§ 20.2015–1 Credit for death taxes on remainders.

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 $1,000. 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 6163(a) and of the period of extension granted under section 6163(b) for payment of the tax, 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 other property. The amount of $7,500 was paid to State X with respect 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. Since the payment of $5,000 was made to State Y following the expiration of the 4-year period, no part of the payment may be allowed as a credit against the Federal estate tax attributable to the other property. After termination of the life interest additional credit will be allowed in the amount of $1,000 against the Federal estate tax attributable to the remainder interest. Since the payment of $5,000 was made to State Y following the expiration of the 4-year period, no part of the payment may be allowed as a credit against the Federal estate tax attributable to the other property.

Example (3). The facts are the same as in example (2), except that no payment was made to State Y within the 4-year period. The amount of $7,500 is allowed as a credit against the Federal estate tax attributable to the other property. After termination of the life interest additional credit will be allowed in the amount of $1,000 against the Federal estate tax attributable to the remainder interest.

Section 6163(b) for payment of the tax found to be due results from a return filed under section 6163(a). The maximum credit allowable for State death taxes under the provisions of section 2011 is $1,000. 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 6163(a) and of the period of extension granted under section 6163(b) for payment of the tax, 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 other property. The amount of $7,500 was paid to State X with respect 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. Since the payment of $5,000 was made to State Y following the expiration of the 4-year period, no part of the payment may be allowed as a credit against the Federal estate tax attributable to the other property. After termination of the life interest additional credit will be allowed in the amount of $1,000 against the Federal estate tax attributable to the remainder interest. Since the payment of $5,000 was made to State Y following the expiration of the 4-year period, no part of the payment may be allowed as a credit against the Federal estate tax attributable to the other property. After termination of the life interest additional credit will be allowed in the amount of $1,000 against the Federal estate tax attributable to the remainder interest.

Example (3). The facts are the same as in example (2), except that no payment was made to State Y within the 4-year period. The amount of $7,500 is allowed as a credit against the Federal estate tax attributable to the other property. After termination of the life interest additional credit will be allowed in the amount of $1,000 against the Federal estate tax attributable to the remainder interest. Since the payment of $5,000 was made to State Y following the expiration of the 4-year period, no part of the payment may be allowed as a credit against the Federal estate tax attributable to the other property.

In accordance with the provisions of section 2016, the executor (or any other person) receiving a refund of any State death taxes or foreign death taxes claimed as a credit under section 2011 or section 2014 shall notify the district director of the refund within 30 days of its receipt. The notice shall contain the following information:

(a) The name of the decedent;
(b) The date of the decedent’s death;
(c) The property with respect to which the refund was made;
(d) The amount of the refund, exclusive of interest;
(e) The date of the refund; and
(f) The name and address of the person receiving the refund.

If the refund was in connection with foreign death taxes claimed as a credit under section 2014, the notice shall also contain a statement showing the amount of interest, if any, paid by the foreign country on the refund. Finally, the person filing the notice shall furnish the district director such additional information as he may request.

Any Federal estate tax found to be due by reason of the refund is payable by the person or persons receiving it, upon notice and demand, even though the refund is received after the expiration of the period of limitations set forth in section 6501 (see section 6501(c)(5)). If the tax found to be due results from a