



ESTATE TAX FILERS - NEW IRS FILING REQUIREMENT FOR 2016 – FORM 8971

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If you filed an Estate Tax Return after July 2015, the IRS is now requiring you to also file Form 8971 (and accompanying Schedule(s) A) before **March 31, 2016**. The purpose of this form is to ensure that information on property values reported to the IRS by Executors and qualified heirs is consistent with the information reported by beneficiaries.

What is the new requirement: The IRS is requiring Form 8971 to be filed for virtually every Estate that was required to file a Form 706 Estate Tax Return *after* July 31, 2015. Form 8971 requires a Schedule A also be sent to **each beneficiary** prior to the deadline, in addition to being filed with the IRS. Proposed Regulation §1.6035-2 explains that this form is NOT required for situations when an estate tax return filing is not required under Section 6018, such as making a portability election.

Who must file: An Executor of an Estate, qualified heir or other person who was required to file Form 706, 706A or 706-NA after July 2015 (whether or not the form was filed on time).

What must be filed: A completed Form 8971 along with attached Schedule(s) A must be filed with the IRS. Each beneficiary listed in Form 8971 must also be sent a copy of their Schedule(s) A. Please note that Form 8971 is a *separate* filing requirement from the Estate's Form 706, 706A, and 706-NA. This means that this form should NOT be attached to the Estate Tax Return.

Deadline for filing: Filings with the IRS of Form 8971 and Schedule(s) A, as well as copies of Schedule(s) A sent to beneficiaries must be completed by the earlier of 1) 30 days after the date that Form 706, 706A, or 706-NA is required to be filed, or 2) 30 days after the date which such forms were actually filed. Note that all filings and beneficiary notices are due no later than March 31, 2016 (amended from instructions, which state a deadline of February 29, 2016).

Other things to keep in mind: Beneficiaries can be provided Schedule(s) A either in person, through email, by U.S. mail, or by private delivery service. The person filing Form 8971 must indicate on the form the date that the beneficiary(ies) were provided the Schedule(s) A and must also keep proof of mailing, delivery, acknowledgement of receipt, or other supporting documentation of delivery. The value listed on Form 8971 and attached Schedule(s) A should be the *fair market value* of the asset as reported on the Estate Tax Return.

For further instructions and information on penalties, etc., please see Instructions for Form 8971 and Schedule A at <https://www.irs.gov/pub/irs-pdf/i8971.pdf>. One can find an electronic copy of Form 8971 at this link: <https://www.irs.gov/pub/irs-pdf/f8971.pdf>.

Please feel free to contact our office with any questions or concerns you may have regarding this new filing requirement and/or your estate plans.