



TaxNewsFlash

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Final regulations: Extension of time for basis reporting by estates

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9797) that reflects additional time, under transition rules, for furnishing and filing a statement under section 6035 regarding the value of property included in a decedent's gross estate for federal estate tax purposes. The transition rules provide the due date for statements required to be furnished before June 30, 2016, was June 30, 2016.

Read the [final regulations](#) [PDF 144 KB]

Extension of time, basis reporting by estates

Legislation enacted on July 31, 2015, added section 6035 to the Code, to impose reporting requirements about the value of property included in a decedent's gross estate.

Temporary and proposed regulations, issued in early March 2016, provided in part that the earliest time for furnishing and filing a statement of property included in a decedent's gross estate under section 6035 was March 31, 2016. The regulations provided transition relief to executors and other persons required to furnish a statement under section 6035, by providing that executors and other persons who filed a Form 706 after July 31, 2015, and who would be required to file a statement prior to March 31, 2016, need not do so until March 31, 2016.

Subsequently, the IRS issued Notice 2016-27 to provide that executors and other persons required to file or furnish a statement under section 6035 before June 30, 2016, need not do so until June 30, 2016.

Notice 2016-27 explained that the IRS and Treasury Department had received "numerous comments" that executors and other persons did not have sufficient time to adopt the systemic changes that would enable the filing of an accurate and complete

Form 8971 and Schedule A (the basis reporting forms). Notice 2016-27 provided that statements required under sections 6035(a)(1) and (a)(2) to be filed with the IRS or furnished to a beneficiary before June 30, 2016, need not be filed with the IRS and furnished to a beneficiary until June 30, 2016.

The preamble to today's final regulations reiterates the guidance under Notice 2016-27 and provides that executors or other persons required to file or furnish a statement under sections 6035(a)(1) and (a)(2) need not have done so until June 30, 2016. As further explained in the preamble, because these final regulations were issued within 18 months of the date of enactment of the statutory provisions, they apply to executors and other persons who file a return required by section 6018(a) or (b) after July 31, 2015 (the date when the president signed into law the enacting legislation).

KPMG observation

Today's release finalizes only a portion of the proposed regulations. The remainder of the proposed regulations are more substantive and remain on the IRS's priority guidance plan for 2016-2017 (last updated in October 2016).

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