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LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

PPC's 706/709 Deskbook

Twenty-sixth Edition (September 2020)

Highlights of This Edition

The following are some of the important new features of the 2020 Edition of *PPC's 706/709 Deskbook*:

- **Checklist of Attachments to Form 709.** A part of a complete and accurate Form 709 are the attachments to the return. Checklist C303 was developed to determine what attachments are required.
- **Reporting Worthless Virtual Currency.** Because the only way to access virtual currency is through a password, there is a risk of the password dying with the decedent. Though there has been no guidance from the IRS, a preparation pointer was added on reporting the worthless asset based on when the password was lost (Key Issue 8J).
- **Revised Form 4768.** When applying for an extension of time to pay, a new form (Form 4768-A) will be used by the IRS to provide a response. Form 4768 has been revised to remove page 2 that was previously used by the IRS to notify the executor of the extension approval or rejection. The discussion has been updated for this (Key Issue 22A).

In addition to these featured items, your *Deskbook* includes the following update items.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 1 Overview of Form 706	1. Added a law change alert for the automatic suspension of time to make the portability election under certain circumstances related to QDOTs.	1G
CHAPTER 2 Form 706 Filing Requirements	1. Included instructions on what to do if a return previously filed in the Kansas City service center using a PDS is delayed or returned because of the COVID-19 pandemic. 2. Updated the list of countries that have death tax treaties with the U.S. 3. Clarified the discussion on filing an extension request for sufficient cause. 4. Revised the filing address for Form 8971.	2A 2B 2C 2D

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 4 Form 706, Schedule B—Reporting Stocks and Bonds	1. Updated the discussion for the court decisions in the <i>Kress</i> and <i>Jones</i> cases that tax-affecting when valuing S corporations is appropriate.	4E
CHAPTER 15 Form 706, Schedule M—Marital Deduction	1. Clarified that the election to deduct estate transmission expenses on Form 1041 reduces the marital deduction and the DSUE amount available to transfer to the surviving spouse.	15D
	2. Expanded the QDOT discussion of DSUE suspension and clarification of when the suspension ends.	15G
CHAPTER 16 Form 706, Schedule O—Charitable, Public, and Similar Gifts and Bequests	1. Added a discussion on deducting transfers to a donor advised fund.	16A
	2. Added an observation that preparers may see more contributions to pooled income funds because of provisions in the SECURE Act.	16H
CHAPTER 18 Form 706, Schedule U—Qualified Conservation Easement Exclusion	1. Discussed the additional complexities a fiduciary would need to consider when making a postmortem contribution of a qualified conservation easement.	18C
CHAPTER 19 Form 706, Schedule P—Credit for Death Tax Paid to a Foreign Country	1. Clarified the discussion on the treaty with Canada that allows a deduction for the Canadian income tax assessed on the appreciated property in a decedent's estate.	19A
CHAPTER 22 Tax Payments	1. Revised for the new IRS addresses for where to file.	Illustration 22-5
CHAPTER 23 Transfers during Life	1. Added an observation about creating or terminating a joint interest with a person who is not a spouse.	23D
CHAPTER 24 Form 709, Filing Requirements and Exclusions	1. Revised discussion on the 10-year lien limitation on unpaid gift taxes for the <i>Estate of Sidney Elson</i> case.	24A
	2. Added a law change alert for the final regulations released on the fee to apply for or renew a PTIN.	24A
CHAPTER 25 Form 709, Completing Parts 1 & 2, Schedule A, and Schedule C	1. Clarified the discussion on the impact of using formula clauses when transferring property.	25D
	2. Cautioned about the importance of using the correct valuation language in transfer documents based on the <i>Nelson</i> case.	25D

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 27 Form 709, Lifetime Spousal Transfers	1. Defined marriage for the unlimited marital deduction requirement.	27A
	2. Revised the discussion on spousal lifetime access trusts.	27A
CHAPTER 28 Form 709, Charitable Gifts	1. Included an observation about gifts to a spouse that is not a U.S. citizen.	28B
	2. Added an observation that preparers may see more contributions to pooled income funds because of provisions in the SECURE Act.	28F
	3. Clarified the discussion on gifts to a donor advised fund.	28G
CHAPTER 31 Reporting Taxable Distributions	1. Clarified that when a trust pays the Form 706-GS(D-1) tax, that tax must be calculated and paid prior to the preparation of the Form 1041 for the year of distribution.	31A
CHAPTER 34 Other Valuation Rules	1. Updated the discussion for the court decision in the <i>Kress</i> case that tax-affecting when valuing S corporations is appropriate.	34G
	2. Noted the IRS actuarial valuation tables were scheduled to be updated in 2019 but have not been released at the time of this publication.	34D
CHAPTER 35 Penalties and Interest	1. Added a caution not to overstate the value of assets because of the potential penalties that may be assessed on the income tax return when the overstated asset is sold.	35C
	2. Updated the discussion on PTIN fees to include the final regulations issued charging fees for a new or renewed PTIN beginning August 16, 2020.	35E
	3. Clarified when interest and penalties begin to accrue for returns and payments automatically postponed in response to the COVID-19 pandemic.	35G
CHAPTER 36 Estate and Gift Tax Examinations	1. Added a preparation pointer that a neat, organized, well documented return can reduce the potential for questions from an IRS agent.	36A
	2. Included an observation that in the author's recent experience the time it takes for the IRS to issue a closing letter is a year or more from the date the Form 706 is filed.	36B
	3. Recommended attaching Form 2848 to the Form 706 for representative authorization in addition to the information in Part 4 of the Form 706.	36D

