

taxes which were actually paid and for which a credit was claimed within four years after the filing of the return, or before the expiration of 60 days after the decision of the Tax Court becomes final, whichever period is the last to expire. Similarly, if an extension of time has been granted under section 6161 for payment of the tax shown on the return, or of a deficiency, the credit is limited to those taxes which were actually paid and for which a credit was claimed within four years after the filing of the return, or before the date of the expiration of the period of the extension, whichever period is the last to expire. See section 2015 for the applicable period of limitations for credit for foreign death taxes on reversionary or remainder interests if an election is made under section 6163(a) to postpone payment of the estate tax attributable to reversionary or remainder interests. If a claim for refund based on the credit for foreign death taxes is filed within the applicable period described in this section, a refund may be made despite the general limitation provisions of sections 6511 and 6512. Any refund based on the credit for foreign death taxes shall be made without interest.

§ 20.2014-7 Limitation on credit if a deduction for foreign death taxes is allowed under section 2053(d).

If a deduction is allowed under section 2053(d) for foreign death taxes paid with respect to a charitable gift, the credit for foreign death taxes is subject to special limitations. In such a case the property described in subparagraphs (A), (B), and (C) of paragraphs (1) and (2) of section 2014(b) shall not include any property with respect to which a deduction is allowed under section 2053(d). The application of this section may be illustrated by the following example:

Example. The decedent, a citizen of the United States, died July 1, 1955, leaving a gross estate of \$1,200,000 consisting of: Shares of stock issued by United States corporations, valued at \$600,000; bonds issued by the United States Government physically located in the United States, valued at \$300,000; and shares of stock issued by a Country X corporation, valued at \$300,000. Expenses, indebtedness, etc., amounted to \$40,000. The decedent made specific bequests of \$400,000 of the United States corporation

stock to a niece and \$100,000 of the Country X corporation stock to a nephew. The residue of his estate was left to charity. There is no death tax convention in existence between the United States and Country X. The Country X tax imposed was at a 50-percent rate on all beneficiaries. A State inheritance tax of \$20,000 was imposed on the niece and nephew. The decedent did not provide in his will for the payment of the death taxes, and under local law the Federal estate tax is payable from the general estate, the same as administration expenses.

DISTRIBUTION OF THE ESTATE	
Gross estate	\$1,200,000.00
Debts and charges	\$40,000.00
Bequest of U.S. corporation stock to niece	400,000.00
Bequest of country X corporation stock to nephew	100,000.00
Net Federal estate tax	136,917.88
	676,917.88
Residue before country X tax	523,082.12
Country X succession tax on charity	100,000.00
Charitable deduction	423,082.12
TAXABLE ESTATE AND FEDERAL ESTATE TAX	
Gross estate	1,200,000.00
Debts and charges	40,000.00
Deduction of foreign death tax under section 2053(d) ..	100,000.00
Charitable deduction	423,082.12
Exemption	60,000.00
	623,082.12
Taxable estate	576,917.88
Gross estate tax	172,621.26
Credit for State death taxes	15,476.72
	157,144.54
Gross estate tax less credit for State death taxes	157,144.54
Credit for foreign death taxes	20,226.66
Net Federal estate tax	136,917.88
CREDIT FOR FOREIGN DEATH TAXES	
COUNTRY X TAX	
Succession tax on nephew:	
Value of stock of country X corporation	100,000
Tax (50% rate)	\$50,000
Succession tax on charity:	
Value of stock of country X corporation	200,000
Tax (50% rate)	100,000
COMPUTATION OF EXCLUSION UNDER SECTION 2014(B)	
Value of situated in country X	300,000
Value of property in respect of which a deduction is allowed under section 2053(d)	200,000
	500,000
Value of property situated within country X, subjected to tax, and included in gross estate as limited by section 2014(f)	100,000
FIRST LIMITATION, § 28.2014-2(A)	
\$100,000 (factor C of the ratio stated at § 20.2014-2(a)) + \$100,000 + \$200,000 (factor D	

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of the ratio stated at § 20.2014 2(a) × \$50,000 + \$100,000) (factor B of the ratio stated at § 20.2014-2(a)) = \$50,000.00

SECOND LIMITATION, § 28.2014-3(A)

\$100,000 (factor G of the ratio stated at § 20.2014-3(a)) (as limited by section 2014(f)) + \$1,200,000 - \$423,082.12 (factor H of the ratio stated at § 20.2014 3(a) × \$172,621.26 - \$15,476.72) (factor F of the ratio stated at § 20.2014-3(a)) = \$20,226.66Z

[T.D. 6600, 27 FR 4984, May 27, 1962]

§ 20.2015-1 Credit for death taxes on remainders.

(a) If the executor of an estate elects under section 6163(a) to postpone the time for payment of any portion of the Federal estate tax attributable to a reversionary or remainder interest in property, credit is allowed under sections 2011 and 2014 against that portion of the Federal estate tax for State death taxes and foreign death taxes attributable to the reversionary or remainder interest if the State death taxes or foreign death taxes are paid and if credit therefor is claimed either—

(1) Within the time provided for in sections 2011 and 2014, or

(2) Within the time for payment of the tax imposed by section 2001 or 2101 as postponed under section 6163(a) and as extended under section 6163(b) (on account of undue hardship) or, if the precedent interest terminated before July 5, 1958, within 60 days after the termination of the preceding interest or interests in the property.

The allowance of credit, however, is subject to the other limitations contained in sections 2011 and 2014 and, in the case of the estate of a decedent who was a nonresident not a citizen of the United States, in section 2102(b).

(b) In applying the rule stated in paragraph (a) of this section, credit for State death taxes or foreign death taxes paid within the time provided in sections 2011 and 2014 is applied first to the portion of the Federal estate tax payment of which is not postponed, and any excess is applied to the balance of the Federal estate tax. However, credit for State death taxes or foreign death taxes not paid within the time provided in section 2011 and 2014 is allowable only against the portion of the Federal estate tax attributable to the rever-

sionary or remainder interest, and only for State or foreign death taxes attributable to that interest. If a State death tax or a foreign death tax is imposed upon both a reversionary or remainder interest and upon other property, without a definite apportionment of the tax, the amount of the tax deemed attributable to the reversionary or remainder interest is an amount which bears the same ratio to the total tax as the value of the reversionary or remainder interest bears to the value of the entire property with respect to which the tax was imposed. In applying this ratio, adjustments consistent with those required under paragraph (c) of § 20.6163-1 must be made.

(c) The application of this section may be illustrated by the following examples:

Example (1). One-third of the Federal estate tax was attributable to a remainder interest in real property located in State Y, and two-thirds of the Federal estate tax was attributable to other property located in State X. The payment of the tax attributable to the remainder interest was postponed under the provisions of section 6163(a). The maximum credit allowable for State death taxes under the provisions of section 2011 is \$12,000. Therefore, of the maximum credit allowable, \$4,000 is attributable to the remainder interest and \$8,000 is attributable to the other property. Within the 4-year period provided for in section 2011, inheritance tax in the amount of \$9,000 was paid to State X in connection with the other property. With respect to this \$9,000, \$8,000 (the maximum amount allowable) is allowed as a credit against the Federal estate tax attributable to the other property, and \$1,000 is allowed as a credit against the postponed tax. The life estate or other precedent interest expired after July 4, 1958. After the expiration of the 4-year period but before the expiration of the period of postponement elected under section 6163(a) and of the period of extension granted under section 6163(b) for payment of the tax, inheritance tax in the amount of \$5,000 was paid to State Y in connection with the remainder interest. As the maximum credit allowable with respect to the remainder interest is \$4,000 and \$1,000 has already been allowed as a credit, an additional \$3,000 will be credited against the Federal estate tax attributable to the remainder interest. It should be noted that if the life estate or other precedent interest had expired after the expiration of the 4-year period but before July 5, 1958, the same result would be reached only if the inheritance tax had been paid to State Y before the expiration of 60