

# **IRC Section 1016(c)**

## **Election to Increase Basis of Property on Which Additional Estate Tax is Imposed**

### **Overview**

The executor of an estate may elect a special use value for certain qualified real property under §2032A. If any "taxable event" occurs, as defined in §2032A, additional estate taxes will be imposed. A qualified heir, as defined below, can elect to increase his or her basis in the property by the amount which the fair market value on the date of the decedent's death exceeds the special use value. The qualified heir must pay interest on any additional tax from the date that is nine months after the decedent's death to the date of payment. A qualified heir is a member of the decedent's family who acquired the property from the decedent. Once made, the election is irrevocable.

### **When to File**

The election is made by attaching a statement to the Form 706-A which is filed within six months after the taxable event occurs. The election must be made no later than the due date, including extensions, of the Form 706-A.

### **Where to File**

The election is made by attaching a statement to a timely filed Form 706-A, which is mailed to the Internal Revenue Service Center where the Form 706 for the decedent was filed.

### **Index**

1. Code Section: 1016(c); 421(g), §2032A
2. Topic: Gain/Loss; Trusts, Estates and Gift
3. Return Type: 1040

### **Authorities**

IRC §1016(c); Regulation §1.301.9100-4T(f)