



Tennessee Department of Revenue

Inheritance Tax Update





On-Line Information

Log on to our Web site,

www.Tennessee.gov/revenue

- Forms
- Important Notices
- Tax Rulings
- Frequently Asked Questions



Overview

- General Information
- Extensions
- Waivers
- Returns
- Gross Estate & Deductions
- Common Errors
- Non-Resident Returns



What is Inheritance Tax?

- Inheritance tax is imposed on the value of the decedent's estate that exceeds the exemption amount applicable to the decedent's year of death. The net estate is the fair market value of all assets, less any allowable deductions such as property passing to a surviving spouse, debts, and administrative expenses. The inheritance tax is paid out of the estate by the executor, administrator, or trustee.



General Information

- Exemption:
 - 2006-2012: \$1,000,000
 - 2013: \$1,250,000
 - 2014: \$2,000,000
 - 2015: \$5,000,000
 - 2016 & after: Inheritance Tax
repealed



General Information

- Tax rates:

■ First \$40,000	5.5%
■ Next \$200,000	6.5%
■ Next \$200,000	7.5%
■ Over \$440,000	9.5%



Extensions

- Estates shall be granted a 12 month extension.
 - Request must be attached to the return when filed.
- No penalty will be due if the return is filed by the due date.
- A payment is not required, but interest will accrue on any tax paid after the initial 9 month due date.



Consent to Transfer

(formerly known as Tax Waiver or Release for real or Personal property)

Web-based Application

- In place since 2013

Stock Releases

- E-mailed to applicant upon approval

Real Property Releases

- E-mailed to applicant upon approval



Returns

Long Form

- Gross estates above the exemption
- Potentially taxable

Short Form

- Gross estates below the exemption
- Estates being probated



Common Errors

- Missing Documents
 - No Schedules
 - No Will
 - Trust Instruments, Partnership agreements, etc.
- Including Out-of-state real property
- Gift Tax Credit not taken



Common Errors (continued)

- Use of greenbelt value for real estate
- Use of wrong form
- Incorrect social security numbers
- Return not signed



Audit Issues

- Real Property Valuation
- Omitted Assets
- Includable gifts
- Jointly held property
- Deductions



Non-Resident Returns

- Required if property located in Tennessee
- Exemption pro-rated based on value of gross estate everywhere
- Attach copy of federal return, other state's return or documentation showing gross estate



Contact Us

- Toll-free
 - (800) 342-1003
- Tax Practitioner Hotline
 - (800) 397-8395
- Audit Staff
 - (615) 532-6438
- Email
 - TN.Revenue@tn.gov