General Instructions

Who Must File
The personal representative of the estate must file the inheritance tax return. If there is no personal representative, one of the following must file: an heir, trustee, joint owner or other transferee. No filing is required if the total fair market value of the property interests transferred by the decedent to each transferee under a taxable transfer or transfers is less than the exemption provided to the transferee. Only one return should be filed per decedent.

When To Use This Form
Use this form only if decedent was a resident of the State of Indiana at the time of death. For a non-resident decedent, contact the Department of Revenue, Inheritance Tax, Indiana Government Center North, 100 North Senate Ave., Room N248 or call (317) 232-2156 for the correct return for a non-resident decedent. The mailing address is P.O. Box 71, Indianapolis, Indiana, 46206-0071.

Where To File This Form
The Inheritance Tax Return must be filed with the probate court of the Indiana county in which decedent was resident at death or in the probate court in which decedent’s estate is being administered.

Payment
The resident inheritance tax is to be paid to the county treasurer of the decedent’s county of residence. There is a five percent discount for payments within nine months of decedent’s death. Payments made more than one year after the date of death bear interest at ten percent per annum from the date of death until the date of the payment. Indiana estate tax is determined by subtracting the Indiana inheritance tax actually paid from the Indiana portion of the maximum credit for state death tax allowable in determining federal estate tax. The five percent discount is not tax actually paid and is not subtracted in determining the Indiana estate tax.

Additional Requirements
1. QTIP Election
If you elect to treat property passing from decedent as property transferred directly to the surviving spouse for Indiana inheritance tax purposes, the election must be made in writing and attached to the back of the return. Electing on Federal 706 is not an election on this return. Once made, the QTIP election is irrevocable. It can only be made when the original return is filed.

2. Supplemental Documents
All supplemental documents used to substantiate the statements contained in this return are to be attached to the back of the return when it is filed. Examples: appraisals, trusts, affidavits, elections, death certificates and all other documents necessary to complete the audit of the return.

3. Power of Attorney
If the preparer is not a lawyer and the personal representative wants the department to disclose information to the preparer, a power of attorney must be attached.

4. Dollar Amounts
Dollar amounts may be rounded to the nearest dollar.

5. Fair Market Value
All property transferred should be valued at the fair market value on the date of decedent's death except when the alternative valuation is elected, used and accepted for federal estate tax purposes; then the alternative valuation should also be used for inheritance tax. The fair market value is the price which a willing buyer and a willing seller agree to, neither being under compulsion to buy or sell, and both being fully aware of all relevant facts surrounding the exchange. Attach a copy of the appraisal or a copy of the closing statement for such real estate to the back of this form.

6. Additional Pages
If there is not enough space available on any page, continue the list on an additional page and attach it immediately after such page.

Page by Page Instructions
Page One - General Instructions
You must place decedent’s social security number in box 3.

If decedent died testate, you must attach a copy of the Will to the back of the return. If decedent died intestate, check box in item 10.

Even if no Federal Estate Tax Return (Form 706) is required to be filed, you must check the appropriate box at item 12. If you file a Form 706 with the Internal Revenue Service, you are required to file a copy with the Indiana Department of State Revenue.

Page Two - Inheritance Tax Computation
List all persons, including corporations and other organizations, receiving an interest from decedent no matter how the transfer took place. Also list current address of each beneficiary. If the space provided is not adequate to list all beneficiaries, attach additional pages immediately after this page.

In the next column list the relationship of the beneficiary to decedent. Include enough information to determine the class to which the beneficiary belongs. For example: Lisa Smith, niece, daughter of decedent’s brother. Also list the entire birthdate of each beneficiary if there is a life estate. Failure to completely describe the relationship or to list the birthdates can significantly slow the audit of the return.

When stating the value of interest each beneficiary is to receive (column 3), list the total amount of the property interest transferred to each beneficiary.

The amount of each beneficiary’s exemption (column 4) is determined by the relationship of that beneficiary to the decedent.

The examples are as follows:

1. Surviving spouse and charitable organizations are 100% exempt.

2. Class A
   parents, children, grandparents, grandchildren and other lineal ancestors and lineal descendants ......................... $ 100,000

3. Class B
   brothers, sisters, lineal descendants of brothers or sisters, daughters-in-law and sons-in-law ......................... $ 500

4. Class C
   anyone not listed above including but not limited to aunts, uncles, cousins, friends, nieces and nephews by marriage and corporations ......................... $ 100
Enter in the final column the amount of inheritance tax due for each beneficiary. Compute the amount of tax due for each beneficiary by multiplying that beneficiary’s net taxable interest (i.e., the total value of interest minus any applicable exemption) by the appropriate tax rate. The inheritance tax rates are:

<table>
<thead>
<tr>
<th>Class A</th>
<th>NET TAXABLE VALUE OF PROPERTY</th>
<th>INHERITANCE TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERESTS TRANSFERRED</td>
<td>$25,000 or less</td>
<td>1% of net taxable value</td>
</tr>
<tr>
<td>over $25,000 but not over</td>
<td>$250, plus 2% of net</td>
<td>$92,250, plus 10% of net</td>
</tr>
<tr>
<td>$50,000</td>
<td>taxable value over $25,000</td>
<td>taxable value over $500,000</td>
</tr>
<tr>
<td>over $50,000 but not over</td>
<td>$750, plus 3% of net</td>
<td>taxable value over $5,000,000</td>
</tr>
<tr>
<td>$200,000</td>
<td>taxable value over $50,000</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>over $200,000 but not over</td>
<td>$5,250, plus 4% of net</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>$300,000</td>
<td>taxable value over $200,000</td>
<td>taxable value over $700,000</td>
</tr>
<tr>
<td>over $300,000 but not over</td>
<td>$9,250, plus 5% of net</td>
<td>taxable value over $300,000</td>
</tr>
<tr>
<td>$500,000</td>
<td>taxable value over $300,000</td>
<td>taxable value over $500,000</td>
</tr>
<tr>
<td>over $500,000 but not over</td>
<td>$19,250, plus 6% of net</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>$700,000</td>
<td>taxable value over $500,000</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>over $700,000 but not over</td>
<td>$31,250, plus 7% of net</td>
<td>taxable value over $700,000</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>taxable value over $1,000,000</td>
<td>taxable value over $700,000</td>
</tr>
<tr>
<td>over $1,000,000 but not over</td>
<td>$52,250, plus 8% of net</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>$1,500,000</td>
<td>taxable value over $1,000,000</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>over $1,500,000</td>
<td>$92,250, plus 10% of net</td>
<td>taxable value over $1,500,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class B</th>
<th>NET TAXABLE VALUE OF PROPERTY</th>
<th>INHERITANCE TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERESTS TRANSFERRED</td>
<td>$100,000 or less</td>
<td>7% of net taxable value</td>
</tr>
<tr>
<td>over $100,000 but not over</td>
<td>$7,000, plus 10% of net</td>
<td>$92,250, plus 10% of net</td>
</tr>
<tr>
<td>$500,000</td>
<td>taxable value over $100,000</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>over $500,000 but not over</td>
<td>$47,000, plus 12% of net</td>
<td>taxable value over $500,000</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>taxable value over $500,000</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>over $1,000,000</td>
<td>$107,000, plus 15% of net</td>
<td>taxable value over $1,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class C</th>
<th>NET TAXABLE VALUE OF PROPERTY</th>
<th>INHERITANCE TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTEREST TRANSFERRED</td>
<td>$100,000 or less</td>
<td>10% of net taxable value</td>
</tr>
<tr>
<td>over $100,000 but not over</td>
<td>$10,000, plus 15% of the net</td>
<td>taxable value over $100,000</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>taxable value over $100,000</td>
<td>taxable value over $1,000,000</td>
</tr>
<tr>
<td>over $1,000,000</td>
<td>$145,000, plus 20% of net</td>
<td>taxable value over $1,000,000</td>
</tr>
</tbody>
</table>

Page Three - Schedule A - Real Estate
List every parcel of Indiana real property in which decedent had any right, title or interest at the time of death and which was transferred at death by Will or by intestate succession. Include real property that decedent was buying on contract at the time of death. Do not include real property held jointly with rights of survivorship with one or more persons, real property held by the entiteies or real property that decedent was selling on contract.

Describe the property in enough detail so that it can be identified for valuation. It may be identified with the description given in the Will, if any. Example: If the Will refers to the property as “the Smith Farm” that land should be listed as the Smith Farm on this schedule in addition to the legal description. If the Will divides the property into two or more parcels and devises each part to a different person, then each parcel should be separately valued on this schedule.

Page Four - Schedule B - Cash, Deposits, Mortgages, Notes, Stocks and Bonds, Life Insurance Payable to the Estate
List all of the moneys that decedent had in his or her name alone, whether in his or her immediate possession or standing in his or her credit in any holding institution no matter where that is located. List the name of the holding institution, the type of account, (i.e., savings, checking, certificate of deposit, money market, etc.) the account number, amount in the account and any interest that had accrued to decedent’s death.

List all mortgages and notes payable to decedent at the time of death with the following information: (1) the face value and unpaid balance; (2) the date of the mortgage or note; (3) date of maturity; (4) name of the maker; and (5) interest dates and interest rates.

List all stocks and bonds that decedent owned in his or her name alone on the date of death. For stocks, describe: (1) the number of shares; (2) whether common or preferred; (3) price per share; (4) exact name of corporation; (5) principal exchange upon which sold, if listed on any exchange; and (6) CUSIP number, if available. The price per share is the mean between the highest and lowest selling price quoted on the date of decedent’s death. For bonds, describe: (1) quantity and denomination; (2) number of the obligor; (3) date of maturity; (4) interest rate; (5) interest due date; (6) principal exchange, if listed on an exchange; and (7) CUSIP number, if available. List the interest and any dividends for each separately.

List any life insurance policies on the decedent’s life that were payable to decedent’s estate. Attach a copy of the Form 712 to the back of the return.

List on this schedule any contract by decedent to sell land. List the name of the purchaser, the date of the contract, a very brief description of the property, the selling price, interest rates and the unpaid balance of principal and interest at the time of decedent’s death.

Page Five - Schedule C - Other Miscellaneous Property Transferred by Will or Intestate Law
Schedule C is a catchall. All other personal property, either tangible or intangible, which decedent owned individually at the time of death and which is transferred by Will or intestate succession at death is to be listed here, including but not limited to:

- household goods
- clothing
- automobiles
- jewelry
- works of art
- boats
- books
- livestock
- silverware
- farm machinery
- growing crops
- royalty interests
- all partnership and unincorporated business interests
- any beneficial interest decedent may have in the trust of another
- any interest decedent may have as the heir or beneficiary of another decedent’s estate which is being administered or is otherwise undistributed
- any refunds due decedent at death or because of death
- any other property interests that decedent owned solely and that are not listed on the two preceding schedules
This schedule does not include property which decedent owned jointly or which was transferred by some means other than by Will or by intestate succession.

4. Transfers Intended to Take Effect in Possession or at or after Death

List all property transferred by decedent for less than full consideration if transferee did not receive full possession and enjoyment of such property until at or after decedent’s death. This includes property decedent transferred subject to a retained life estate. You must value such property at full fair market value at the time of the decedent’s death. For example: John deeds his farm to Mary and Sam in 1970. John retains a life estate in the property on the 1970 deed. In 1992 when John dies, the full fair market value of the farm is taxable. Another example is a bank account that is payable on death to a specific beneficiary.

5. Joint Tenancies with Rights of Survivorship

All property, whether real or personal, in which decedent held an interest at the time of death as a joint tenant with right of survivorship must be entered on this schedule. Describe the joint property and list the names of the joint tenants.

You must include the full fair market value of the jointly owned property on the return. If you believe that less than the full value of the entire property is includible for tax purposes you must establish your right to exclude part of the value. Attach any documentation that might substantiate the use of the lesser value to the back of the return.

Page Eight - Schedule F - Deductions

All lawful claims and necessary costs of administering the estate may be deducted from the value of property interests transferred by decedent by Will, by intestate law or by trust. If the value of the deduction exceeds the property interest transferred by Will, by intestate law and by trust, the remaining expenses may be deducted from property interests transferred by other means providing these expenses are actually paid from those assets.

The following items may be deductible:

- Decedent’s funeral expenses
- Reasonable attorney fees, personal representative fees and trustee fees for administration of property subject to Indiana inheritance tax
- Lawful debts that decedent died owing
- Amounts, not to exceed $1,000, paid for a memorial for decedent
- The amount of any allowance paid to decedent’s family pursuant to IC 29-1-4-1
- Taxes on decedent’s real property which is subject to the Indiana inheritance tax, if the taxes were a lien on the real property at the time of decedent’s death
- Taxes on decedent’s personal property which is subject to the Indiana inheritance tax if such taxes were due and owing at the time of the decedent’s death
- Unpaid individual income taxes, both federal and state, on decedent’s income to date of death
- Inheritance, estate or transfer taxes imposed by other states with respect to property which is also subject to the Indiana inheritance tax. This does not include any federal estate tax or fiduciary income taxes
- Mortgages which are a lien against real property that is subject to Indiana inheritance tax

Nondeductible items include, but are not limited to, the following:

- Fiduciary income taxes
- Funeral flowers
- Federal estate tax
- Selling expenses of unsold real estate
- Expenses connected with property not subject to Indiana inheritance tax
- Funeral dinners
- Traveling expenses for beneficiaries, or others, to attend decedent’s funeral