

### **IC 6-4.1-3**

#### Chapter 3. Inheritance Tax Exemptions and Deductions

### **IC 6-4.1-3-0.1**

#### **Application of certain amendments to chapter**

Sec. 0.1. The amendments made to sections 6.5 and 7 of this chapter by P.L.2-1987 take effect on January 1, 1987, and apply to taxable years beginning after December 31, 1986.

*As added by P.L.220-2011, SEC.151.*

### **IC 6-4.1-3-1**

#### **Exempt transfers**

Sec. 1. Each transfer described in section 2055(a) of the Internal Revenue Code is exempt from the inheritance tax.

*As added by Acts 1976, P.L.18, SEC.1. Amended by Acts 1976, P.L.19, SEC.1.*

### **IC 6-4.1-3-1.5**

#### **Transfer to cemetery association**

Sec. 1.5. (a) As used in this section, "cemetery" and "cemetery purposes" have the same meaning as the definitions of those terms contained in IC 23-14-33.

(b) The transfer of property to a cemetery association is exempt from the inheritance tax if the property is used for cemetery purposes.

*As added by Acts 1980, P.L.57, SEC.1. Amended by P.L.52-1997, SEC.2.*

### **IC 6-4.1-3-2**

#### **Repealed**

*(Repealed by Acts 1976, P.L.19, SEC.3.)*

### **IC 6-4.1-3-3**

#### **Repealed**

*(Repealed by Acts 1976, P.L.19, SEC.3.)*

### **IC 6-4.1-3-4**

#### **Repealed**

*(Repealed by Acts 1976, P.L.19, SEC.3.)*

### **IC 6-4.1-3-5**

#### **Repealed**

*(Repealed by Acts 1980, P.L.57, SEC.29.)*

### **IC 6-4.1-3-6**

#### **Life insurance proceeds**

Sec. 6. The proceeds from life insurance on the life of a decedent are exempt from the inheritance tax imposed as a result of his death unless the proceeds become subject to distribution as part of his estate and subject to claims against his estate.

*As added by Acts 1976, P.L.18, SEC.1.*

**IC 6-4.1-3-6.5**

**Annuity payments**

Sec. 6.5. An annuity, or other payment, described in Section 2039(a) of the Internal Revenue Code is exempt from the inheritance tax imposed as a result of a decedent's death to the same extent that the annuity or other payment is excluded from the decedent's federal gross estate under Section 2039 of the Internal Revenue Code.

*As added by Acts 1977(ss), P.L.6, SEC.2. Amended by Acts 1980, P.L.57, SEC.2; P.L.87-1983, SEC.2; P.L.2-1987, SEC.24.*

**IC 6-4.1-3-7**

**Transfers of property by decedent to surviving spouse; qualifying income interest for life; election**

Sec. 7. (a) Each property interest which a decedent transfers to his surviving spouse is exempt from the inheritance tax imposed as a result of his death.

(b) For the purpose of subsection (a), "property interest which a decedent transfers to his surviving spouse" includes a property interest from which the surviving spouse is entitled for life to income or payments and which otherwise qualifies for deduction from the gross estate of the decedent under Section 2056(b)(5) or 2056(b)(6) of the Internal Revenue Code.

(c) The personal representative of the decedent's estate or the trustee or transferee of property transferred by the decedent may, for the purpose of the exemption established by subsection (a), elect to treat property passing from the decedent in which the surviving spouse has a qualifying income interest for life as a property interest which a decedent transfers to his surviving spouse. For purposes of this section, "qualifying income interest for life" means a qualifying income interest for life (as defined in Section 2056(b)(7) of the Internal Revenue Code).

(d) The election referred to in subsection (c) shall be made in writing and shall be attached to the inheritance tax return, if one is required to be filed. The election, once made, is irrevocable.

*As added by Acts 1976, P.L.18, SEC.1. Amended by Acts 1979, P.L.75, SEC.3; Acts 1982, P.L.55, SEC.2; P.L.2-1987, SEC.25.*

**IC 6-4.1-3-8**

**Repealed**

*(Repealed by Acts 1979, P.L.75, SEC.15.)*

**IC 6-4.1-3-8.5**

**Repealed**

*(Repealed by Acts 1982, P.L.56, SEC.6.)*

**IC 6-4.1-3-9**

**Repealed**

*(Repealed by Acts 1982, P.L.56, SEC.7.)*

**IC 6-4.1-3-9.1**

**Repealed**

*(Repealed by P.L.254-1997(ss), SEC.37.)*

**IC 6-4.1-3-9.2**

**Repealed**

*(Repealed by Acts 1982, P.L.56, SEC.6.)*

**IC 6-4.1-3-9.5**

**Repealed**

*(Repealed by P.L.254-1997(ss), SEC.37.)*

**IC 6-4.1-3-9.7**

**Repealed**

*(Repealed by P.L.254-1997(ss), SEC.37.)*

**IC 6-4.1-3-10**

**Portion of property interests transferred to Class A transferee under taxable transfer**

Sec. 10. The first one hundred thousand dollars (\$100,000) of property interests transferred to a Class A transferee under a taxable transfer or transfers is exempt from the inheritance tax.

*As added by Acts 1976, P.L.18, SEC.1. Amended by Acts 1979, P.L.75, SEC.6; Acts 1980, P.L.57, SEC.5; Acts 1981, P.L.90, SEC.2; P.L.87-1983, SEC.3; P.L.254-1997(ss), SEC.9.*

**IC 6-4.1-3-11**

**Portion of property interest transferred to Class B transferee under taxable transfer**

Sec. 11. The first five hundred dollars (\$500) of property interests transferred to a Class B transferee under a taxable transfer or transfers is exempt from the inheritance tax.

*As added by Acts 1976, P.L.18, SEC.1.*

**IC 6-4.1-3-12**

**Portion of property interest transferred to Class C transferee under taxable transfer**

Sec. 12. The first one hundred dollars (\$100) of property interests transferred to a Class C transferee under a taxable transfer or transfers is exempt from the inheritance tax.

*As added by Acts 1976, P.L.18, SEC.1.*

**IC 6-4.1-3-12.5**

**Repealed**

*(Repealed by P.L.252-2001, SEC.38.)*

**IC 6-4.1-3-13**

**Items deductible from value of property interests transferred by resident decedent by will, intestate succession, or under trust**

Sec. 13. (a) For purposes of this section, the term "property subject to the inheritance tax" means property transferred by a decedent under a taxable transfer.

(b) The following items, and no others, may be deducted from the value of property interests transferred by a resident decedent under his will, under the laws of intestate succession, or under a trust:

- (1) the decedent's debts which are lawful claims against his resident estate;
- (2) taxes on the decedent's real property which is located in this state and subject to the inheritance tax, if the real property taxes were a lien at the time of the decedent's death;
- (3) taxes on decedent's personal property which is located in this state and subject to the inheritance tax, if the personal property taxes are a personal obligation of the decedent or a lien against the property and if the taxes were unpaid at the time of the decedent's death;
- (4) taxes imposed on the decedent's income to date of death, if the taxes were unpaid at the time of his death;
- (5) inheritance, estate, or transfer taxes, other than federal estate taxes, imposed by other jurisdictions with respect to intangible personal property which is subject to the inheritance tax;
- (6) mortgages or special assessments which, at the time of decedent's death, were a lien on any of decedent's real property which is located in this state and subject to the inheritance tax;
- (7) decedent's funeral expenses;
- (8) amounts, not to exceed one thousand dollars (\$1,000), paid for a memorial for the decedent;
- (9) expenses incurred in administering property subject to the inheritance tax, including but not limited to reasonable attorney fees, personal representative fees, and trustee fees;
- (10) the amount of any allowance provided to the resident decedent's children by IC 29-1-4-1; and
- (11) The value of any property actually received by a resident decedent's surviving spouse in satisfaction of the allowance provided by IC 29-1-4-1, regardless of whether or not a claim for that allowance has been filed under IC 29-1-14.

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

*As added by Acts 1976, P.L.18, SEC.1. Amended by Acts 1976, P.L.20, SEC.1; Acts 1979, P.L.75, SEC.7; Acts 1980, P.L.57, SEC.6; Acts 1981, P.L.89, SEC.2.*

#### **IC 6-4.1-3-14**

**Items deductible from value of property interests transferred by resident decedent other than by will, intestate succession, or under trust**

Sec. 14. (a) Except as provided in subsection (b), the following items, and no others, may be deducted from the value of property interests which are transferred by a resident decedent but which are

not transferred by the decedent's will, under the laws of intestate succession, or under a trust:

- (1) Those taxes described in section 13(b)(5) of this chapter.
- (2) Liens against the property interests that are transferred.
- (3) The decedent's debts, funeral expenses, and estate administration expenses, including reasonable attorney's fees incurred in filing the inheritance tax return.

(b) In addition, any portion of the deduction provided by section 13(b)(10) of this chapter which is not needed to reduce to zero (0) the value of the property referred to in section 13 of this chapter may be deducted from the value of any other property transferred by the resident decedent to the decedent's children who are entitled to the allowance provided by IC 29-1-4-1. If more than one (1) of the decedent's children are entitled to the allowance, the deduction provided by this subsection shall be divided equally among all the decedent's children who are entitled to the allowance.

*As added by Acts 1976, P.L.18, SEC.1. Amended by Acts 1976, P.L.20, SEC.2; Acts 1979, P.L.75, SEC.8; Acts 1980, P.L.57, SEC.7; P.L.94-1989, SEC.1.*

#### **IC 6-4.1-3-15**

##### **Items deductible from value of property interests transferred by non-resident decedent**

Sec. 15. The following items, and no others, may be deducted from the value of property interests transferred by a non-resident decedent:

- (1) taxes, other than federal estate taxes;
- (2) those administration expenses described in section 13(b)(9) of this chapter;
- (3) liens against the property so transferred; and
- (4) claims against the decedent's domiciliary estate which are allowed by the court having jurisdiction over that estate and which will not be paid from that estate because it is exhausted.

*As added by Acts 1976, P.L.18, SEC.1.*