

§ 20.6695-1

for estate tax under chapter 11 of subtitle B of the Internal Revenue Code pays 15 percent of a penalty for understatement of the taxpayer's liability, and procedural matters relating to the investigation, assessment and collection of the penalties under sections 6694(a) and (b), the rules under §1.6694-4 of this chapter will apply.

(b) *Effective/applicability date.* This section is applicable to returns and claims for refund filed, and advice provided, after December 31, 2008.

[T.D. 9436, 73 FR 78451, Dec. 22, 2008]

§ 20.6695-1 Other assessable penalties with respect to the preparation of tax returns for other persons.

(a) *In general.* A person who is a tax return preparer of any return or claim for refund of estate tax under chapter 11 of subtitle B of the Internal Revenue Code (Code) shall be subject to penalties for failure to furnish a copy to the taxpayer under section 6695(a) of the Code, failure to sign the return under section 6695(b) of the Code, failure to furnish an identification number under section 6695(c) of the Code, failure to retain a copy or list under section 6695(d) of the Code, failure to file a correct information return under section 6695(e) of the Code, and negotiation of a check under section 6695(f) of the Code, in the manner stated in §1.6695-1 of this chapter.

(b) *Effective/applicability date.* This section is applicable to returns and claims for refund filed after December 31, 2008.

[T.D. 9436, 73 FR 78451, Dec. 22, 2008]

§ 20.6696-1 Claims for credit or refund by tax return preparers or appraisers.

(a) *In general.* For rules for claims for credit or refund by a tax return preparer who prepared a return or claim for refund for estate tax under chapter 11 of subtitle B of the Internal Revenue Code, or by an appraiser that prepared an appraisal in connection with such a return or claim for refund under section 6695A, the rules under §1.6696-1 of this chapter will apply.

(b) *Effective/applicability date.* This section is applicable to returns and

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claims for refund filed, and advice provided, after December 31, 2008.

[T.D. 9436, 73 FR 78451, Dec. 22, 2008]

§ 20.6905-1 Discharge of executor from personal liability for decedent's income and gift taxes.

For regulations concerning the discharge of an executor from personal liability for a decedent's income and gift taxes, see §301.6905-1 of this chapter (Regulations on Procedure and Administration).

[T.D. 7238, 37 FR 28725, Dec. 29, 1972]

§ 20.7101-1 Form of bonds.

See paragraph (b) of §20.6165-1 for provisions relating to the bond required in any case in which the payment of the tax attributable to a reversionary or remainder interest has been postponed under the provisions of §20.6163-1. For further provisions relating to bonds, see §20.6165-1 of these regulations and the regulations under section 7101 contained in part 301 of this chapter (Regulations on Procedure and Administration).

[T.D. 6600, 27 FR 4987, May 29, 1962]

GENERAL ACTUARIAL VALUATIONS

SOURCE: Sections 20.7520-1 through 20.7520-4 appear at T.D. 8540, 59 FR 30170, June 10, 1994, unless otherwise noted.

§ 20.7520-1 Valuation of annuities, unitrust interests, interests for life or terms of years, and remainder or reversionary interests prior to May 1, 2009.

(a) *General actuarial valuations.* (1) Except as otherwise provided in this section and in §20.7520-3 (relating to exceptions to the use of prescribed tables under certain circumstances), in the case of estates of decedents with valuation dates after April 30, 1989, the fair market value of annuities, interests for life or for a term of years (including unitrust interests), remainders, and reversions is their present value determined under this section. For periods prior to May 1, 2009, see §20.2031-7A for the computation of the value of annuities, unitrust interests, life estates, terms for years, remainders, and

reversions, other than interests described in paragraphs (a)(2) and (a)(3) of this section.

(2) For a transfer to a pooled income fund prior to May 1, 2009, see § 1.642(c)-6A (Income Tax Regulations) with respect to the valuation of the remainder interest.

(3) In the case of a transfer to a charitable remainder annuity trust with a valuation date after April 30, 1989, see § 1.664-2 of this chapter with respect to the valuation of the remainder interest. See § 1.664-4 of this chapter with respect to the valuation of the remainder interest in property transferred to a charitable remainder unitrust.

(b) *Components of valuation*—(1) *Interest rate component*—(i) *Section 7520 Interest rate*. The section 7520 interest rate is the rate of return, rounded to the nearest two-tenths of one percent, that is equal to 120 percent of the applicable Federal mid-term rate, compounded annually, for purposes of section 1274(d)(1), for the month in which the valuation date falls. In rounding the rate to the nearest two-tenths of a percent, any rate that is midway between one two-tenths of a percent and another is rounded up to the higher of those two rates. For example, if 120 percent of the applicable Federal mid-term rate is 10.30, the section 7520 interest rate component is 10.4. The section 7520 interest rate is published monthly by the Internal Revenue Service in the Internal Revenue Bulletin (See § 601.601(d)(2)(ii)(b) of this chapter).

(ii) *Valuation date*. Generally, the valuation date is the date on which the transfer takes place. For estate tax purposes, the valuation date is the date of the decedent's death, unless the executor elects the alternate valuation date in accordance with section 2032, in which event, and under the limitations prescribed in section 2032 and the regulations thereunder, the valuation date is the alternate valuation date. For special rules in the case of charitable transfers, see § 20.7520-2.

(2) *Mortality component*. The mortality component reflects the mortality data most recently available from the United States Census. As new mortality data becomes available after each decennial census, the mortality component described in this section

will be revised periodically and the mortality component tables will be published in the regulations at that time. For decedents' estates with valuation dates after April 30, 1989, and before May 1, 2009, the mortality component tables are contained in § 20.2031-7A.

(c) *Tables*. The present value on the valuation date of an annuity, life estate, term of years, remainder, or reversion is computed by using the section 7520 interest rate component that is described in paragraph (b)(1) of this section and the mortality component that is described in paragraph (b)(2) of this section. Actuarial factors for determining these present values are included in tables in these regulations and in publications by the Internal Revenue Service. If a special factor is required in order to value an interest, the Internal Revenue Service will furnish the factor upon a request for a ruling. The request for a ruling must be accompanied by a recitation of the facts, including the date of birth for each measuring life and copies of relevant instruments. A request for a ruling must comply with the instructions for requesting a ruling published periodically in the Internal Revenue Bulletin (see Rev. Proc. 94-1, 1994-1 I.R.B. 10, and the first Rev. Proc. published each year, and §§ 601.201 and 601.601(d)(2)(ii)(b) of this chapter) and include payment of the required user fee.

(1) [Reserved] For further guidance, see § 20.7520-1T(c)(1).

(2) *Internal Revenue Service publications containing tables with interest rates between 2.2 and 22 percent for valuation dates after April 30, 1999, and before May 1, 2009*. The following publications are no longer available for purchase from the Superintendent of Documents, United States Government Printing Office; however, they may be obtained from CC:PA:LPD:PR, Room 5205, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044:

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(d) *Effective/applicability dates.* This section applies after April 30, 1989, and before May 1, 2009.

[T.D. 8540, 59 FR 30170, June 10, 1994, as amended by T.D. 8819, 64 FR 23222, 23229, Apr. 30, 1999; T.D. 8886, 65 FR 36939, June 12, 2000; T.D. 9448, 74 FR 21511, May 7, 2009]

§ 20.7520-1T Valuation of annuities, unitrust interests, interests for life or terms of years, and remainder or reversionary interests on or after May 1, 2009 (temporary).

(a) *General actuarial valuations.* (1) Except as otherwise provided in this section and in § 20.7520-3 (relating to exceptions to the use of prescribed tables under certain circumstances), in the case of estates of decedents with valuation dates after April 30, 1989, the fair market value of annuities, interests for life or for a term of years (including unitrust interests), remainders, and reversions is their present value determined under this section. See § 20.2031-7T(d) (and, for certain prior periods, § 20.2031-7A) for the computation of the value of annuities, unitrust interests, life estates, terms for years, remainders, and reversions, other than interests described in paragraphs (a)(2) and (a)(3) of this section.

(2) In the case of a transfer to a pooled income fund with a valuation date on or after May 1, 2009, see § 1.642(c)-6T(e), Income Tax Regulations, (or, for certain prior periods, § 1.642(c)-6A) with respect to the valuation of the remainder interest.

(3) [Reserved] For further guidance, see § 20.7520-1(a)(3).

(b)(1) [Reserved] For further guidance, see § 20.7520-1(b)(1).

(2) *Mortality component.* The mortality component reflects the mortality data most recently available from the United States census. As new mortality data becomes available after each decennial census, the mortality component described in this section will be revised periodically and the revised mortality component tables will be published in the regulations at that time. For decedent's estates with valuation dates on or after May 1, 2009, the mortality component table (Table 2000CM) is contained in § 20.2031-7T(d)(7). See § 20.2031-7A for mortality component tables applicable to dece-

dent's estates with valuation dates before May 1, 2009.

(c) [Reserved] For further guidance, see § 20.7520-1(c).

(1) *Regulation sections containing tables with interest rates between 0.2 and 14 percent for valuation dates on or after May 1, 2009.* Section 1.642(c)-6T(e)(6) contains Table S used for determining the present value of a single life remainder interest in a pooled income fund as defined in § 1.642(c)-5. See § 1.642(c)-6A for single life remainder factors applicable to valuation dates before May 1, 2009. Section 1.664-4(e)(6) contains Table F (payout factors) and Table D (actuarial factors used in determining the present value of a remainder interest postponed for a term of years). Section 1.664-4T(e)(7) contains Table U(1) (unitrust single life remainder factors). These tables are used in determining the present value of a remainder interest in a charitable remainder unitrust as defined in § 1.664-3. See § 1.664-4A for unitrust single life remainder factors applicable to valuation dates before May 1, 2009. Section 20.2031-7(d)(6) contains Table B (actuarial factors used in determining the present value of an interest for a term of years), Table K (annuity end-of-interval adjustment factors), and Table J (term certain annuity beginning-of-interval adjustment factors). Section 20.2031-7T(d)(7) contains Table S (single life remainder factors), and Table 2000CM (mortality components). These tables are used in determining the present value of annuities, life estates, remainders, and reversions. See § 20.2031-7A for single life remainder factors applicable to valuation dates before May 1, 2009.

(2) *Internal Revenue Service publications containing tables with interest rates between 0.2 and 22 percent for valuation dates on or after May 1, 2009.* The following documents are available beginning May 1, 2009, at no charge, electronically via the IRS Internet site at <http://www.irs.gov>:

(i) Internal Revenue Service Publication 1457, "Actuarial Valuations Version 3A" (2009). This publication includes tables of valuation factors, as well as examples that show how to compute other valuation factors, for