
HOUSE BILL No. 1080

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1-3-13; IC 6-4.1-5-1.5.

Synopsis: Inheritance tax deduction and valuation. Allows a deduction from the value of property interests transferred by a resident decedent equal to the amount of the decedent's interest in a qualified family owned business deducted from the decedent's gross estate for federal estate tax purposes under Section 2057 of the Internal Revenue Code. Provides that the finally determined federal estate tax value of a property interest is presumed to be the fair market value of the property interest for Indiana inheritance tax purposes. (The introduced version of this bill was prepared by the probate code study commission.)

Effective: July 1, 2000.

Weinzapfel

January 10, 2000, read first time and referred to Committee on Ways and Means.

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Second Regular Session 111th General Assembly (2000)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1999 General Assembly.

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HOUSE BILL No. 1080



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-4.1-3-13 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 13. (a) For purposes of
 3 this section, the term "property subject to the inheritance tax" means
 4 property transferred by a decedent under a taxable transfer.
 5 (b) The following items, and no others, may be deducted from the
 6 value of property interests transferred by a resident decedent under his
 7 will, under the laws of intestate succession, or under a trust:
 8 (1) the decedent's debts which are lawful claims against his
 9 resident estate;
 10 (2) taxes on the decedent's real property which is located in this
 11 state and subject to the inheritance tax, if the real property taxes
 12 were a lien at the time of the decedent's death;
 13 (3) taxes on decedent's personal property which is located in this
 14 state and subject to the inheritance tax, if the personal property
 15 taxes are a personal obligation of the decedent or a lien against
 16 the property and if the taxes were unpaid at the time of the
 17 decedent's death;



- 1 (4) taxes imposed on the decedent's income to date of death, if the
 2 taxes were unpaid at the time of his death;
 3 (5) inheritance, estate, or transfer taxes, other than federal estate
 4 taxes, imposed by other jurisdictions with respect to intangible
 5 personal property which is subject to the inheritance tax;
 6 (6) mortgages or special assessments which, at the time of
 7 decedent's death, were a lien on any of decedent's real property
 8 which is located in this state and subject to the inheritance tax;
 9 (7) decedent's funeral expenses;
 10 (8) amounts, not to exceed one thousand dollars (\$1,000), paid for
 11 a memorial for the decedent;
 12 (9) expenses incurred in administering property subject to the
 13 inheritance tax, including but not limited to reasonable attorney
 14 fees, personal representative fees, and trustee fees;
 15 (10) the amount of any allowance provided to the resident
 16 decedent's children by IC 29-1-4-1; ~~and~~
 17 (11) the value of any property actually received by a resident
 18 decedent's surviving spouse in satisfaction of the allowance
 19 provided by IC 29-1-4-1, regardless of whether or not a claim for
 20 that allowance has been filed under IC 29-1-14; ~~and~~
 21 **(12) the amount of the decedent's interest in a qualified family**
 22 **owned business deducted from the decedent's gross estate for**
 23 **federal estate tax purposes under Section 2057 of the Internal**
 24 **Revenue Code.**

25 (c) The amounts which are deductible under subsection (b)(6) of
 26 this section are deductible only from the value of the real property
 27 encumbered by the mortgage or special assessment.

28 SECTION 2. IC 6-4.1-5-1.5 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1.5. (a) For purposes
 30 of determining the fair market value of each property interest
 31 transferred by a decedent, the appraisal date for the property interest is
 32 the date used to value the property interest for federal estate tax
 33 purposes. However, if no federal estate tax return is filed for the
 34 decedent's estate, the appraisal date for each property interest
 35 transferred by the decedent is the date of the decedent's death.

36 (b) The finally determined federal estate tax value of a property
 37 interest is presumed to be the fair market value of the property interest
 38 for Indiana inheritance tax purposes. ~~unless the federal estate tax value~~
 39 ~~is determined under Section 2032A of the Internal Revenue Code.~~
 40 However, the presumption is rebuttable. ~~A property interest that is~~
 41 ~~valued for federal estate tax purposes under Section 2032A of the~~
 42 ~~Internal Revenue Code shall be valued for Indiana inheritance tax~~



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1 purposes at its fair market value on the appraisal date prescribed by
2 subsection (a):

3 SECTION 3. [EFFECTIVE JULY 1, 2000] **IC 6-4.1-3-13 and**
4 **IC 6-4.1-5-1.5, both as amended by this act, apply to the estates of**
5 **persons who die after June 30, 2000.**

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