

How to Use the Estate Tax Portfolio

Federal Estate & Gift Tax Reporter Overview

The Federal Estate and Gift Tax Reporter (the Reporter) and FEGT (electronic version) provide detailed coverage of the federal estate, gift and generation-skipping transfer tax law, arranged for quick and easy reference.

A subscription to the Reporter includes weekly Reports of new developments to keep subscribers up-to-date with all current law. The weekly Report consists of new pages arranged for insertion in the loose-leaf volumes and a Report Letter, which highlights the new developments. There are five volumes in print. FEGT subscribers have access to the updated Reporter as well as Advance Release Documents issued on a daily basis.

Transfer Tax Reporting:

Official Reporting: The Reporter contains authoritative sources of estate, gift and generation-skipping transfer taxes, arranged for quick and easy reference. Official contents include:

- Internal Revenue Code, with changes and amendments to date
- Official estate, gift, and generation-skipping transfer tax and selected related income tax Regulations interpreting the Code, with current amendments
- Decisions handed down by the federal courts on transfer tax issues
- Revenue Rulings, Revenue Procedures, and other estate, gift, and generation-skipping transfer items published in the Treasury Department's Internal Revenue Bulletin
- Announcements and other IRS and Treasury Department issues
- Bilateral treaties between the United States and foreign governments regarding the estate and gift tax treatment of their respective citizens

CCH editorial features are combined with the official source material to assist in the resolution of transfer tax problems

What a loose-leaf and/or electronic subscription includes

Weekly Reports for the print: Subscription to the Reporter includes weekly Reports of new developments to keep sub-

scribers Reporter up-to-date with all changes. These Reports consist of new pages arranged for insertion in the loose-leaf volumes. The highlighting Report Letter accompanies each Report. The letter highlights the new developments and directs the filing of new pages in the volumes. Electronic versions contain the Report Letters for the current and prior year for the Reporter. Hyperlinks to the documents cited in each story are included.

Loose-leaf Volumes: The Reporter is comprised of five loose-leaf volumes containing the estate, gift, and generation-skipping transfer tax rules. The loose-leaf volumes are for use with the current Reports. They contain the law to date of publication, organized by subject and arranged for effective reference. Volumes 1 through 3 set forth the law, regulations, CCH Explanations and annotations. These volumes are the Compilations. Volume 4 contains new developments. Volume 5 contains the law, tax treaties, and IRS forms and main finding devices, such as the Topical Index and the Citator. Distinctive Tab Guides separate the contents into divisions and facilitate speedy reference to any section.

Current Reporting: Any authoritative source is only as up-to-date as the latest revision of its contents. In a field as fluid as federal taxes, where today's law may be changed tomorrow, ongoing revision of a Reporter is not only desirable; it is mandatory. The CCH system of rapid and efficient current Reporting informs you immediately of new and pending matters. The weekly Report contains new pages that replace or add to existing pages in the loose-leaf volumes. Thus, the Reporter always contains the latest information on estate, gift, and generation-skipping transfer tax matters. Updates to the electronic versions of the Reporter are either monthly for CD or weekly for the internet. Internet subscribers receive access to daily Tax Day updates and Advance Release Documents.

Compilations

Volumes 1 through 3 (referred to as the Compilations), contain sections of the Code and corresponding regulations reproduced in numerical order. Volume 1 contains the estate

2 How to Use the Estate Tax Portfolio

tax provisions of the Code. Volume 2 consists of the gift, generation-skipping transfer and related income tax provisions of the Code, while Volume 3 includes selected Code provisions dealing with returns and procedures. Each section of the Code is coordinated with pertinent legislative Committee Reports, CCH Explanations, and summaries of court decisions and IRS rulings. The format of the Compilations mirrors the print for the internet and CD versions

Volume 1

Unified Transfer Tax • Unified Credit
Estate Tax
Credits
Valuation
Gross Estate
Deductions
Nonresident Aliens • Special Provisions

Volume 2

Gift Tax
Tax Liability • Taxable Gifts
Transfers • Valuation • Deductions
Generation-Skipping Transfer Tax
Special Valuation Rules
Related Income Tax Provisions

Volume 3

Returns • Procedure

Volume 4 houses the new developments sent in the weekly Reports. Boldface headnotes identify the subject matter and summarize the contents of each reported primary source document. The headnotes provide a citation to the pertinent Code sections and back references show the related paragraphs in the Compilations. Internet and CD subscribers follow the hyperlink directly to the citations.

Volume 4 contains the indexes, case tables, and finding lists for new developments. The Cumulative Index provides a bridge between the Compilations and new developments. Reference is by paragraph number—from a paragraph in the Compilations to a related new matter paragraph. This method—from Compilation paragraph, via the Cumulative Index, to new developments paragraph—is the principal method for locating new developments. The Topical Indexes will lead you to new developments by subject. For ease of use, we identify by tax type within the Topical Indexes.

Volume 4 contains the Current Case Table. The Case Table lists new cases by name and shows any Tax Court acquiescence or nonacquiescence. Also included is whether cases are on appeal. In addition, Volume 4 also contains the Current Finding Lists for locating Revenue Rulings, Revenue Procedures, Treasury Decisions, and other IRS releases in the new developments.

Volume 4

Current Topical Index
Cumulative Index
Current Finding List
Current Case Table • Supreme Court Docket
Pending Legislation
Rulings
IRS Letter Rulings
Notices of Proposed Rulemaking
Treasury Decision Preambles
Tax Court Decisions
Court Decisions
Last Report Letter



Subscribers to the electronic versions have topical indexes for the Internal Revenue Code, the FEGT Compilations and the U.S. Master Estate and Gift Tax Guide. Entries are hyperlinked and subscribers are a single click away from the paragraph or Code section. FEGT contains the same Compilation paragraphs as the print volumes. Find by Citation replaces the finding lists. In addition, based upon the library, the researcher has access to hyperlinks to underlying or cited documents to allow the researcher to move from the CCH Explanations to the authority or the reverse.

Volume 5 contains the main Finding List that refers users to rulings in the Compilations. The Citator Case Table in Volume 5 contains the names of federal court, Tax Court, and Board of Tax Appeals transfer tax decisions. The Citator lists the cases alphabetically, and lists the Compilation ¶ for the cases' annotations. Each decision's case history contains a record of citations listing later decisions that discuss or distinguish the case. FEGT subscribers have access to the Check Citator that contains the same case and/or ruling listings as the print.

Volume 5 contains The Law division that reproduces all estate, gift and generation-skipping transfer tax provisions, applicable administrative provisions and related income tax provisions of the Code. Amendment notes describe changes made to the Code text since its 1954 codification. Also provided is a list of Public Law numbers and their popular names. Volume 5 also includes estate and gift tax treaties between the United States and various countries and reproductions of applicable IRS Forms and Publications.

Volume 5

The Law
Tax Treaties
IRS Forms
Main Topical Index
Citator Case Table
Main Finding List



Subscribers to the electronic version receive all of 26 USC, including all amendment notes, related statutes and finding lists. Smart Relate links to Regulations and Current Developments are available for the Reporter code sections.

A Closer Look at the Compilations

The Tab Guide for each division indicates the topic, first Code section, and beginning paragraph in that division. Following the guide card, a Table of Contents lists the contents of the division. Code section number, regulation number, or subject title leads the researcher to the appropriate paragraph.

Each item in the Compilations has its own number for reference purposes. Code sections, regulations and CCH Explanations use whole-numbered ¶s. Subdivisions within CCH Explanations, as well as amendment notes, annotations, and additional CCH Explanations inserted among the annotations use decimal numbers. A decimal number combines with the immediately preceding whole number to provide the complete paragraph reference.

To illustrate, open Volume 2 to ¶12,295. Items starting at that point are practical examples of paragraph reference numbers. Code §2612 is at ¶12,295. Notice the decimal number used for the first amendment note. Since decimal numbers always combine with the immediately preceding whole number, the complete reference for this is ¶12,295.01. ¶12,315 is a regulation. The CCH Explanation of “Taxable Termination; Taxable Distribution; Direct Skip” is designated at ¶12,335. Annotations that follow, as well as any additional CCH Explanations among the annotations, use this whole number.

Now look at the numbers at the top and bottom of the two facing pages. Page numbers appear at the top outside corners. The pertinent Code section and subject, together with the paragraph number for the Code text appear at the top of each page. The relevant Code or regulation section appears at the bottom of each page. A paragraph number appears at the bottom outside corner of each page.



Subscribers to the Internet and CD versions can locate the additional references and documents by selecting Nearby Documents to mirror looking at the next document that appears on a print page. In addition, internet subscribers are able to take advantage of the Smart Relate feature to access the related documents: Regulation, Committee Reports, Explanations and Annotations.

How to Locate Information

The Reporter is easy to use. From logical arrangement to detailed indexing, everything is planned for quick, effective use. The unique topical arrangement by volumes, guide cards, and indexes simplifies the location of everything on point. The spine of each binder shows the subjects covered. Guide cards topically arrange the contents of each volume. The index system simplifies the location of all basic material and coordinates related New Matters.

Familiarity with the numbering system is helpful in using the Reporter. Page and paragraph numbers run consecutively in the five

loose-leaf volumes. The ¶ symbol precedes all paragraph numbers.

Topical Indexes, Finding Lists, Case Table, and Cumulative Index entries use paragraph (¶) numbers for all references. They serve an important function in coordinating New Matters with the exact portion of the Compilations affected.

Page numbers establish the sequence of the pages in the loose-leaf volumes. Old pages are removed and new pages received in current Reports are inserted according to instructions based on page numbers.

Subscribers to FEGT also benefit from the logical arrangement of the Compilations. Subscribers can use one of three methods to locate paragraphs: browse, search or the find by citation method. Hyperlinks imbedded in the Compilation ¶s allow researchers to quickly access related materials.

Indexing System

In using the Reporter for reference or research, the user should first reduce the question to its essentials. For example, if a problem involves valuation of stock in a closely held corporation, the words “valuation,” “stock,” “securities,” etc., will probably first come to mind. Such key words are used in consulting the Topical Index in Volume 5.

This Topical Index sets forth separate listings under the headings “Estate,” “Gift,” and “Generation-Skipping Transfer” Taxes. The Topical Index arranges all subjects alphabetically, with paragraph references to the Compilation contents.

Cumulative Index

Generally, tax research starts in the Compilations. Here you will find the text of the Code sections and Regulations, both with all amendments to date, and CCH Explanations, plus the annotations of applicable rulings and decisions. You must also check for new developments in Volume 4 to be sure that you have the latest information.

The Cumulative Index coordinates new developments with the Compilation contents. This Index is arranged in a pattern identical to that of the explanatory divisions, with the same paragraph numbers and topical captions. Thus, the researcher may refer to the Cumulative Index by paragraph number—the same paragraph number as that previously consulted in the explanatory Compilations.

The Citator

Court decisions are listed alphabetically in the Citator Case Table in Volume 5 with all citations and paragraph references to the places where the decisions are annotated in the Compilations. A special feature is the listing of later cases in which each decision has been discussed or distinguished. These citations are helpful in making certain that a decision important to the issue has not been reversed or indirectly overruled.

The Current Case Table in Volume 4 lists by name the decisions reported as New Matters. It also notes the current status of these decisions, such as action by a U.S. Court of Appeals or the IRS’s agreement to follow or not follow the precedent of a Tax Court decision. Decisions pending on appeal to the U.S. Supreme Court are also noted in the Supreme Court docket of pending cases.

4 How to Use the Estate Tax Portfolio

To Locate a Number Reference: The Finding Lists

When a researcher has only a number reference for an official IRS release, it can be quickly located through the Finding Lists. Here, Treasury Decisions and rulings are listed in numerical order, with references to the Compilations. For Treasury Decisions and rulings, the Finding Lists also perform another important function—indicating the later rulings and decisions in which each item has been discussed or distinguished.

Working Back from New Matters

If an item in a current Report is of interest, the researcher can quickly locate earlier rulings or decisions on the same subject by means of the back reference. The back reference will lead you to the discussion of the topic in the Compilations. By consulting the Cumulative Index, the researcher will also be referred to other new developments on the same topic.

Internet Practice Tools & Aids



CCH FinEst Calcs™ — CCH FinEst Calcs is an electronic productivity tool designed to automate and consolidate financial and estate planning calculations. It provides a graphical representation of the calculation.

To Find a Named Decision:

The Citator

Court decisions are listed alphabetically in the Citator Case Table in Volume 5 with all citations and paragraph references to the places where the decisions are annotated in the Compilations. A special feature is the listing of later cases in which each decision has been discussed or distinguished. These citations are helpful in making certain that a decision important to the issue has not been reversed or indirectly overruled.

The Current Case Table in Volume 4 lists by name the decisions reported as New Matters. It also notes the current status of these decisions appeals to a U.S. Court of Appeals and the IRS's agreement to follow or not follow the precedent of a Tax Court decision. Decisions pending on appeal to the U.S. Supreme Court are also noted in the Supreme Court docket of pending cases.



Subscribers to the electronic version can access the complete Citator listing directly from a displayed case. Simply clicking on Check Citator retrieves the complete listing.

Research Examples Using Federal Estate & Gift Tax Reporter in print or electronic versions

Find by Citation Search

You have a court case that another practitioner has cited and you are trying to locate it in your Federal Estate and Gift Tax Reporter. *Estate of Winifred Hughes, Deceased, Dean McBride, Executor and Trustee, Petitioner v. Commissioner*, 90 TCM 630

Print	Internet
Retrieve Volume 5 and turn to the Citator Case Table	Click on the Check Citator button to retrieve both the Case and any subsequent decisions. Enter the 90 TCM 630 citation in the TCM field.
Look for <i>Hughes, Est, Winfred</i> on page 91,277. The citations are to the annotations within the Compilations.	Click on the hyperlink to view the full text of the TCM.

Search by Main Topical Index

Your client owns a farm, which is held as a closely held business. He wants to know the correct valuation method for the interest.

Print	Internet
Retrieve Volume 5 and locate the Estate Tax Main Topical Index Tab. Search for closely held property, valuation which is on page 90,105. You are referred to Special Valuation rules entry for additional entries. This is on page 90,134.	Place a check mark in Federal Estate and Gift Tax. Type closely held corporation and property interest in the search box Click on Search Tools, scroll to the bottom of the screen and select CCH Explanations. Click on Search Now
You are referred to ¶s in the 4000 range.	
Retrieve Volume 1, locate the Estate Tax Valuation Tab and turn to ¶4240 for the CCH Table of Contents Explanation for the specific subtopic of interest. ¶4240.33 discusses valuation methods.	
Review the annotations to determine if the issue is relevant.	Click on the first entry ¶4240.33 and review the document for relevance
Retrieve Volume 4 and access the Cumulative Index Tab to locate any New Matters related to the paragraph in the Compilations.	Click on Current Developments button to retrieve the latest documents related to this ¶

A decedent's will created a trust, which provided for distributions of one-half of the trust income to the decedent's son and one-half of the trust income to a charitable organization. The trust instrument also provided for discretionary distributions of the trust's principal to the beneficiaries. The decedent's son, as executor of the estate, has retained your services to prepare the decedent's federal estate

tax return. You explain to the son that where a trust provides for both charitable and noncharitable interests, the trust must be in the form of a charitable remainder annuity trust, charitable remainder unitrust, or pooled income fund for the estate to receive a Code Sec. 2055 charitable deduction. Because the trust is not in one of these forms, it is necessary to determine if the trust can be reformed in order to qualify for the estate tax charitable deduction.

Print	Internet
Retrieve Volume 5 and locate the Main Topical Index Tab. In the Estate Tax Main Topical Index, turn to page 90,135 for the "Split interest bequests" entry. Under "qualified reformations," the cite is to ¶6420.08 and ¶6420.34. Retrieve Volume 1, locate the Estate Tax Deductions Tab, and turn to ¶6420.08 to read the explanation on trust reformations. Then, turn to ¶6420.34 to review the annotations.	Log in to the Tax Research Network and click on the Financial & Estate Planning Tab. Scroll to the Topical Indexes at the bottom of the screen and click on "Federal Estate and Gift Tax Reporter TI" to open it. Then select "Estate Tax." Scroll to S and click to expand the topics. Click on the entry for "Split interest bequests" and scroll down to "qualified reformations." You will find entries for ¶6420.08 and ¶6420.34, which you can click on to view the explanation and annotations, respectively.
	Under ¶6420.34, click on the hyperlinked cite to retrieve the full text of <i>A. Tamulis Est.</i> You can also click on a hyperlink to retrieve any of the other source documents, such as letter rulings. Note that the full text of letter rulings is available as an add-on to an internet subscription.
Review the complete list of annotations at ¶6420.34 to determine if there are any other related issues.	Click on the Explanations link using the Smart Relate buttons to locate other annotations that relate to this topic.
To locate any New Matters, retrieve Volume 4 and open to the Cumulative Index Tab. Look at the entries under Code Sec. 2055, particularly ¶6420.34, to see if there have been any new developments on this topic.	Review the Current Developments using the Smart Relate feature to see if there have been any New Matters/Current Developments on this topic.

Hierarchy of Federal Tax Documents

Laws and Statutes:

- Internal Revenue Code (26 USC).
- Non Code Provisions

Internal Revenue Code Committee Reports and Amendment Notes:

- These follow the appropriate Code Section and remain until specific guidance for compliance is provided.

Treasury Regulations (26 CFR)

- Final, Temporary and Proposed Treasury Regulations.
 - (a) Legislative regulations are those for which the IRS is specifically authorized by the IRC to prescribe the operating rules. Generally, legislative regulations have the force and effect of law.
 - (b) Interpretative regulations explain the IRS's position on the various sections of the IRC. Although interpretative regulations do not have the force and effect of law, the courts customarily accord them substantial weight.
 - (c) Procedural regulations are considered to be directive rather than mandatory and, thus, do not have the force and effect of law.

Court Cases:

- US Tax Cases, Tax Court Regular and Memo, Board of Tax Appeals.

Agency Publications:

- Revenue Rulings, Procedures, Announcements, Letter Rulings, ISP, MSSP.

Explanation, Analysis or Treatise:

- Prepared by CCH Editors or outside subject matter experts.

Headnotes and Annotations:

- CCH editorially prepared summaries of points of law in official documents.

Report Letters and Tax Day:

- CCH Publications highlighting current developments.

Internal Revenue Bulletin: Items relating to the federal transfer taxes that are published in the weekly issues of the Internal Revenue Bulletin are reproduced in full text in the Rulings division.

IRS Letter Rulings: The IRS issues thousands of rulings each year in the form of letters in response to inquiries from taxpayers. These letter rulings lack precedential value in that they may not be cited as authority for treatment on a return by taxpayers other than the taxpayer requesting the ruling.

Under the IRS ruling program, three types of written determinations: technical advice memoranda, Chief Counsel Advice issued after October 24, 1998, and letter rulings are issued by the IRS.

- Technical advice memoranda are written guidance furnished by the IRS National Office regarding the interpretation and proper application of the tax law to a specific set of facts.

6 How to Use the Estate Tax Portfolio

- Letter rulings are written statements issued directly by the IRS to a taxpayer, interpreting and applying the tax law to a specific set of facts.
- Chief Counsel Advice includes any written advice or instruction, under whatever name or designation, prepared and issued by any National Office component of the Office of Chief Counsel to the IRS field employees or regional or district employees of the Office of Chief Counsel.

The Reporter includes the full text of all technical advice memoranda and Chief Counsel Advice and selected letter rulings that pertain to the estate, gift, and generation-skipping transfer tax law.

Proposed Regulations and Treasury Decision Preambles

The texts of newly proposed and final regulations, as well as the text of proposed amendments to existing regulations, are reflected in the Compilations on a current basis. References to the document number assigned to the proposal and the text of the paragraph describing the proposal follow the text of the proposed regulation or proposed amendment. The List of Proposed Regulations directs subscribers to the text of the Notice of Proposed Rulemaking (NPRM) relevant to the proposal reported in the Proposed Rulemaking division.

Tax Court Decisions

The Tax Court Decisions division includes all new regular and memorandum (memo) Tax Court decisions on the estate, gift, and generation-skipping transfer taxes, reported in headnote form.

Court Decisions

Full texts of current decisions on federal estate, gift, and generation-skipping transfer tax issues by federal district and appellate courts, the U.S. Court of Federal Claims, and the U.S. Supreme Court are reported in Volume 4. Twice yearly, these decisions, along with the income tax and excise tax decisions, are reprinted in bound volumes entitled U.S. Tax Cases.

Estate and Gift Tax Treaties

The Reporter reproduces the full texts of the estate and gift tax treaties between the United States and foreign nations in Volume 5. For those who need complete coverage in this specialized field, the Tax Treaties Reporter is available. That Reporter publishes the full texts of both effective and pending treaties on estate, gift, and income taxation between the United States and foreign nations, as well as pertinent U.S. regulations.

IRS Forms

The forms used in estate and gift tax matters are reproduced in the IRS Forms division in Volume 5. They are set out in numerical order and are preceded by a table of contents. In cases where more than one version of a major form may be of interest due to law changes, both current and prior versions of the form are reproduced and appropriately labeled.

Inheritance, Estate and Gift Tax Reporter

The Inheritance, Estate and Gift Tax Reporter covers inheritance, estate and gift taxes of the States, the District of Columbia, and Puerto Rico. Its purpose is to consolidate the existing law, practice and construction, and to provide an opportunity for swift, effective reporting of new developments.

General Arrangement of the loose leaf Reporter

This “State” Reporter is arranged within the loose-leaf binders for the convenient location of all subjects of interest. Distinctive colored Tab Guides separate the contents into divisions, facilitating reference to any part of the Reporter. Divisions analyzing the laws of the states, the District of Columbia, and Puerto Rico come first, arranged in alphabetical order. Next are the All-State Compendiums, All-State Treatise, All-State Charts and the Stock Transfer divisions. The final sections are the Cumulative Index, Case Table and All-State New Matters.

State Inheritance, Estate and Gift Tax Reporter on Internet (MINHI)

What is MINHI and how it differs from the individual state tax reporters and the print version of the State Inheritance Estate & Gift Tax Reporter (MINH)

MINHI vs. State Tax Reporters

The individual state tax reporters include some coverage of the state inheritance laws, but MINHI is dedicated solely to the state inheritance, estate & gift taxes. For example, MINHI includes estate and gift tax regulations that are not included in the state tax reporters. Tables, including a chart showing which states follow the federal law or have de-coupled, mortality tables, and enforcement reciprocity between the states are included in MINH, but not in the state tax reporters.

MINHI Complements Federal Products

MINHI complements the federal transfer tax law covered in Federal Estate publications by providing the statutes and, in most cases the regulations, of the 50 states, the District of Columbia and Puerto Rico. Subscribers to both the federal and state publications have complete coverage of the transfer tax laws affecting their clients. Subscribing to the all-state MINHI ensures access to the laws of all the states that might have an interest in a particular client’s estate. Practitioners need to take into account both the federal and the state laws when planning for their client’s estates. And, some estates might be subject to multiple state taxing jurisdictions, depending on the type and situs of property or the decedent’s state of domicile at death. Subscribing to MINHI with the federal components provides that extra compliance assurance.

Comparison of the print and internet versions of MINHI: Each state, the District of Columbia and Puerto Rico is covered in

a separate division designated by an index Tab Guide. The treatment is uniform from division to division for ease in use. Thus, for each state division, there is a table of contents, a general statement

with a brief legislative history, a table of statutes, the texts of the appropriate laws, an annotated compilation, a topical index, and a table of cases.

Loose Leaf Binders	Contents	Tax Research Network (TRN)
Volume 1 - Alabama - Indiana, including District of Columbia includes, in a uniform outline for all states, the official text of all state inheritance, state gift tax laws followed by CCH summaries.	Table of Contents	The Reporter on the Internet is arranged in Alphabetical order by Jurisdiction. The first menu line is the All-State Materials:
Volume 2 - Iowa - New Hampshire	General Statement Including a Brief	All-State Compendiums
Volume 3 - New Jersey - Oregon	Legislative History	All-State Treatise
Volume 4 - Pennsylvania - Wyoming, including Puerto Rico	Table of Statutes	All-State Charts
Volume 5 - Treatise-Charts-Stock Transfers	Detailed Table of Contents	State Organization: New Matters is the first menu line for each Jurisdiction. This is followed by these menu lines:
Volume 6 - State Current: Cumulative Index, Case Table, New Matters	Text of Statutes	General Statement: Current Law Legislative History Present Statute as Amended
	Annotated Compilation	Table of Statutes: historical as well as current Statutes and their effective dates.
	Topical Indexes	Estate Tax Law: begins with the detailed table of contents
	Table of Cases	Tax and Procedure
A Report Summary accompanies each update report.		Report Summaries from August 2002 forward.

Description of the components of MINH

General Statements: An introductory explanatory statement traces the history of inheritance, estate and gift tax legislation in the particular jurisdiction. A handy chart tabulates all pertinent statutes, their effective dates and statutory references.

Laws and Regulations: Included for each State are the full, official texts, including new provisions and amendments, of all statutes and administrative regulations.

The Compilations: The main feature of each State division is the Compilation. This consists of a logical, ordered presentation and discussion of the law and practice of the particular state. The Compilations follow an outline of topical captions and paragraph numbers uniform for all the states. For example, the table of rates and exemptions appears at ¶1300 for each state. Thus, the uniform system simplifies reference from State to State.

The Compilations are based on the statutes and on the regulations where available, with comments, notes and practical discussions. Each basic paragraph is followed by full supporting annotations of interpretative authorities. These annotations present comprehensive digests of court decisions, attorney gen-

eral opinions, official rulings and other administrative interpretations, with topical captions and full citations. Thus, the exact construction of the law in all its phases and as developed by the courts and administrative officials can be readily determined.

Special Features

All-State Compendiums: For quick and immediate reference, and for facility in comparing the laws of the various states, the laws of each state are summarized in compendiums. The summaries point out the main features of the laws of each state, and include tables of rates and exemptions and describe taxable transfers and procedures.

Each State's compendium includes:

- Rates And Exemptions
- Maximum Federal Credit
- Charitable Exemptions
- Computation
- Additional Estate Tax
- Taxable Transfers
- Settlement Of Domiciliary Disputes

- Property Subject To Tax
- Deductions
- Return and Assessment
- Payment and Refund
- Notice and Waivers
- Generation-Skipping Transfer Tax

All-State Treatise: This section contains a comprehensive, non-technical discussion of the entire death tax subject for each State. It explains not only the background and development of the laws, but also provides comparison among the statutes of the various jurisdictions. The Treatise supplements and extends the state Compilations and provides an indispensable first approach to any problem. The uniform system of topical captions and paragraph numbers is the pattern for the Treatise. Consequently, reference from it to the state Compilations, and vice versa, is quick and easy.

All-State Charts: A group of time-saving Charts tabulates important phases of the taxes imposed by the various jurisdictions. Also included are mortality tables for use in computing the value of limited and future interests under the various state statutes.

Stock Transfers: The stock transfer divisions assist in the transfer of stock in decedent estates. In addition to an outline of procedure, there is a list of transfer agents and a comprehensive roster of United States and Canadian corporations whose stocks are traded on any exchange or are unlisted but widely held. This Corporate Directory names the corporation, designates the state of incorporation and lists the transfer agents and the waivers required.

How the Reporter is Kept Up-to-Date: The Reporter is kept up-to-date at all times by prompt, monthly current reports covering all changes and developments in the field. This material comes to subscribers indexed, ready for immediate use and insertion in the loose-leaf binders. A Report Letter, accompanying each report, highlights the most significant new developments, and gives complete directions for filing the new pages in the binders.

New and amendatory laws and regulations are reported immediately by the addition and replacement of pages in the state divisions. All other new developments— court decisions, attorney general opinions and departmental rulings—are reported promptly in the “All-State New Matters” division. Thus, subscribers have reference to new matters affecting all jurisdictions.

How to Conduct Research in the Reporter: The Inheritance, Estate and Gift Tax Reporter is easy to use. From logical arranging to minute indexing, the Reporter is planned for convenient, time-saving use. Tab Guides organize the contents into divisions. Tables of contents introduce each division. The index system provides immediate contact with every part of the Reporter.

Topical Indexes: To efficiently locate information, each state division has its own subject or topical index that

gives immediate access to the Compilation and to the full text statutes. Researchers can immediately access the State information needed. The first approach to any death tax problem is through these topical indexes. In addition, because of the uniform paragraphing structure for the Explanations, a subscriber can locate the same information for each State. For example, each State addresses “Transfers Subject to Tax” at ¶1500 et seq.



Subscribers to the internet Reporter can quickly access information using the power of the internet research engine. Conducting a word search will return documents on the topic at issue.

Cumulative Index: The second step, the approach to new developments, is just as direct. Refer to the All-State Cumulative Index that coordinates new matters with the Compilations by means of the uniform paragraph number system. After consulting the Compilations, subscribers turn directly to the same paragraph number in the Cumulative Index where pertinent new items are listed, together with references to their complete report as new developments. The listing of new items is both by subject and state. Thus one reference provides contact with all pertinent new decisions and rulings from all states—of special assistance in working with the laws of states where there is little current authority. As additional new matters are reported, the Cumulative Index is kept currently up-to-date by simultaneous revisions.



Subscribers to the internet have immediate access to New Matters as the first menu line for each State.

Case Tables: Court decisions, digested and cited in the various divisions of the Reporter, are listed alphabetically by name in the Case Table that appears at the end of each state division. New decisions are listed in a separate Table of Cases in the “Current” volume.



Subscribers to the internet version can quickly locate a case by searching the State. Checking the State and typing the name of the party in the search box will retrieve the annotation and the text of the case where applicable. For example, to locate the Mary T. Jordan case in Delaware, place a check mark in the Delaware box and type Jordan in the search box. TRN returns the annotation at .91 and the text of the case at ¶21,435.

Financial and Estate Planning

Volume 1 of Financial and Estate Planning concentrates on Strategies. Because assistance in the accumulation, building, preservation, enjoyment and transfer of wealth is the aim of this publication, Volume 1 concentrates on “strategies” to achieve this in tabbed divisions that organize financial and estate planning techniques by sources of wealth, client situation and devices to maximize benefits and minimize transfer costs at death.

The “Strategies” Volume contains a detailed Table of Contents for each tabbed division. In addition, each division

follows its detailed Table of Contents with a Correlator to summarize and explain the relationships between the techniques explored.

Wherever appropriate, the various planning techniques discussed are coordinated with the forms and planning aids in Volume 2 by “in place” cross-references. A Topical Index is also provided for quick reference to the contents by subject and also by key words or phrases.

Volume 2: Forms • Planning Aids. Tab-arranged for easy finding, the forms and planning aids in Volume 2 can be quickly located via a Finding List of Forms by subject. In addition, a detailed Table of Contents is provided for each division.

Segregated into “Lifetime” and “Post-Mortem” applicability, these forms are drawn from actual working papers supplied by practitioners from law and accounting firms, insurance companies, bank trust departments, brokerage houses and financial planners from across the country.

Volume 3: Articles • State Law: Planning Considerations. Financial and estate planning techniques must respond to the constant changes that come in the form of new laws, regulations, court and administrative decisions, and economic conditions. Successful planning thus involves continuing education and continuing refinement of basic techniques.

For that reason, Financial and Estate Planning includes in-depth articles to give you the best in current thinking on various financial and estate planning topics. These articles explore new planning ideas, pull together and analyze the thinking behind judicial opinions, and compare the advantages and drawbacks of wealth-building techniques. In short, these articles assure you that new and changing planning concepts are brought to your attention and analyzed as they emerge.

Also included in Volume 3, is “State Law: Planning Considerations,” which covers selected state law rules that significantly impact on financial and estate planning for individuals. This division provides a summary of the inheritance, estate and gift tax laws of the 50 states, the District of Columbia and Puerto Rico.

Volume 4: Estate Planning Review. Issued monthly, the *Review* presents a myriad of financial and estate planning ideas in a newsletter format. Reporting and interpreting the meaning and planning implications of legislative, judicial and administrative changes, the *Review* keeps you in touch with current planning trends and key developments.

The *Review* also features a Table of Contents in each issue to facilitate location of specific items of interest.

Finding List Comparison

Volume	Print	Internet
1	Main Topical Index to all Volumes Topical Index for the Strategies Volume Correlator begins each Tab Guide and provides an overview for the tab’s contents	Topical Index to Strategies under the separate menu line Topical Indexes. Correlator appears under the separate Strategies menu lines
2	Finding List of Forms by subject	Forms and Planning Aids Listing under the separate menu line Topical Indexes
3	Table of Contents Articles by Subject	Articles by Subject index under the Articles Menu line
4	Table of Contents is included in each issue	Separate Menu line offers an option for a printable version of the Review.

Case Study Scenario

Retired professional baseball player Bill “Lucky” Lucre appears at the offices of estate planner Condoleezza Risotto. The recent death of his 85-year old father has caused Lucre to confront his own mortality and he is seeking estate-planning advice for the first time. He is 58 years old and is currently married to wife number three, a former Victoria’s Secret model, who is 30 years his junior. He has three children from his second marriage ranging in age from 15 to 28. His youngest son suffers from cystic fibrosis and will need life-long care. His 23-year old son is a struggling actor who currently supports himself between acting gigs working as a bicycle messenger. Since high school, the 23-year old has also been in and out of rehab for substance abuse. His eldest daughter is a successful investment banker pulling down a six-figure salary on Wall Street. She is recently married and has a one-year old son.

Lucre was a prolific investor during his playing days and has amassed a fortune in excess of \$50 million, consisting mostly of marketable securities, real estate, and cash equivalents. He also considers himself a bit of an art collector, having a small collection of works by 20th Century American painters. Over the past 10 years, Lucre has been a regular donor to several charities, including ones dedicated to the treatment and eventual cure of cystic

fibrosis. Currently, the Lucre's are residents of New York, but also have houses in Florida and Nevada.

Issues

Risotto wants to develop and present to Lucre a variety of estate planning options aimed at accomplishing three basic goals:

- Minimize estate and gift taxes;
- Provide security for his children, grandchild, and current wife;
- Benefit charity.

Issue 1: Estate and Gift Tax Considerations

Problem: The facts of Lucre's situation indicate that under current law, if left as-is, his estate would eventually be subject to federal (and possibly state) estate taxes. Risotto knows that the federal estate tax is scheduled to be repealed in 2010, but the repeal will last for only one year and the tax would return in 2011. Congress appears to be divided on resolving the issue. Risotto doubts that the estate tax will ever be completely repealed for estates as large as Lucre's and she wants to convey to him the necessity of planning for that possibility.

Solution: To search for corroboration of her belief, using the term *estate tax*, Risotto consults CCH's *ESTATE PLANNING REVIEW* newsletter (see "Estate Taxes: Where are We?" under *Financial and Estate Planning/News and Developing Issues*, Vol. 32, No. 11, November 27, 2006, in which members of the CCH Financial and Estate Planning Advisory Board elaborate on their views of the future of the estate tax). A search (*estate tax and budget*) for the latest news (after January 1, 2007) on CCH Tax Day reveals an item dated March 22, 2007, "Baucus Budget Amendment Would Fund Tax Relief," that states the Senate's proposed fiscal year 2008 budget would include extension of the estate tax rates and exclusion at the current law 2009 levels (in other words, this proposed budget assumes that the estate tax will continue).

Problem: Since Lucre is married, Risotto knows that upon Lucre's death, if all of his property goes to his surviving spouse, there will be no estate tax due because of the unlimited marital deduction. However, without any planning, a huge estate tax would be due at the wife's death. In addition, because Lucre has children from a previous marriage, this presents the possibility of a serious conflict if his current spouse were to receive all of his property. How does Risotto convey these issues to her client?

Solution: A search of the client letters retrieves the client letter entitled "Estate Planning-Estate Tax Marital Deduction," which includes discussion of a qualified terminable interest property (QTIP) trust that is often used in multiple marriage situations. Similarly, see *Financial and Estate Planning/Estate Planning and Drafting/Financial and Estate Planning/Forms and Planning Aids/Goal Setting-Planning Aids/Client Letters-Memoranda*, specifically, the client letter at ¶5260.15 on the marital deduction.

Problem: As noted above, having too much property wind up in the estate of a surviving spouse can be a costly mistake from a tax perspective. Besides the traditional marital or QTIP trust, Risotto hopes to offer her client some suggestions on additional tax saving-strategies. Risotto knows that the lifetime exclusion under the federal gift tax is currently \$1 million (as opposed to \$2 million for the estate tax). She is also aware that certain gifts qualify for an annual exclusion from the gift tax (currently adjusted for inflation to \$12,000 per year, per donee). One option under consideration is the possibility of providing Lucre's wife with "seed money" to start her own boutique. Risotto is looking for additional ideas or strategies.

Solution: By isolating her search (*gift tax and "to spouse"*) to the Internal Revenue Code, Risotto confirms that under Code Sec. 2523, gifts to a spouse are not taxed if the spouse is a U.S. citizen. Accordingly, lifetime gifts from Lucre to his wife need not be constrained by the \$12,000 annual gift tax exclusion amount. A further check of the Code (searching for *gift tax exclusion*) reveals that gifts made directly for the payment of tuition or medical expenses are also not limited to \$12,000 (see Code Sec. 2503(e)). In addition, Risotto finds (by searching for *education and gift*) that Lucre could establish a 529 qualified tuition plan for his grandchild by combining the equivalent of five years of annual exclusion gifts (\$60,000 currently; \$120,000, if his wife consents to gift splitting).

Problem: Lucre's New York residency presents a potential estate tax problem because, since passage of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), many states (including New York) have attempted to protect their revenue streams by doing what is referred to as "decoupling" from the federal system. Risotto believes that it may be beneficial for the Lucre's to establish residency in another state. Risotto is familiar with New York law, but needs to find information on other states including Florida and Nevada.

Solution: CCH's Inheritance Estate And Gift Tax Reporter-State (MINH) contains information on state estate, gift and inheritance tax laws.

Problem: The sheer size of Lucre's estate suggests to Risotto that she discuss with him the possibility of engaging in some relatively aggressive estate planning strategies. Risotto is familiar with the use of family limited partnerships (FLPs) and limited liability companies (LLCs) in estate planning, as well as certain types of split-interest trusts, such as grantor retained annuity trusts (GRATs), but is concerned about the possibility of IRS scrutiny of these techniques, particularly FLPs used to hold a portfolio that consists of mainly marketable securities. She wants to verify the continued viability of these techniques before she brings them up to her client.

Solution: Financial and Estate Planning (FEPI) provides detailed explanations of these techniques, as well as analysis of what can be expected to escape IRS scrutiny and what will not. (For FLPs on

FEPI, see *Financial and Estate Planning/Estate Planning and Drafting/Financial and Estate Planning/Strategies/Tax Savings in Family Transactions*, ¶155, Planning with Family Limited Partnerships.

Further information is available in the form of:

Articles (see “Strangi II (or IV?): Fifth Circuit Draws a Line for FLPs Under Code Sec. 2036(a),” by Susan Kalinka, at *Financial and Estate Planning/Estate Planning and Drafting/Financial and Estate Planning/Articles*, ¶32, 831).

The use of News and Developing Issues and Tax Tracker can provide up-to-the-minute information on the latest cases and rulings. For example, see “Appeals Settlement Guidelines on FLPs Posted,” at *Financial and Estate Planning/News and Developing Issues/Estate and Gift Tax No. 40*, February 12, 2007;

“FLP Assets Includible in Decedents’ Gross Estates” at *Financial and Estate Planning/News and Developing Issues/Estate and Gift Tax No. 33*, December 18, 2006; and

“Property Transferred to FLP Includible in Gross Estates” at *Financial and Estate Planning/News and Developing Issues/Estate and Gift Tax No. 7*, June 12, 2006.

In this type of search, it may be particularly useful to use the search tools to limit the search to a particular date range (such as after January 1, 2006) or type of document (News).

Issue 2: Asset Protection and Financial Security

Problem: Risotto recognizes that Lucre’s family situation presents some issues that could be characterized under the broad heading of asset protection. The health of his youngest child and the financial and mental condition of the middle child may each require special consideration. Risotto thinks that certain types of trusts may provide a workable solution, but needs to hone in on the specific requirements the facts present—mainly keeping the assets protected from creditors or unscrupulous third parties.

Solution: There are many kinds of trusts (revocable, irrevocable, testamentary (at death), inter vivos (during life), etc.). Just searching for the word “trust” on Tax Research Network (TRN) is not very productive as it will yield literally thousands of hits. Risotto must target her search to look for certain terms of art applicable to the law governing this subject. These terms would include “special needs trust” and “spendthrift trust” or “self-settled trust.”

Problem: The fact that Lucre has at least one grandchild presents Risotto with both a problem and a planning opportunity. Besides federal estate and gift taxes, there is also something called the generation-skipping transfer (GST) tax, which is aimed at preventing wealthy individuals from avoiding imposition of a tax on the transfer of their wealth at each generational level. The GST tax has its own set of rules and exclusion amount. Risotto wants her client to consider some strategies that benefit his grandchild, but minimize exposure to the GST tax, including a “dynasty trust.”

Solution: Similar to what occurred in the preceding example, simply searching for the term “GST tax” is not going to be very

satisfactory for most users. The end result is several hundred hits. It is better to try some more specific terms, such as “GST tax exclusion,” “GST tax inclusion ratio,” or even “GST tax planning” that will produce much more targeted results.

Searching for “dynasty trust” or “perpetual trust” will yield some beneficial results, including:

“Dynasty Trusts: Opportunities for Multigenerational Planning,” at *Financial and Estate Planning/News and Developing Issues/Estate Planning Review*, Vol. 32, No. 7, July 18, 2006;

Issue 3: Charitable Giving

Problem: Charitable giving can take many forms, including cash gifts, gifts of stock or other business interests, gifts of tangible property (such as artwork), or gifts of intangible property, including patents and trademarks. Charitable gifts can be testamentary or inter vivos. The gift can also be outright or in various approved forms of trusts, such as a charitable remainder, charitable lead trust, or a pooled income fund. Risotto wants to be able to understand and explain several different charitable giving options to her client, including the possibility of making a gift of certain items in his art collection.

Solution: FEPI provides considerable information on charitable giving. In FEPI the bulk of this information is found at *Financial and Estate Planning/Estate Planning and Drafting/Financial and Estate Planning/Strategies/Gifts to Family and Charities/Gifts to Charity*.

Coverage includes:

- The income tax deduction for gifts to charity (¶2110);
- Contributions of appreciated property (¶2120);
- The estate tax deduction for gifts to charity (¶2140);
- The gift tax deduction for gifts to charity (¶2160);
- Charitable remainder trusts: the annuity trust and the unitrust (¶2180);
- Pooled income funds (¶2190);
- Patents and other intellectual property (¶2215);
- Gifts of partial interests in property (¶2220);
- Easements (¶2230);
- Charitable gift annuities (¶2240);
- Gifts of life insurance (¶2250); and
- Gifts of income: the charitable lead trust (¶2260).

In addition, there are IRS approved sample charitable trust forms at *Financial and Estate Planning/Estate Planning and Drafting/Financial and Estate Planning/Forms and Planning Aids/Personal and Charitable Giving* (¶7435).

FinEst Calcs™ includes six charitable calculators to help compare and evaluate different charitable vehicles:

- Charitable Gift Annuity;
- Charitable Lead Annuity Trust (CLAT);
- Charitable Lead Unitrust (CLUT);
- Charitable Remainder Annuity Trust (CRAT);
- Charitable Remainder Unitrust (CRUT); and
- Pooled Income Fund



CLICK
support.cch.com



CHAT
support.cch.com/chat



CALL
800-344-3734 Subscriptions
800-248-3248 Books
800-835-0105 Tech Support
800-449-6439 Billing