</b>	
<b>c</b> Enter 5% (.05) of line 7b	<b>7c</b>	
<b>8</b> Total tentative tax (add lines 6 and 7c)	<b>8</b>	
<b>9</b> Total gift tax payable with respect to gifts made by the decedent after December 31, 1976. Include gift taxes paid by the decedent's spouse for split gifts (section 2513) only if the decedent was the donor of these gifts and they are includible in the decedent's gross estate (see instructions)	<b>9</b>	
<b>10</b> Gross estate tax (subtract line 9 from line 8)	<b>10</b>	
<b>11</b> Unified credit against estate tax from Table B in the instructions	<b>11</b>	
<b>12</b> Adjustment to unified credit. (This adjustment may not exceed \$6,000. See instructions.)	<b>12</b>	
<b>13</b> Allowable unified credit (subtract line 12 from line 11)	<b>13</b>	
<b>14</b> Subtract line 13 from line 10 (but do not enter less than zero)	<b>14</b>	
<b>15</b> Credit for state death taxes. Do not enter more than line 14. Compute credit by using amount on line 3 less \$60,000. See Table C in the instructions and attach credit evidence (see instructions)	<b>15</b>	
<b>16</b> Subtract line 15 from line 14	<b>16</b>	
<b>17</b> Credit for Federal gift taxes on pre-1977 gifts (section 2012)(attach computation)	<b>17</b>	
<b>18</b> Credit for foreign death taxes (from Schedule(s) P). (Attach Form(s) 706CE)	<b>18</b>	
<b>19</b> Credit for tax on prior transfers (from Schedule Q)	<b>19</b>	
<b>20</b> Total (add lines 17, 18, and 19)	<b>20</b>	
<b>21</b> Net estate tax (subtract line 20 from line 16)	<b>21</b>	
<b>22</b> Generation-skipping transfer taxes (from Schedule R, Part 2, line 12)	<b>22</b>	
<b>23</b> Section 4980A increased estate tax (attach Schedule S (Form 706)) (see instructions)	<b>23</b>	
<b>24</b> Total transfer taxes (add lines 21, 22, and 23)	<b>24</b>	
<b>25</b> Prior payments. Explain in an attached statement	<b>25</b>	
<b>26</b> United States Treasury bonds redeemed in payment of estate tax	<b>26</b>	
<b>27</b> Total (add lines 25 and 26)	<b>27</b>	
<b>28</b> Balance due (subtract line 27 from line 24)	<b>28</b>	

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

Signature(s) of executor(s) \_\_\_\_\_ Date \_\_\_\_\_

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



**Estate of:**

**Part 3.—Elections by the Executor**

<i>Please check the "Yes" or "No" box for each question.</i>	Yes	No
<b>1</b> Do you elect alternate valuation?		
<b>2</b> Do you elect special use valuation? If "Yes," you must complete and attach Schedule A-1	/	/
<b>3</b> Do you elect to pay the taxes in installments as described in section 6166? If "Yes," you must attach the additional information described in the instructions.	/	/
<b>4</b> Do you elect to postpone the part of the taxes attributable to a reversionary or remainder interest as described in section 6163?		
<b>5</b> Do you elect to have part or all of the estate tax liability assumed by an Employee Stock Ownership Plan (ESOP) as described in section 2210? If "Yes," enter the amount of tax assumed by the ESOP here ► \$ _____ and attach the supplemental statements described in the instructions.	/	/

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

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

Name of representative (print or type)	State	Address (number and street, city, state, and ZIP code)
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I declare that I am the attorney/accountant/enrolled agent (strike out the words that do not apply) for the executor and prepared this return for the executor. I am not under suspension or disbarment from practice before the Internal Revenue Service and am qualified to practice in the state shown above.

Signature	CAF Number	Date	Telephone Number
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**1** Death certificate number and issuing authority (attach a copy of the death certificate to this return).

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

**3** Marital status of the decedent at time of death:  
 Married  
 Widow or widower—Name, SSN and date of death of deceased spouse ► \_\_\_\_\_

Single  
 Legally separated  
 Divorced—Date divorce decree became final ► \_\_\_\_\_

<b>4a</b> Surviving spouse's name	<b>4b</b> Social security number	<b>4c</b> Amount received (see instructions)
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**5** Individuals (other than the surviving spouse), trusts, or other estates who receive benefits from the estate (do not include charitable beneficiaries shown in Schedule O) (see instructions). For Privacy Act Notice (applicable to individual beneficiaries only), see the Instructions for Form 1040.

Name of individual, trust or estate receiving \$5,000 or more	Identifying number	Relationship to decedent	Amount (see instructions)

All unascertainable beneficiaries and those who receive less than \$5,000 ►

**Total**

**Part 4.—General Information (continued)**

Please check the "Yes" or "No" box for each question.

		Yes	No
<b>6</b>	Does the gross estate contain any section 2044 property (see instructions)?		
<b>7a</b>	Have Federal gift tax returns ever been filed? If "Yes," please attach copies of the returns, if available, and furnish the following information:		
<b>7b</b>	Period(s) covered		
<b>7c</b>	Internal Revenue office(s) where filed		
<b>If you answer "Yes" to any of questions 8–16, you must attach additional information as described in the instructions.</b>			
<b>8a</b>	Was there any insurance on the decedent's life that is not included on the return as part of the gross estate?		
<b>b</b>	Did the decedent own any insurance on the life of another that is not included in the gross estate?		
<b>9</b>	Did the decedent at the time of death own any property as a joint tenant with right of survivorship in which (1) one or more of the other joint tenants was someone other than the decedent's spouse, and (2) less than the full value of the property is included on the return as part of the gross estate? If "Yes," you must complete and attach Schedule E.		
<b>10</b>	Did the decedent, at the time of death, own any interest in a partnership or unincorporated business or any stock in an inactive or closely held corporation?		
<b>11a</b>	Did the decedent make any transfer described in section 2035, 2036, 2037 or 2038 (see the instructions for Schedule G)? If "Yes," you must complete and attach Schedule G		
<b>b</b>	If "Yes," was it a valuation freeze subject to section 2036(c)?		
<b>12</b>	Were there in existence at the time of the decedent's death:		
<b>a</b>	Any trusts created by the decedent during his or her lifetime?		
<b>b</b>	Any trusts not created by the decedent under which the decedent possessed any power, beneficial interest, or trusteeship?		
<b>13</b>	Did the decedent ever possess, exercise, or release any general power of appointment? If "Yes," you must complete and attach Schedule H.		
<b>14</b>	Was the marital deduction computed under the transitional rule of Public Law 97-34, section 403(e)(3) (Economic Recovery Tax Act of 1981)? If "Yes," attach a separate computation of the marital deduction, enter the amount on item 18 of the Recapitulation, and note on item 18 "computation attached."		
<b>15</b>	Was the decedent, immediately before death, receiving an annuity described in the "General" paragraph of the instructions for Schedule I? If "Yes," you must complete and attach Schedule I.		
<b>16</b>	Did the decedent have a total "excess retirement accumulation" (as defined in section 4980A(d)) in qualified employer plan(s) and individual retirement plan(s)? If "Yes," you must attach Schedule S (Form 706) (see instructions)		

**Part 5.—Recapitulation**

Item number	Gross estate	Alternate value		Value at date of death	
<b>1</b>	Schedule A—Real Estate				
<b>2</b>	Schedule B—Stocks and Bonds				
<b>3</b>	Schedule C—Mortgages, Notes, and Cash				
<b>4</b>	Schedule D—Insurance on the Decedent's Life (attach Form(s) 712)				
<b>5</b>	Schedule E—Jointly Owned Property (attach Form(s) 712 for life insurance)				
<b>6</b>	Schedule F—Other Miscellaneous Property (attach Form(s) 712 for life insurance)				
<b>7</b>	Schedule G—Transfers During Decedent's Life (attach Form(s) 712 for life insurance)				
<b>8</b>	Schedule H—Powers of Appointment				
<b>9</b>	Schedule I—Annuities				
<b>10</b>	Total gross estate (add items 1 through 9). Enter here and on line 1 of the Tax Computation.				

Item number	Deductions	Amount	
<b>11</b>	Schedule J—Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims		
<b>12</b>	Schedule K—Debts of the Decedent		
<b>13</b>	Schedule K—Mortgages and Liens		
<b>14</b>	Total of items 11 through 13		
<b>15</b>	Allowable amount of deductions from item 14 (see the instructions for item 15 of the Recapitulation)		
<b>16</b>	Schedule L—Net Losses During Administration		
<b>17</b>	Schedule L—Expenses Incurred in Administering Property Not Subject to Claims		
<b>18</b>	Schedule M—Bequests, etc., to Surviving Spouse		
<b>19</b>	Schedule O—Charitable, Public, and Similar Gifts and Bequests		
<b>20</b>	Total of items 15 through 19—If you did not complete Schedule N, skip lines 21-24 and enter the line 20 amount on line 25		
<b>21</b>	Intermediate taxable estate (subtract item 20 from item 10)		
<b>22</b>	Maximum ESOP deduction (from Table D in the Instructions)		
<b>23</b>	Enter the amount from Schedule N, line 8.		
<b>24</b>	Allowable ESOP deduction—enter the lesser of item 22 or 23		
<b>25</b>	Total allowable deductions (add items 20 and 24). Enter here and on line 2 of the Tax Computation		

**Estate of:**

**SCHEDULE A—Real Estate**

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

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

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

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

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

**Instructions for Schedule A.— Real Estate**

If the total gross estate contains any real estate, you must complete Schedule A and file it with the return.

On Schedule A list real estate the decedent owned or had contracted to purchase. Number each parcel in the left-hand column.

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

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

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

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

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

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

**Schedule A Examples**

**In this example the alternate valuation is not adopted; the date of death is January 1, 1988.**

Item number	Description	Alternate valuation date	Alternate value	Value at date of death
1	House and lot, 1921 William Street NW, Washington, DC (lot 6, square 481). Rent of \$2,700 due at end of each quarter, February 1, May 1, August 1, and November 1. Value based on appraisal, copy of which is attached . . . . .			108,000
	Rent due on item 1 for quarter ending November 1, 1987, but not collected at date of death . . . . .			2,700
	Rent accrued on item 1 for November and December 1987 . . . . .			1,800
2	House and lot, 304 Jefferson Street, Alexandria, VA (lot 18, square 40). Rent of \$300 payable monthly. Value based on appraisal, copy of which is attached . . . . .			36,000
	Rent due on item 2 for December 1987, but not collected at date of death . . . . .			300

**In this example alternate valuation is adopted; the date of death is January 1, 1988.**

Item number	Description	Alternate valuation date	Alternate value	Value at date of death
1	House and lot, 1921 William Street NW, Washington, DC (lot 6, square 481). Rent of \$2,700 due at end of each quarter, February 1, May 1, August 1, and November 1. Value based on appraisal, copy of which is attached. Not disposed of within 6 months following death . . . . .	7/1/88	90,000	108,000
	Rent due on item 1 for quarter ending November 1, 1987, but not collected until February 1, 1988 . . . . .	2/1/88	2,700	2,700
	Rent accrued on item 1 for November and December 1987, collected on February 1, 1988 . . . . .	2/1/88	1,800	1,800
2	House and lot, 304 Jefferson Street, Alexandria, VA (lot 18, square 40). Rent of \$300 payable monthly. Value based on appraisal, copy of which is attached. Property exchanged for farm on May 1, 1988 . . . . .	5/1/88	30,000	36,000
	Rent due on item 2 for December 1987, but not collected until February 1, 1988 . . . . .	2/1/88	300	300

Estate of:

**SCHEDULE A-1—Section 2032A Valuation**

**Part 1.—Type of Election:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**10** Persons holding interests. Enter the requested information for each party who received any interest in the specially valued property.

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

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

**11 Woodlands election.**—Check here  if you wish to make a woodlands election as described in section 2032A(e)(13). Enter the Schedule and item numbers from Form 706 of the property for which you are making this election ▶ \_\_\_\_\_

You must attach a statement explaining why you are entitled to make this election. The IRS may issue regulations that require more information to substantiate this election. You will be notified by IRS if you must supply further information.



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

Estate of: _____	Date of Death _____	Decedent's Social Security Number _____
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We (list all qualified heirs and other persons having an interest in the property required to sign this agreement)

\_\_\_\_\_ ,  
being all the qualified heirs and \_\_\_\_\_ ,

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned have hereunto set their hands at \_\_\_\_\_ ,  
this \_\_\_\_\_ day of \_\_\_\_\_ .

Qualified Heirs \_\_\_\_\_

Other Interested Parties \_\_\_\_\_

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

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

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

### Part 1.—Type of Election

**Estate and GST Tax Elections.**—If you make an estate tax special use value election, you must also make a GST tax special use value election. You may not make a GST tax special use value election unless you also make an estate tax special use value election.

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

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

### Part 2.—Notice of Election

**Line 10.**—Because the special use valuation election creates a potential tax liability for the recapture tax of section 2032A(c), you must list each person who receives an interest in the specially valued property on Schedule A-1. If there are more than 8 persons who receive interests, use an additional sheet that follows the format of line 10. In the columns "Fair market value" and "Special use value," you should enter the total respective values of all the specially valued property interests received by each person.

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

Because the GST tax depends on the executor's allocation of the GST exemption and the grandchild exclusion, the skip person who receives the interests is unable to compute this GST tax savings.

For each skip person who receives an interest in specially valued property, you must attach worksheets showing the total GST tax savings attributable to all of that person's interests in specially valued property.

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

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

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

**Completing the Special Use Value Worksheets.**—On lines 2–6 and 8, enter "-0-".

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

**Line 6—Grandchild exclusion.**—If part of the skip person's grandchild exclusion available for Form 706 (shown on Schedule R, Part 1A, column D) was not claimed on the Schedules R and R-1 that you are actually filing with this Form 706, you must enter the unused grandchild exclusion on line 6 and attach a computation of the total grandchild exclusion claimed on the Form 706 to support your entry. If you do not claim the entire available exclusion, it will be allocated by the IRS, upon disposition or cessation, to the property interests in the order you listed them.

If interests are shown on both Parts 2 and 3 worksheets, you should divide the previously unclaimed grandchild exclusion between the Parts as required to offset the transfers.

If all of the skip person's grandchild exclusion available for Form 706 was already claimed on the Schedules R and R-1 that you are filing with this Form 706, enter "-0-" on line 6 of Parts 2 and 3.

**Line 8—GST exemption.**—If you completed line 10 of Schedule R, Part 1B, enter on line 8 the amount shown for the skip person on the *line 10 special use allocation schedule* you attached to Schedule R. If you did not complete line 10 of Schedule R, Part 1B, enter "-0-" on line 8.

**Total GST Tax Savings.**—For each skip person, subtract the special use value worksheet, Part 2, line 12 tax amount from the fair market value worksheet, Part 2, line 12 tax amount. This difference is the skip person's total GST tax savings.

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

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

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

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

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

Estate of:

**SCHEDULE B—Stocks and Bonds**

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

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

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



Estate of:

**SCHEDULE C—Mortgages, Notes, and Cash**

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

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

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

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

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

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

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

**1. Mortgages.**—List: (1) the face value and unpaid balance; (2) date of mortgage; (3) date of maturity; (4) name of maker; (5) property mortgaged; and (6) interest dates and rate of interest. For example: bond and mortgage of \$10,000, unpaid balance \$4,000; dated January 1, 1979; John Doe to Richard Roe; premises 22 Clinton Street, Newark, N.J.; due January 1, 1989, interest payable at 6% a year January 1 and July 1.

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

**3. Contract by the decedent to sell land.**—List: (1) the name of the purchaser; (2) date of contract; (3) description of property; (4) sale price; (5) initial payment; (6) amounts of installment payment; (7) unpaid balance of principal; and (8) interest rate.

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

**5. Cash in banks, savings and loan associations, and other types of financial organizations.**—List: (1) the name and address of each financial organization; (2) amount in each account; (3) serial number; and (4) nature of account, indicating whether checking, savings, time deposit, etc. If you obtain statements from the financial organizations, keep them for Internal Revenue Service inspection.

**Estate of:**

**SCHEDULE D—Insurance on the Decedent's Life**

You must attach a Form 712 for each policy.

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

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

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

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

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

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

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

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

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

Incidents of ownership in a policy include:

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

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

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

### Completing the Schedule

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

Under "Description" list:

- Name of the insurance company
- Number of the policy

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

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

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



Estate of:

**SCHEDULE E—Jointly Owned Property**

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

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

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

**PART 2.—All Other Joint Interests**

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

Name	Address (number and street, city, state, and ZIP code)
<b>A.</b>	
<b>B.</b>	
<b>C.</b>	

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

## Instructions for Schedule E.— Jointly Owned Property

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

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

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

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

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

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

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

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

**Note:** *Legislation was recently enacted which disallows the special treatment under section 2040(b) for property held jointly by a decedent and a surviving spouse who is not a U.S. citizen, effective for estates of decedents dying after November 10, 1988. You must report these joint interests on Part 2 of Schedule E, not Part 1.*

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

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

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

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

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

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

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

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

Estate of:

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

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

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

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

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

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

## Instructions for Schedule F.— Other Miscellaneous Property

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

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

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

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

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

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

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

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

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

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

Estate of:

**SCHEDULE G—Transfers During Decedent's Life**

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

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

**SCHEDULE H—Powers of Appointment**

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

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

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



Estate of:

### SCHEDULE I—Annuities

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

**A** Are you excluding from the decedent's gross estate the value of a lump-sum distribution described in section 2039(f)(2)?  
 If "Yes," you must attach the information required by the instructions.

Yes	No

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





Estate of: \_\_\_\_\_

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

**Note:** Do not list on this schedule expenses of administering property not subject to claims. For those expenses, see the Instructions for Schedule L.  
 If executors' commissions, attorney fees, etc., are claimed and allowed as a deduction for estate tax purposes, they are not allowable as a deduction in computing the taxable income of the estate for Federal income tax purposes. They are allowable as an income tax deduction on Form 1041 if a waiver is filed to waive the deduction on Form 706 (see the Form 1041 instructions).

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

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

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

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

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

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

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

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

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

You may not deduct a bequest or devise made to you instead of commissions. If, however, the decedent fixed by will the compensation payable to you for services to be rendered in the administration of the estate, you may deduct this amount to the extent it is not more than the compensation allowable by the local law or practice.

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

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

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

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

Estate of:

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

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

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

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

Estate of:

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

Item number	Net losses during administration <i>(Note: Do not deduct losses claimed on a Federal income tax return.)</i>	Amount
1		

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

TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 16.) . . . . .

Item number	Expenses incurred in administering property not subject to claims <i>(Indicate whether estimated, agreed upon, or paid.)</i>	Amount
1		

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

TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 17.) . . . . .

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

*(The instructions to Schedule L are in the separate instructions.)*

Estate of:

## SCHEDULE M—Bequests, etc., to Surviving Spouse

- |  | Yes                      | No                       |
|--|--------------------------|--------------------------|
| 1 Did any property pass to the surviving spouse as a result of a qualified disclaimer? . . . . .<br><i>If "Yes," attach a copy of the written disclaimer required by section 2518(b).</i>  | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 <b>Terminable Interest (QTIP) Marital Deduction.</b> —Check here <input type="checkbox"/> if you elect to claim a marital deduction for qualified terminable interest property (QTIP) under section 2056(b)(7). <b>You must complete Part 2 of Schedule M.</b> | <input type="checkbox"/> | <input type="checkbox"/> |

**Part 1.—Property Interests Which Are Not Subject to a QTIP Election**

Item number	Description of property interests passing to surviving spouse	Value
1		
Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule . . . . .		
<b>Total value of property interests not subject to a QTIP election (enter here and on line 1 of Part 3 on the next page) . . . . .</b>		

**Part 2.—Property Interests Which Are Subject to a QTIP Election**

Item number	Description of property interests passing to surviving spouse (Describe portion of trust for which allocation is made.)	Value
1		

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

**A.** Total value of property interests subject to a QTIP election . . . . . **A**

**Part 3.—Reconciliation**

<b>1</b>	Enter the total from part 1 . . . . .		<b>1</b>
<b>2</b>	Total interests passing to surviving spouse (add lines A and 1, above) . . . . .		<b>2</b>
<b>3a</b>	Federal estate taxes (including section 4980A taxes) payable out of property interests listed on Parts 1 and 2	<b>3a</b>	
<b>b</b>	Other death taxes payable out of property interests listed on Parts 1 and 2 . . . . .	<b>3b</b>	
<b>c</b>	Federal and state GST taxes payable out of property interests listed on Parts 1 and 2 . . . . .	<b>3c</b>	
<b>d</b>	Add items a, b, and c . . . . .		<b>3d</b>
<b>4</b>	Net value of property interests listed on Schedule M (subtract 3d from 2). Also enter on Part 5, Recapitulation, page 3, at item 18		<b>4</b>

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

**Estate of:**

**Note:** For qualified sales after October 22, 1986, and before February 27, 1987, see "Transitional Rules" in the instructions for Schedule N.

**SCHEDULE N — Qualified ESOP Sales (Under Section 2057)**

1 Total qualified sales of employer securities to plans or cooperatives . . . . .		<b>1</b>	
2 Total 401(a) distributions (see instructions) . . . . .	<b>2</b>		
3 Total transfers pursuant to options (see instructions) . . . . .	<b>3</b>		
4 Net sales amount (see instructions) . . . . .	<b>4</b>		
5 Total proceeds attributable to transferred assets (see instructions) . . . . .	<b>5</b>		
6 Add lines 2 through 5. . . . .		<b>6</b>	
7 Subtract line 6 from line 1 . . . . .		<b>7</b>	
8 Multiply line 7 by 50%. Enter the amount here and on Part 5, Recapitulation, page 3, at item 23 . . . . .		<b>8</b>	
<b>You must attach the required statement by the employer or cooperative officer. (See instructions.)</b>			

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

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

Item number	Name and address of beneficiary	Character of institution	Amount
<b>1</b>			

Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule. . . . .				
3 Total . . . . .		<b>3</b>		
4a Federal estate tax (including section 4980A taxes) payable out of property interests listed above . . . . .	<b>4a</b>			
b Other death taxes payable out of property interests listed above . . . . .	<b>4b</b>			
c Federal and state GST taxes payable out of property interests listed above . . . . .	<b>4c</b>			
d Add items a, b, and c . . . . .		<b>4d</b>		
5 Net value of property interests listed above (subtract 4d from 3). Also enter on Part 5, Recapitulation, page 3, at item 19. . . . .		<b>5</b>		

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

**Estate of:**

**SCHEDULE P—Credit for Foreign Death Taxes**

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

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

The credit computed on this sheet is for the \_\_\_\_\_  
(Name of death tax or taxes)  
 imposed in \_\_\_\_\_  
(Name of country)

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

Citizenship (nationality) of decedent at time of death

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

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

**SCHEDULE Q—Credit for Tax on Prior Transfers**

	Name of transferor	Social security number	IRS office where estate tax return was filed	Date of death
<b>A</b>				
<b>B</b>				
<b>C</b>				

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

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

(The instructions to Schedules P and Q are in the separate instructions.)



Schedule R.—Generation-Skipping Transfer Tax

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

Part 1.—Reconciliations and Section 2652(a)(3) (Special QTIP) Election

A. Grandchild Exclusion Reconciliation (Section 1433(b)(3) of the Tax Reform Act of 1986)

Table with 4 columns: A Name of grandchild, B Maximum allowable exclusion, C Total grandchild exclusions claimed on gift tax returns, D Grandchild exclusion available for this Form 706. Row 1 shows \$2,000,000 in column B.

B. GST Exemption Reconciliation (Section 2631) and Section 2652(a)(3) Election

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

Table with 2 columns: Description of GST exemption allocation, and numerical values in a shaded column. Line 1 shows \$1,000,000.

Table with 5 columns: A Name of trust, B Trust's EIN (if any), C GST exemption allocated on lines 2-6, D Additional GST exemption allocated, E Trust's inclusion ratio (optional).

Summary lines 9D and 10. Line 9D: Total. May not exceed line 8, above. Line 10: GST exemption available to allocate to section 2032A interests received by individual beneficiaries (subtract line 9D from line 8).



Estate of:

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

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

1 Total estate tax values of all property interests listed above . . . . .	<b>1</b>	
2 Estate taxes, state death taxes, and other charges borne by the property interests listed above . . . . .	<b>2</b>	
3 GST taxes borne by the property interests listed above but imposed on direct skips other than those shown on this Part 2. (See instructions.) . . . . .	<b>3</b>	
4 Total fixed taxes and other charges. (Add lines 2 and 3.) . . . . .	<b>4</b>	
5 Subtract line 4 from line 1 . . . . .	<b>5</b>	
6 Total grandchild exclusion(s) claimed against property interests listed above . . . . .	<b>6</b>	
7 Total tentative maximum direct skips. (Subtract line 6 from line 5.) . . . . .	<b>7</b>	
8 GST exemption allocated . . . . .	<b>8</b>	
9 Subtract line 8 from line 7 . . . . .	<b>9</b>	
10 GST tax due (divide line 9 by 2.818182) . . . . .	<b>10</b>	
11 Enter the amount from line 10 of Schedule R, Part 3 . . . . .	<b>11</b>	
12 <b>Total GST taxes payable by the estate.</b> (Add lines 10 and 11.) Enter here and on line 22 of the Tax Computation on page 1 . . . . .	<b>12</b>	

Estate of:

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

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

<b>1</b> Total estate tax values of all property interests listed above . . . . .	<b>1</b>	
<b>2</b> Estate taxes, state death taxes, and other charges borne by the property interests listed above . . . . .	<b>2</b>	
<b>3</b> GST taxes borne by the property interests listed above but imposed on direct skips other than those shown on this Part 3. (See instructions.) . . . . .	<b>3</b>	
<b>4</b> Total fixed taxes and other charges. (Add lines 2 and 3.) . . . . .	<b>4</b>	
<b>5</b> Subtract line 4 from line 1 . . . . .	<b>5</b>	
<b>6</b> Total grandchild exclusion(s) claimed against property interests listed above . . . . .	<b>6</b>	
<b>7</b> Total tentative maximum direct skips. (Subtract line 6 from line 5.) . . . . .	<b>7</b>	
<b>8</b> GST exemption allocated . . . . .	<b>8</b>	
<b>9</b> Subtract line 8 from line 7 . . . . .	<b>9</b>	
<b>10</b> GST tax due (multiply line 9 by .55). Enter here and on Schedule R, Part 2, line 11 . . . . .	<b>10</b>	

**Generation-Skipping Transfer Tax**

**Direct Skips From a Trust**  
**Payment Voucher**

OMB No. 1545-0015  
 Expires 8-30-91

**Executor:** File one copy with Form 706 and send two copies to the fiduciary. Do not pay the tax shown. See the separate instructions.

**Fiduciary:** See instructions on following page. Pay the tax shown on line 8.

Name of trust		Trust's EIN
Name and title of fiduciary	Name of decedent	
Address of fiduciary (number and street)	Decedent's SSN : :	Service Center where Form 706 was filed
City, state, and ZIP code	Name of executor	
Address of executor (number and street)	City, state, and ZIP code	
Date of decedent's death	Filing due date of Schedule R, Form 706 (with extensions)	

**Part 1.—Computation of the GST Tax on the Direct Skip**

Description of property interests subject to the direct skip	Estate tax value
<b>1</b> Total estate tax value of all property interests listed above . . . . .	<b>1</b>
<b>2</b> Estate taxes, state death taxes, and other charges borne by the property interests listed above . . . . .	<b>2</b>
<b>3</b> Subtract line 2 from line 1 . . . . .	<b>3</b>
<b>4</b> Total grandchild exclusion(s) claimed against property interests listed above . . . . .	<b>4</b>
<b>5</b> Tentative maximum direct skip from trust. (Subtract line 4 from line 3.) . . . . .	<b>5</b>
<b>6</b> GST exemption allocated . . . . .	<b>6</b>
<b>7</b> Subtract line 6 from line 5 . . . . .	<b>7</b>
<b>8</b> <b>GST tax due from fiduciary (divide line 7 by 2.818182) (See instructions if property will not bear the GST tax.)</b> . . . . .	<b>8</b>

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

\_\_\_\_\_  
 Signature(s) of executor(s)

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Signature of fiduciary or officer representing fiduciary

\_\_\_\_\_  
 Date

# Instructions for Fiduciary

## Purpose of Schedule R-1

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

## How To Pay the GST Tax

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

The GST tax due is the amount shown on line 8. Make your check or money order for this amount payable to "Internal Revenue Service," write "GST tax" and the trust's EIN on it, and send it and one copy of the completed Schedule R-1 to the IRS Service Center where the Form 706 was filed, as shown on the front of the Schedule R-1.

## When To Pay the GST Tax

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

## Signature

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

Estate of:

## CONTINUATION SCHEDULE

### Continuation of Schedule \_\_\_\_\_

(Enter letter of schedule you are continuing.)

Item number	Description For securities, give CUSIP number, if available.	Unit value (Sch B or E only)	Alternate valuation date	Alternate value	Value at date of death or amount deductible
1					

TOTAL. (Carry forward to main schedule.) . . . . .

## Instructions for Continuation Schedule

The Continuation Schedule on page 34 provides a uniform format for listing additional assets from Schedules A, B, C, D, E, F, G, H, and I and additional deductions from Schedules J, K, L, M, and O. Use the Continuation Schedule when you need to list more assets or deductions than you have room for on one of the main schedules.

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

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

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

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

To continue Schedules J, L, and M, you should use the *Alternate valuation date* and *Alternate value* columns of the Continuation Schedule to continue your description of the deductions. You should enter the amount of each deduction in the *amount deductible* column of the Continuation Schedule. Use a separate Continuation Schedule for each part of Schedule M. Do not combine QTIP and non-QTIP property on the same Continuation Schedule.

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

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