



The New (Bay+Sis) (Con+Sis+Tent+See) and Value Reporting Rules

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Basis Consistency Reporting

- Proposal in Treasury Playbook (Greenbook) since 2009
- New law added by H.R.3236, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41)
- Current Greenbook recommends inclusion of marital and lifetime gifts
- Adds §§ 1014(f), 6035, and 6501(e)(1)(B)(ii)
- Effective July 31, 2015

Section 1014(f) - Basis Consistency Rule

- Initial basis of property acquired from decedent cannot exceed the value as finally determined for estate tax purposes
- Applies only if the property “increased the liability” for estate tax
- Not applicable to property in an estate that is not taxable
- Not applicable to marital and charitable property

Section 6035 - Value Reporting

- Requires filing by “[t]he executor of any estate required to file” an estate tax return of
 - An “Information Return” (Form 8971 and Schedule(s) A) filed with the IRS
 - A “Statement” (Schedule A to Form 8971) given to each beneficiary
- Reporting required even if no basis consistency duty

Filing Deadlines and Extensions

- Initial deadline was August 31, 2015
- Notice 2015-57 extended to February 29, 2016
- Notice 2016-19 extended to March 31, 2016
- Notice 2016-27 extended to June 30, 2016

THIRD TIME WAS THE CHARM – THERE WERE NO MORE EXTENSIONS!

Timeline of Reporting Guidance

- Form 8971 and Schedule A and instructions available January 26, 2016
- Proposed regulations released March 2, 2016
- Draft revised instructions to Form 8971 and Schedule A released June 8, 2016
- Public hearing with IRS on June 27, 2016
- Revised instructions to Form 8971 and Schedule A released October 13, 2016 (Rev. September 2016)

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