

“(2) FOR SUBSECTION (b).—Subsection (b) [section 514(b) of Pub. L. 95-600, set out below]—

“(A) insofar as it relates to section 170 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] shall apply to transfers in trust and contributions made after July 31, 1969, and

“(B) insofar as it relates to section 2522 of the Internal Revenue Code of 1986 shall apply to transfers made after December 31, 1969.”

EFFECTIVE DATE OF 1976 AMENDMENT

Pub. L. 94-455, title XIII, §1304(c), Oct. 4, 1976, 90 Stat. 1716, provided that: “The amendments made by this section [amending this section] shall apply in the case of decedents dying after December 31, 1969.”

Amendment by section 1307(d)(1)(B)(ii), (C) of Pub. L. 94-455, applicable to estates of decedents dying after Dec. 31, 1976, see section 1307(e) of Pub. L. 94-455, set out as a note under section 501 of this title.

Amendment by section 1313(b)(2) of Pub. L. 94-455 applicable on day following Oct. 4, 1976, see section 1313(d) of Pub. L. 94-455, set out as a note under section 501 of this title.

Amendment by section 1902(a)(4), (12)(A) of Pub. L. 94-455 applicable in the case of estates of decedents dying after Oct. 4, 1976, see section 1902(c)(1) of Pub. L. 94-455, set out as a note under section 2012 of this title.

Amendment by section 2009(b)(4)(B), (C) of Pub. L. 94-455 applicable with respect to transfers creating an interest in person disclaiming made after Dec. 31, 1976, see section 2009(e)(2) of Pub. L. 94-455, set out as a note under section 2518 of this title.

Amendment by section 2124(e)(2) of Pub. L. 94-455 applicable with respect to contributions or transfers made after June 13, 1976, see section 2124(e)(4) of Pub. L. 94-455, set out as a note under section 170 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Pub. L. 93-483, §3(b), Oct. 26, 1974, 88 Stat. 1458, provided that: “The amendment made by subsection (a) [amending this section] shall apply with respect to estates of decedents dying after December 31, 1969.”

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-614 applicable with respect to decedents dying after Dec. 31, 1970, see section 101(j) of Pub. L. 91-614, set out as an Effective Date note under section 2032 of this title.

EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by section 201(d)(1) of Pub. L. 91-172 applicable in the case of decedents dying after Dec. 31, 1969, with specified exceptions, see section 201(g)(4) of Pub. L. 91-172, set out as a note under section 170 of this title.

Amendment by section 201(d)(4)(A) of Pub. L. 91-172 applicable to gifts and transfers made after Dec. 31, 1969, see section 201(g)(4)(E) of Pub. L. 91-172, set out as a note under section 170 of this title.

EFFECTIVE DATE OF 1956 AMENDMENT

Act Aug. 6, 1956, ch. 1020, §3, 70 Stat. 1075, provided that: “The amendments made by this Act [amending this section and section 6503 of this title] shall apply in the case of decedents dying after August 16, 1954.”

TRANSFER OF FUNCTIONS

United States International Development Cooperation Agency (other than Agency for International Development and Overseas Private Investment Corporation) abolished and functions and authorities transferred, see sections 6561 and 6562 of Title 22, Foreign Relations and Intercourse.

For transfer of functions, personnel, assets, and liabilities of the Overseas Private Investment Corporation to the United States International Development Finance Corporation and treatment of related references, see sections 9683 and 9686(d) of Title 22, Foreign Relations and Intercourse.

SPECIAL DONATIONS

Pub. L. 99-514, title XIV, §1422(d), Oct. 22, 1986, 100 Stat. 2717, provided that: “If the Secretary of the Interior acquires by donation after December 31, 1986, a conservation easement (within the meaning of section 2(h) of S. 720, 99th Congress, 1st Session, as in effect on August 16, 1986) [see Pub. L. 99-420, Sept. 25, 1986, §102(h), 99 Stat. 955, 957], such donation shall qualify for treatment under section 2055(f) or 2522(d) of the Internal Revenue Code of 1954 [now 1986], as added by this section.”

CHARITABLE LEAD TRUSTS AND CHARITABLE REMAINDER TRUSTS IN CASE OF INCOME AND GIFT TAXES

Pub. L. 95-600, title V, §514(b), Nov. 6, 1978, 92 Stat. 2884, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “Under regulations prescribed by the Secretary of the Treasury or his delegate, in the case of trusts created before December 31, 1977, provisions comparable to section 2055(e)(3) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as amended by subsection (a)) shall be deemed to be included in sections 170 and 2522 of the Internal Revenue Code of 1986.”

EXTENSION OF PERIOD FOR FILING CLAIM FOR REFUND

Pub. L. 94-455, title XIII, §1304(b), Oct. 4, 1976, 90 Stat. 1716, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “A claim for refund or credit of an overpayment of the tax imposed by section 2001 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] allowable under section 2055(e)(3) of such Code (as amended by subsection (a)) shall not be denied because of the expiration of the time for filing such a claim under section 6511(a) if such claim is filed not later than June 30, 1978.”

§ 2056. Bequests, etc., to surviving spouse

(a) Allowance of marital deduction

For purposes of the tax imposed by section 2001, the value of the taxable estate shall, except as limited by subsection (b), be determined by deducting from the value of the gross estate an amount equal to the value of any interest in property which passes or has passed from the decedent to his surviving spouse, but only to the extent that such interest is included in determining the value of the gross estate.

(b) Limitation in the case of life estate or other terminable interest

(1) General rule

Where, on the lapse of time, on the occurrence of an event or contingency, or on the failure of an event or contingency to occur, an interest passing to the surviving spouse will terminate or fail, no deduction shall be allowed under this section with respect to such interest—

(A) if an interest in such property passes or has passed (for less than an adequate and full consideration in money or money's worth) from the decedent to any person other than such surviving spouse (or the estate of such spouse); and

(B) if by reason of such passing such person (or his heirs or assigns) may possess or enjoy any part of such property after such termination or failure of the interest so passing to the surviving spouse;

and no deduction shall be allowed with respect to such interest (even if such deduction is not disallowed under subparagraphs (A) and (B))—

(C) if such interest is to be acquired for the surviving spouse, pursuant to directions of

the decedent, by his executor or by the trustee of a trust.

For purposes of this paragraph, an interest shall not be considered as an interest which will terminate or fail merely because it is the ownership of a bond, note, or similar contractual obligation, the discharge of which would not have the effect of an annuity for life or for a term.

(2) Interest in unidentified assets

Where the assets (included in the decedent's gross estate) out of which, or the proceeds of which, an interest passing to the surviving spouse may be satisfied include a particular asset or assets with respect to which no deduction would be allowed if such asset or assets passed from the decedent to such spouse, then the value of such interest passing to such spouse shall, for purposes of subsection (a), be reduced by the aggregate value of such particular assets.

(3) Interest of spouse conditional on survival for limited period

For purposes of this subsection, an interest passing to the surviving spouse shall not be considered as an interest which will terminate or fail on the death of such spouse if—

(A) such death will cause a termination or failure of such interest only if it occurs within a period not exceeding 6 months after the decedent's death, or only if it occurs as a result of a common disaster resulting in the death of the decedent and the surviving spouse, or only if it occurs in the case of either such event; and

(B) such termination or failure does not in fact occur.

(4) Valuation of interest passing to surviving spouse

In determining for purposes of subsection (a) the value of any interest in property passing to the surviving spouse for which a deduction is allowed by this section—

(A) there shall be taken into account the effect which the tax imposed by section 2001, or any estate, succession, legacy, or inheritance tax, has on the net value to the surviving spouse of such interest; and

(B) where such interest or property is encumbered in any manner, or where the surviving spouse incurs any obligation imposed by the decedent with respect to the passing of such interest, such encumbrance or obligation shall be taken into account in the same manner as if the amount of a gift to such spouse of such interest were being determined.

(5) Life estate with power of appointment in surviving spouse

In the case of an interest in property passing from the decedent, if his surviving spouse is entitled for life to all the income from the entire interest, or all the income from a specific portion thereof, payable annually or at more frequent intervals, with power in the surviving spouse to appoint the entire interest, or such specific portion (exercisable in favor of such surviving spouse, or of the estate of such sur-

living spouse, or in favor of either, whether or not in each case the power is exercisable in favor of others), and with no power in any other person to appoint any part of the interest, or such specific portion, to any person other than the surviving spouse—

(A) the interest or such portion thereof so passing shall, for purposes of subsection (a), be considered as passing to the surviving spouse, and

(B) no part of the interest so passing shall, for purposes of paragraph (1)(A), be considered as passing to any person other than the surviving spouse.

This paragraph shall apply only if such power in the surviving spouse to appoint the entire interest, or such specific portion thereof, whether exercisable by will or during life, is exercisable by such spouse alone and in all events.

(6) Life insurance or annuity payments with power of appointment in surviving spouse

In the case of an interest in property passing from the decedent consisting of proceeds under a life insurance, endowment, or annuity contract, if under the terms of the contract such proceeds are payable in installments or are held by the insurer subject to an agreement to pay interest thereon (whether the proceeds, on the termination of any interest payments, are payable in a lump sum or in annual or more frequent installments), and such installment or interest payments are payable annually or at more frequent intervals, commencing not later than 13 months after the decedent's death, and all amounts, or a specific portion of all such amounts, payable during the life of the surviving spouse are payable only to such spouse, and such spouse has the power to appoint all amounts, or such specific portion, payable under such contract (exercisable in favor of such surviving spouse, or of the estate of such surviving spouse, or in favor of either, whether or not in each case the power is exercisable in favor of others), with no power in any other person to appoint such amounts to any person other than the surviving spouse—

(A) such amounts shall, for purposes of subsection (a), be considered as passing to the surviving spouse, and

(B) no part of such amounts shall, for purposes of paragraph (1)(A), be considered as passing to any person other than the surviving spouse.

This paragraph shall apply only if, under the terms of the contract, such power in the surviving spouse to appoint such amounts, whether exercisable by will or during life, is exercisable by such spouse alone and in all events.

(7) Election with respect to life estate for surviving spouse

(A) In general

In the case of qualified terminable interest property—

(i) for purposes of subsection (a), such property shall be treated as passing to the surviving spouse, and

(ii) for purposes of paragraph (1)(A), no part of such property shall be treated as

passing to any person other than the surviving spouse.

(B) Qualified terminable interest property defined

For purposes of this paragraph—

(i) In general

The term “qualified terminable interest property” means property—

(I) which passes from the decedent,

(II) in which the surviving spouse has a qualifying income interest for life, and

(III) to which an election under this paragraph applies.

(ii) Qualifying income interest for life

The surviving spouse has a qualifying income interest for life if—

(I) the surviving spouse is entitled to all the income from the property, payable annually or at more frequent intervals, or has a usufruct interest for life in the property, and

(II) no person has a power to appoint any part of the property to any person other than the surviving spouse.

Subclause (II) shall not apply to a power exercisable only at or after the death of the surviving spouse. To the extent provided in regulations, an annuity shall be treated in a manner similar to an income interest in property (regardless of whether the property from which the annuity is payable can be separately identified).

(iii) Property includes interest therein

The term “property” includes an interest in property.

(iv) Specific portion treated as separate property

A specific portion of property shall be treated as separate property.

(v) Election

An election under this paragraph with respect to any property shall be made by the executor on the return of tax imposed by section 2001. Such an election, once made, shall be irrevocable.

(C) Treatment of survivor annuities

In the case of an annuity included in the gross estate of the decedent under section 2039 (or, in the case of an interest in an annuity arising under the community property laws of a State, included in the gross estate of the decedent under section 2033) where only the surviving spouse has the right to receive payments before the death of such surviving spouse—

(i) the interest of such surviving spouse shall be treated as a qualifying income interest for life, and

(ii) the executor shall be treated as having made an election under this subsection with respect to such annuity unless the executor otherwise elects on the return of tax imposed by section 2001.

An election under clause (ii), once made, shall be irrevocable.

(8) Special rule for charitable remainder trusts

(A) In general

If the surviving spouse of the decedent is the only beneficiary of a qualified charitable remainder trust who is not a charitable beneficiary nor an ESOP beneficiary, paragraph (1) shall not apply to any interest in such trust which passes or has passed from the decedent to such surviving spouse.

(B) Definitions

For purposes of subparagraph (A)—

(i) Charitable beneficiary

The term “charitable beneficiary” means any beneficiary which is an organization described in section 170(c).

(ii) ESOP beneficiary

The term “ESOP beneficiary” means any beneficiary which is an employee stock ownership plan (as defined in section 4975(e)(7)) that holds a remainder interest in qualified employer securities (as defined in section 664(g)(4)) to be transferred to such plan in a qualified gratuitous transfer (as defined in section 664(g)(1)).

(iii) Qualified charitable remainder trust

The term “qualified charitable remainder trust” means a charitable remainder annuity trust or a charitable remainder unitrust (described in section 664).

(9) Denial of double deduction

Nothing in this section or any other provision of this chapter shall allow the value of any interest in property to be deducted under this chapter more than once with respect to the same decedent.

(10) Specific portion

For purposes of paragraphs (5), (6), and (7)(B)(iv), the term “specific portion” only includes a portion determined on a fractional or percentage basis.

(c) Definition

For purposes of this section, an interest in property shall be considered as passing from the decedent to any person if and only if—

(1) such interest is bequeathed or devised to such person by the decedent;

(2) such interest is inherited by such person from the decedent;

(3) such interest is the dower or curtesy interest (or statutory interest in lieu thereof) of such person as surviving spouse of the decedent;

(4) such interest has been transferred to such person by the decedent at any time;

(5) such interest was, at the time of the decedent’s death, held by such person and the decedent (or by them and any other person) in joint ownership with right of survivorship;

(6) the decedent had a power (either alone or in conjunction with any person) to appoint such interest and if he appoints or has appointed such interest to such person, or if such person takes such interest in default on the release or nonexercise of such power; or

(7) such interest consists of proceeds of insurance on the life of the decedent receivable by such person.

Except as provided in paragraph (5) or (6) of subsection (b), where at the time of the decedent's death it is not possible to ascertain the particular person or persons to whom an interest in property may pass from the decedent, such interest shall, for purposes of subparagraphs (A) and (B) of subsection (b)(1), be considered as passing from the decedent to a person other than the surviving spouse.

(d) Disallowance of marital deduction where surviving spouse not United States citizen

(1) In general

Except as provided in paragraph (2), if the surviving spouse of the decedent is not a citizen of the United States—

- (A) no deduction shall be allowed under subsection (a), and
- (B) section 2040(b) shall not apply.

(2) Marital deduction allowed for certain transferees in trust

(A) In general

Paragraph (1) shall not apply to any property passing to the surviving spouse in a qualified domestic trust.

(B) Special rule

If any property passes from the decedent to the surviving spouse of the decedent, for purposes of subparagraph (A), such property shall be treated as passing to such spouse in a qualified domestic trust if—

- (i) such property is transferred to such a trust before the date on which the return of the tax imposed by this chapter is made, or
- (ii) such property is irrevocably assigned to such a trust under an irrevocable assignment made on or before such date which is enforceable under local law.

(3) Allowance of credit to certain spouses

If—

- (A) property passes to the surviving spouse of the decedent (hereinafter in this paragraph referred to as the “first decedent”),
- (B) without regard to this subsection, a deduction would be allowable under subsection (a) with respect to such property, and
- (C) such surviving spouse dies and the estate of such surviving spouse is subject to the tax imposed by this chapter,

the Federal estate tax paid (or treated as paid under section 2056A(b)(7)) by the first decedent with respect to such property shall be allowed as a credit under section 2013 to the estate of such surviving spouse and the amount of such credit shall be determined under such section without regard to when the first decedent died and without regard to subsection (d)(3) of such section.

(4) Special rule where resident spouse becomes citizen

Paragraph (1) shall not apply if—

- (A) the surviving spouse of the decedent becomes a citizen of the United States before the day on which the return of the tax imposed by this chapter is made, and
- (B) such spouse was a resident of the United States at all times after the date of

the death of the decedent and before becoming a citizen of the United States.

(5) Reformatiois permitted

(A) In general

In the case of any property with respect to which a deduction would be allowable under subsection (a) but for this subsection, the determination of whether a trust is a qualified domestic trust shall be made—

- (i) as of the date on which the return of the tax imposed by this chapter is made, or
- (ii) if a judicial proceeding is commenced on or before the due date (determined with regard to extensions) for filing such return to change such trust into a trust which is a qualified domestic trust, as of the time when the changes pursuant to such proceeding are made.

(B) Statute of limitations

If a judicial proceeding described in subparagraph (A)(ii) is commenced with respect to any trust, the period for assessing any deficiency of tax attributable to any failure of such trust to be a qualified domestic trust shall not expire before the date 1 year after the date on which the Secretary is notified that the trust has been changed pursuant to such judicial proceeding or that such proceeding has been terminated.

(Aug. 16, 1954, ch. 736, 68A Stat. 392; Pub. L. 89-621, §1(a), Oct. 4, 1966, 80 Stat. 872; Pub. L. 94-455, title XIX, §1902(a)(12)(A), title XX, §§2002(a), 2009(b)(4)(D), (E), Oct. 4, 1976, 90 Stat. 1805, 1854, 1894; Pub. L. 95-600, title VII, §702(g)(1), (2), Nov. 6, 1978, 92 Stat. 2930; Pub. L. 97-34, title IV, §403(a)(1), (d)(1), Aug. 13, 1981, 95 Stat. 301, 302; Pub. L. 97-448, title I, §104(a)(2)(A), (8), Jan. 12, 1983, 96 Stat. 2380, 2381; Pub. L. 98-369, div. A, title X, §1027(a), July 18, 1984, 98 Stat. 1031; Pub. L. 100-647, title V, §5033(a)(1), title VI, §6152(a), Nov. 10, 1988, 102 Stat. 3670, 3725; Pub. L. 101-239, title VII, §7815(d)(4)(A), (5), (6), (8), 7816(q), Dec. 19, 1989, 103 Stat. 2415, 2416, 2423; Pub. L. 101-508, title XI, §§11701(l)(1), 11702(g)(5), Nov. 5, 1990, 104 Stat. 1388-513, 1388-516; Pub. L. 102-486, title XIX, §1941(a), Oct. 24, 1992, 106 Stat. 3036; Pub. L. 105-34, title XIII, §1311(a), title XV, §1530(c)(8), Aug. 5, 1997, 111 Stat. 1044, 1078.)

AMENDMENTS

1997—Subsec. (b)(7)(C). Pub. L. 105-34, §1311(a), inserted “(or, in the case of an interest in an annuity arising under the community property laws of a State, included in the gross estate of the decedent under section 2033)” after “section 2039”.

Subsec. (b)(8). Pub. L. 105-34, §1530(c)(8), amended par. (8) generally. Prior to amendment, par. (8) read as follows:

“(8) SPECIAL RULE FOR CHARITABLE REMAINDER TRUSTS.—

“(A) IN GENERAL.—If the surviving spouse of the decedent is the only noncharitable beneficiary of a qualified charitable remainder trust, paragraph (1) shall not apply to any interest in such trust which passes or has passed from the decedent to such surviving spouse.

“(B) DEFINITIONS.—For purposes of subparagraph (A)—

“(1) NONCHARITABLE BENEFICIARY.—The term ‘non-charitable beneficiary’ means any beneficiary of

the qualified charitable remainder trust other than an organization described in section 170(c).

“(ii) QUALIFIED CHARITABLE REMAINDER TRUST.—The term ‘qualified charitable remainder trust’ means a charitable remainder annuity trust or charitable remainder unitrust (described in section 664).”

1992—Subsec. (b)(10). Pub. L. 102-486 added par. (10).

1990—Subsec. (d)(3). Pub. L. 101-508, §11702(g)(5), substituted “section 2056A(b)(7)” for “section 2056A(b)(6)”.

Subsec. (d)(4), (5). Pub. L. 101-508, §11701(l)(1), redesignated par. (4) relating to reformations permitted as par. (5).

1989—Subsec. (b)(7)(C). Pub. L. 101-239, §7816(q), inserted “included in the gross estate of the decedent under section 2039” after “an annuity”.

Subsec. (d)(2)(B). Pub. L. 101-239, §7815(d)(4)(A), substituted “Special rule” for “Property passing outside of probate estate” in heading and amended text generally. Prior to amendment, text read as follows: “If any property passes from the decedent to the surviving spouse of the decedent outside of the decedent’s probate estate, for purposes of subparagraph (A), such property shall be treated as passing to such spouse in a qualified domestic trust if such property is transferred to such a trust before the day on which the return of the tax imposed by section 2001 is made.”

Subsec. (d)(3). Pub. L. 101-239, §7815(d)(6), substituted “this chapter” for “section 2001” in subpar. (C) and inserted “and without regard to subsection (d)(3) of such section” after “first decedent died” in concluding provisions.

Subsec. (d)(4). Pub. L. 101-239, §7815(d)(8), added par. (4) relating to reformations permitted.

Pub. L. 101-239, §7815(d)(5), added par. (4) relating to special rule where resident spouse becomes citizen.

1988—Subsec. (b)(7)(C). Pub. L. 100-647, §6152(a), added subpar. (C).

Subsec. (d). Pub. L. 100-647, §5033(a)(1), added subsec. (d).

1984—Subsec. (b)(7)(B)(ii)(I). Pub. L. 98-369 inserted “, or has a usufruct interest for life in the property”.

1983—Subsec. (b)(7)(B)(ii). Pub. L. 97-448, §104(a)(8), inserted provision that an annuity shall be treated in a manner similar to an income interest in property (regardless of whether the property from which the annuity is payable can be separately identified).

Subsec. (b)(9). Pub. L. 97-448, §104(a)(2)(A), added par. (9).

1981—Subsec. (a). Pub. L. 97-34, §403(a)(1)(B), substituted “subsection (b)” for “subsections (b) and (c)”.

Subsec. (b)(7), (8). Pub. L. 97-34, §403(d)(1), added pars. (7) and (8).

Subsecs. (c), (d). Pub. L. 97-34, §403(a)(1)(A), redesignated subsec. (d) as (c) and struck out former subsec. (c) relating to limitation on aggregate of deductions.

1978—Subsec. (c)(1)(B). Pub. L. 95-600 inserted in cl. (ii) “required to be included in a gift tax return” after “with respect to any gift” and inserted following cl. (ii) “For purposes of this subparagraph, a gift which is includible in the gross estate of the donor by reason of section 2035 shall not be taken into account”.

1976—Subsec. (a). Pub. L. 94-455, §2009(b)(4)(E), substituted “subsections (b) and (c)” for “subsections (b), (c), and (d)”.

Subsec. (c)(1). Pub. L. 94-455, §2002(a), designated existing provisions as subpar. (A), substituted provisions that the aggregate amount of the deductions allowed under this section (computed without regard to this subsection) shall not exceed the greater of \$250,000 or 50 percent of the value of the adjusted gross estate as defined in par. (2) for provisions that the aggregate amount of the deductions allowed under this section (computed without regard to this subsection) shall not exceed 50 percent of the value of the adjusted gross estate as defined in par. (2), and added subpars. (B) and (C).

Subsec. (c)(2)(B). Pub. L. 94-455, §1902(a)(12)(A), struck out “Territory,” after “State,” in provisions preceding cl. (i).

Subsecs. (d), (e). Pub. L. 94-455, §2009(b)(4)(D), redesignated subsec. (e) as (d). Former subsec. (d), which related to disclaimers by the surviving spouse or by other persons, was struck out.

1966—Subsec. (d)(2). Pub. L. 89-621 provided that if the disclaimer is made by the person before the date prescribed for the filing of the estate tax return and if the person does not accept the interest before making the disclaimer, the interest shall, for purposes of this section, be considered as passing from the decedent to the surviving spouse.

EFFECTIVE DATE OF 1997 AMENDMENT

Pub. L. 105-34, title XIII, §1311(b), Aug. 5, 1997, 111 Stat. 1044, provided that: “The amendment made by this section [amending this section] shall apply to estates of decedents dying after the date of the enactment of this Act [Aug. 5, 1997].”

Amendment by section 1530(c)(8) of Pub. L. 105-34 applicable to transfers made by trusts to, or for the use of, an employee stock ownership plan after Aug. 5, 1997, see section 1530(d) of Pub. L. 105-34, set out as a note under section 401 of this title.

EFFECTIVE DATE OF 1992 AMENDMENT

Pub. L. 102-486, title XIX, §1941(c), Oct. 24, 1992, 106 Stat. 3036, provided that:

“(1) SUBSECTION (a).—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the amendment made by subsection (a) [amending this section] shall apply to the estates of decedents dying after the date of the enactment of this Act [Oct. 24, 1992].

“(B) EXCEPTION.—The amendment made by subsection (a) shall not apply to any interest in property which passes (or has passed) to the surviving spouse of the decedent pursuant to a will (or revocable trust) in existence on the date of the enactment of this Act if—

“(i) the decedent dies on or before the date 3 years after such date of enactment, or

“(ii) the decedent was, on such date of enactment, under a mental disability to change the disposition of his property and did not regain his competence to dispose of such property before the date of his death.

The preceding sentence shall not apply if such will (or revocable trust) is amended at any time after such date of enactment in any respect which will increase the amount of the interest which so passes or alters the terms of the transfer by which the interest so passes.

“(2) SUBSECTION (b).—The amendments made by subsection (b) [amending section 2523 of this title] shall apply to gifts made after the date of the enactment of this Act [Oct. 24, 1992].”

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 11701(j)(1) of Pub. L. 101-508 effective, except as otherwise provided, as if included in the provision of the Revenue Reconciliation Act of 1989, Pub. L. 101-239, title VII, to which such amendment relates, see section 11701(n) of Pub. L. 101-508, set out as a note under section 42 of this title.

Amendment by section 11702(g)(5) of Pub. L. 101-508 effective as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 11702(j) of Pub. L. 101-508, set out as a note under section 59 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Pub. L. 101-239, title VII, §7815(d)(4)(B), Dec. 19, 1989, 103 Stat. 2415, provided that: “In the case of the estate of a decedent dying before the date of the enactment of this Act [Dec. 19, 1989], the period during which the transfer (or irrevocable assignment) referred to in section 2056(d)(2)(B) of the Internal Revenue Code of 1986 (as amended by subparagraph (A)) may be made shall

not expire before the date 1 year after such date of enactment.”

Amendment by Pub. L. 101-239 effective, except as otherwise provided, as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 7817 of Pub. L. 101-239, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-647, title V, §5033(d)(1), Nov. 10, 1988, 102 Stat. 3673, provided that: “The amendments made by subsections (a) and (c) [enacting section 2056A of this title and amending this section and section 2106 of this title] shall apply to estates of the decedents dying after the date of the enactment of this Act [Nov. 10, 1988].”

Pub. L. 100-647, title VI, §6152(c), Nov. 10, 1988, 102 Stat. 3725, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection—

“(A) the amendment made by subsection (a) [amending this section] shall apply with respect to decedents dying after December 31, 1981, and

“(B) the amendment made by subsection (b) [amending section 2523 of this title] shall apply to transfers after December 31, 1981.

“(2) NOT TO APPLY TO EXTENT INCONSISTENT WITH PRIOR RETURN.—In the case of any estate or gift tax return filed before the date of the enactment of this Act [Nov. 10, 1988], the amendments made by this section [amending this section and section 2523 of this title] shall not apply to the extent such amendments would be inconsistent with the treatment of the annuity on such return unless the executor or donor (as the case may be) otherwise elects under this paragraph before the day 2 years after the date of the enactment of this Act.

“(3) EXTENSION OF TIME FOR ELECTION OUT.—The time for making an election under section 2056(b)(7)(C)(ii) or 2523(f)(6)(B) of the 1986 Code (as added by this subsection) shall not expire before the day 2 years after the date of the enactment of this Act (and, if such election is made within the time permitted under this paragraph, the requirement of such section 2056(b)(7)(C)(ii) that it be made on the return shall not apply).”

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 effective as if included in the amendment made by section 403 of the Economic Recovery Tax Act of 1981 [Pub. L. 97-34, see Effective Date of 1981 Amendment note below], see section 1027(c) of Pub. L. 98-369, set out as a note under section 2053 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97-448 effective, except as otherwise provided, as if it had been included in the provision of the Economic Recovery Tax Act of 1981, Pub. L. 97-34, to which such amendment relates, see section 109 of Pub. L. 97-448, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-34, title IV, §403(e), Aug. 13, 1981, 95 Stat. 305, as amended by Pub. L. 97-448, title I, §104(a)(10), Jan. 12, 1983, 96 Stat. 2381; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) Except as otherwise provided in this subsection, the amendments made by this section [enacting sections 2044 and 2207A of this title, amending this section and sections 691, 2012, 2035, 2040, 2045, 2046, 2519, 2523, 2602, and 6019 of this title, and repealing sections 2515 and 2515A of this title] shall apply to the estates of decedents dying after December 31, 1981.

“(2) The amendments made by paragraphs (1), (2), and (3)(A) of subsection (b) [amending sections 2523 and 6019 of this title], subparagraphs (B) and (C) of subsection (c)(3) [amending section 6019 of this title and repealing sections 2515 and 2515A of this title], and paragraphs (2) and (3)(B) of subsection (d), and paragraph (4)(A) of sub-

section (d) (to the extent related to the tax imposed by chapter 12 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]) [enacting sections 2207A and 2519 of this title and amending section 2523 of this title] shall apply to gifts made after December 31, 1981.

“(3) If—

“(A) the decedent dies after December 31, 1981,

“(B) by reason of the death of the decedent property passes from the decedent or is acquired from the decedent under a will executed before the date which is 30 days after the date of the enactment of this Act [Aug. 13, 1981], or a trust created before such date, which contains a formula expressly providing that the spouse is to receive the maximum amount of property qualifying for the marital deduction allowable by Federal law,

“(C) the formula referred to in subparagraph (B) was not amended to refer specifically to an unlimited marital deduction at any time after the date which is 30 days after the date of enactment of this Act [Aug. 13, 1981], and before the death of the decedent, and

“(D) the State does not enact a statute applicable to such estate which construes this type of formula as referring to the marital deduction allowable by Federal law as amended by subsection (a), then the amendment made by subsection (a) shall not apply to the estate of such decedent.”

EFFECTIVE DATE OF 1978 AMENDMENT

Pub. L. 95-600, title VII, §702(g)(3), Nov. 6, 1978, 92 Stat. 2930, provided that: “The amendment made by this subsection [amending this section] shall apply to the estates of decedents dying after December 31, 1976.”

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1902(a)(12)(A) of Pub. L. 94-455 applicable to estates of decedents dying after Oct. 4, 1976, see section 1902(c)(1) of Pub. L. 94-455, set out as a note under section 2012 of this title.

Pub. L. 94-455, title XX, §2002(d)(1), Oct. 4, 1976, 90 Stat. 1856, provided that:

“(1)(A) Except as provided in subparagraph (B), the amendment made by subsection (a) [amending this section] shall apply with respect to the estates of decedents dying after December 31, 1976.

“(B) If—

“(i) the decedent dies after December 31, 1976, and before January 1, 1979,

“(ii) by reason of the death of the decedent property passes from the decedent or is acquired from the decedent under a will executed before January 1, 1977, or a trust created before such date, which contains a formula expressly providing that the spouse is to receive the maximum amount of property qualifying for the marital deduction allowable by Federal law,

“(iii) the formula referred to in clause (ii) was not amended at any time after December 31, 1976, and before the death of the decedent, and

“(iv) the State does not enact a statute applicable to such estate which construes this type of formula as referring to the marital deduction allowable by Federal law as amended by subsection (a), then the amendment made by subsection (a) shall not apply to the estate of such decedent.”

Amendment by section 2009(b)(4)(D), (E) of Pub. L. 94-455 applicable with respect to transfers creating an interest in person disclaiming made after Dec. 31, 1976, see section 2009(e)(2) of Pub. L. 94-455, set out as an Effective Date note under section 2518 of this title.

EFFECTIVE DATE OF 1966 AMENDMENT

Pub. L. 89-621, §1(b), Oct. 4, 1966, 80 Stat. 872, provided that: “The amendment made by subsection (a) [amending this section] shall apply with respect to estates of decedents dying on or after the date of the enactment of this Act [Oct. 4, 1966].”

COMMENCEMENT OF JUDICIAL PROCEEDING TO REFORM TRUST

Pub. L. 101-508, title XI, §11701(l)(2), Nov. 5, 1990, 104 Stat. 1388-513, provided that: “The period during which

a proceeding may be commenced under section 2056(d)(5)(A)(ii) of the Internal Revenue Code of 1986 (as redesignated by paragraph (1)) shall not expire before the date 6 months after the date of the enactment of this Act [Nov. 5, 1990].”

APPLICATION OF AMENDMENTS BY SECTION 5033 OF PUB. L. 100-647 TO ESTATES OF, OR GIFTS BY, NONCITIZEN AND NONRESIDENT INDIVIDUALS

Pub. L. 101-239, title VII, § 7815(d)(14), Dec. 19, 1989, 103 Stat. 2418, provided that: “In the case of the estate of, or gift by, an individual who was not a citizen or resident of the United States but was a resident of a foreign country with which the United States has a tax treaty with respect to estate, inheritance, or gift taxes, the amendments made by section 5033 of the 1988 Act [Pub. L. 100-647, enacting section 2056A of this title and amending this section and sections 2106 and 2523 of this title] shall not apply to the extent such amendments would be inconsistent with the provisions of such treaty relating to estate, inheritance, or gift tax marital deductions. In the case of the estate of an individual dying before the date 3 years after the date of the enactment of this Act [Dec. 19, 1989], or a gift by an individual before the date 3 years after the date of the enactment of this Act, the requirement of the preceding sentence that the individual not be a citizen or resident of the United States shall not apply.”

DISCLAIMER OF INTEREST ARISING FROM ESTATES OF PERSONS DYING BEFORE OCT. 4, 1966, HAVING ESTATE TAX RETURN FILING DATE ON OR AFTER JAN. 1, 1965

Pub. L. 89-621, § 1(c), Oct. 4, 1966, 80 Stat. 872, provided that in the case of a decedent dying before Oct. 4, 1966, for which the date prescribed for filing estate tax return was on or after Jan. 1, 1965, and as a result of a disclaimer, the surviving spouse became entitled to receive such interest, then such interest was to be considered as having passed from the decedent to the surviving spouse under certain conditions, with a limit on the amount of deductions allowed.

§ 2056A. Qualified domestic trust

(a) Qualified domestic trust defined

For purposes of this section and section 2056(d), the term “qualified domestic trust” means, with respect to any decedent, any trust if—

(1) the trust instrument—

(A) except as provided in regulations prescribed by the Secretary, requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation, and

(B) provides that no distribution (other than a distribution of income) may be made from the trust unless a trustee who is an individual citizen of the United States or a domestic corporation has the right to withhold from such distribution the tax imposed by this section on such distribution,

(2) such trust meets such requirements as the Secretary may by regulations prescribe to ensure the collection of any tax imposed by subsection (b), and

(3) an election under this section by the executor of the decedent applies to such trust.

(b) Tax treatment of trust

(1) Imposition of estate tax

There is hereby imposed an estate tax on—

(A) any distribution before the date of the death of the surviving spouse from a qualified domestic trust, and

(B) the value of the property remaining in a qualified domestic trust on the date of the death of the surviving spouse.

(2) Amount of tax

(A) In general

In the case of any taxable event, the amount of the estate tax imposed by paragraph (1) shall be the amount equal to—

(i) the tax which would have been imposed under section 2001 on the estate of the decedent if the taxable estate of the decedent had been increased by the sum of—

(I) the amount involved in such taxable event, plus

(II) the aggregate amount involved in previous taxable events with respect to qualified domestic trusts of such decedent, reduced by

(ii) the tax which would have been imposed under section 2001 on the estate of the decedent if the taxable estate of the decedent had been increased by the amount referred to in clause (i)(II).

(B) Tentative tax where tax of decedent not finally determined

(i) In general

If the tax imposed on the estate of the decedent under section 2001 is not finally determined before the taxable event, the amount of the tax imposed by paragraph (1) on such event shall be determined by using the highest rate of tax in effect under section 2001 as of the date of the decedent's death.

(ii) Refund of excess when tax finally determined

If—

(I) the amount of the tax determined under clause (i), exceeds

(II) the tax determined under subparagraph (A) on the basis of the final determination of the tax imposed by section 2001 on the estate of the decedent,

such excess shall be allowed as a credit or refund (with interest) if claim therefor is filed not later than 1 year after the date of such final determination.

(C) Special rule where decedent has more than 1 qualified domestic trust

If there is more than 1 qualified domestic trust with respect to any decedent, the amount of the tax imposed by paragraph (1) with respect to such trusts shall be determined by using the highest rate of tax in effect under section 2001 as of the date of the decedent's death (and the provisions of paragraph (3)(B) shall not apply) unless, pursuant to a designation made by the decedent's executor, there is 1 person—

(i) who is an individual citizen of the United States or a domestic corporation and is responsible for filing all returns of tax imposed under paragraph (1) with respect to such trusts and for paying all tax so imposed, and

(ii) who meets such requirements as the Secretary may by regulations prescribe.