

Estate of <b>DECEDENT - 6166(b)(8) UP</b>		Social Security Number 999-99-9999V	Date of Death 12 11 2009
Name of Person With Whom Findings Were Discussed: <b>ATTORNEY</b>			Agreement Secured <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1	Tentative taxable estate shown on return or as previously adjusted		7,828,000.00
2	Increase <decrease> in tentative taxable estate		1,180,733.21
3a	Tentative taxable estate as corrected (line 1 plus (minus) line 2)		9,008,733.21
		Shown on Return	As Corrected
3b	State Death Tax Deduction	0.00	0.00
3c	Taxable estate as corrected (line 3a minus line 3b)	7,828,000.00	9,008,733.21
4	Adjusted Taxable Gifts	515,000.00	515,000.00
5	Total	8,343,000.00	9,523,733.21
6	Tentative Tax	3,635,150.00	4,166,479.94
7	Aggregate gift taxes payable (after Dec. 31, 1976)	0.00	0.00
8	Subtract line 7 from line 6	3,635,150.00	4,166,479.94
9a	Unified Credit from Table	1,455,800.00	1,455,800.00
9b	Unused Unified Credit of deceased spouse (2011 or 2012)	0.00	0.00
9c	Unified Credit before Adjustment	1,455,800.00	1,455,800.00
10	Adjustment to Unified Credit	0.00	0.00
11	Subtract line 10 from line 9c	1,455,800.00	1,455,800.00
12	Subtract line 11 from line 8 (not less than zero)	2,179,350.00	2,710,679.94
13	Credit for State death taxes	0.00	0.00
	Tentatively allowed		
	Submit evidence by		
14	Subtract line 13 from line 12	2,179,350.00	2,710,679.94
15	Credit for Federal gift taxes on pre-1977 gifts	0.00	0.00
16	Credit for foreign death taxes (statutory)	0.00	0.00
17	Credit for tax on prior transfers	0.00	0.00
18	Credit for foreign death taxes (special treaty)	0.00	0.00
19	Total credits (add lines 15, 16, 17 and 18)	0.00	0.00
20	Net estate tax payable	2,179,350.00	2,710,679.94
21	Generation-skipping transfer taxes (Schedule R, Part 2, line 12)	0.00	0.00
22	Section 4980A - increased estate taxes (Schedule S)	0.00	0.00
23	Total transfer taxes (add lines 20, 21 and 22)	2,179,350.00	2,710,679.94
24	Total transfer tax previously assessed		2,179,350.00
25	Total transfer tax - Increase <decrease> (difference between line 23 and line 24)		531,329.94
26	Penalties previously assessed		0.00
27	Penalties as corrected		0.00
28	Net Penalties - Increase <decrease> (difference between line 26 and line 27)		0.00
29	Net tax and penalties payable - Increase <decrease> (add line 25 and line 28)		531,329.94
Examiner's Signature (ESTATE TAX ATTORNEY, ESQ.)		Area EAST	Date 6 5 2013

**Line Adjustment -- Estate Tax**

Estate of DECEDENT - 6166(b)(8) UP		Social Security Number 999-99-9999V	Date of Death 12 11 2009	
		Shown on Return	Change	As Corrected
1	Schedule A, Real Estate	745,000.00	0.00	745,000.00
2	Schedule B, Stocks and Bonds	5,750,000.00	1,075,000.00	6,825,000.00
3	Schedule C, Mortgages, Notes, and Cash	814,500.00	0.00	814,500.00
4	Schedule D, Insurance on the Decedent's Life	75,000.00	0.00	75,000.00
5	Schedule E - Joint Owned Property	210,000.00	125,000.00	335,000.00
6	Schedule F, Other Miscellaneous Property	905,500.00	0.00	905,500.00
7	Schedule G, Transfers During Decedent's Life	0.00	0.00	0.00
8	Schedule H, Powers of Appointment	0.00	300,000.00	300,000.00
9	Schedule I, Annuities	0.00	0.00	0.00
10	Gross Estate	8,500,000.00	1,500,000.00	10,000,000.00
11	Sch. U, Qua. Conservation Easement Exclusion	0.00	0.00	0.00
12	Gross Estate less exclusion	8,500,000.00	1,500,000.00	10,000,000.00
13	Schedule J - Funeral & Administrative Expenses	508,779.00	319,266.79	828,045.79
14	Schedule K, Debts of Decedent	163,221.00	0.00	163,221.00
15	Schedule K, Mortgages and Liens	0.00	0.00	0.00
16	Total of Schedules J and K (Items 13, 14, & 15)	672,000.00	319,266.79	991,266.79
17	Allowable deductions from Schedules J and K	672,000.00	319,266.79	991,266.79
18	Schedule L, Net Losses During Administration	0.00	0.00	0.00
19	Sch. L, Expenses, Prop. Not Subject to Claims	0.00	0.00	0.00
20	Total (Add items 17, 18, & 19)	672,000.00	319,266.79	991,266.79
21	Schedule M, Marital Deduction	0.00	0.00	0.00
22	Schedule O, Charitable Bequests	0.00	0.00	0.00
23	ESOP Deduction	0.00	0.00	0.00
24	Sch. T, Qua. Family-Owned Business Int. Ded.	0.00	0.00	0.00
25	Total Allowable Deductions (Items 20 to 24)	672,000.00	319,266.79	991,266.79
26	Tentative Taxable Estate (Subtract line 25 from line 12)	7,828,000.00	1,180,733.21	9,008,733.21

Remarks

**Explanation of Items**

Estate of DECEDENT - 6166(b)(8) UP	Social Security Number 999-99-9999V	Date of Death 12 11 2009
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**Schedule B, Stocks and Bonds**

	Description	Shown on Return	As Corrected
1	Closely held business	5,175,000.00	6,250,000.00
	Total of these items	5,175,000.00	6,250,000.00
	Shown on Return		5,175,000.00
	Change to schedule		1,075,000.00

Closely Held Business is an operating company that qualifies for section 6166 deferral of estate tax. The date of death value of Closely Held Business is adjusted to reflect the proper valuation discount after considering all facts and circumstances.

**Explanation of Items**

Estate of DECEDENT - 6166(b)(8) UP	Social Security Number 999-99-9999V	Date of Death 12 11 2009
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**Schedule E, Part 1, Jointly Owned Property (Qualified)**

Description	Shown on Return	As Corrected
Total of these items	0.00	0.00
Shown on Return		0.00
Change to schedule		0.00
Decedent's one-half		0.00

**Explanation of Items**

Estate of DECEDENT - 6166(b)(8) UP	Social Security Number 999-99-9999V	Date of Death 12 11 2009
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**Schedule E, Part 2, Jointly Owned Property (Other)**

	Description	Shown on Return	As Corrected
3	Vacant lot in Florida	150,000.00	275,000.00
	Total of these items	150,000.00	275,000.00
	Shown on Return		150,000.00
	Change to schedule		125,000.00

Value adjusted to reflect increase in percentage ownership attributable to the decedent.

**Explanation of Items**

Estate of DECEDENT - 6166(b)(8) UP	Social Security Number 999-99-9999V	Date of Death 12 11 2009
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**Schedule H, Powers of Appointment**

	Description	Shown on Return	As Corrected
1	Trust created by predeceased relative.	0.00	300,000.00
	Total of these items	0.00	300,000.00
	Shown on Return		0.00
	Change to schedule		300,000.00

Litigation regarding the includability of the trust corpus was concluded after the return was filed. The estate reported the item at zero value and noted that litigation was underway as to the amount that might be includible, if any, in this decedent's gross estate.

**Explanation of Items**

Estate of DECEDENT - 6166(b)(8) UP	Social Security Number 999-99-9999V	Date of Death 12 11 2009
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**Schedule J, Funeral & Administrative Expenses**

	Description	Shown on Return	As Corrected
2	Attorney fees	110,000.00	375,000.00
3	Accounting fees	17,000.00	25,000.00
4	Miscellaneous administration expenses	38,029.00	43,029.00
5	Interest on Federal estate tax	0.00	41,266.79
	Total of these items	165,029.00	484,295.79
	Shown on Return		165,029.00
	Change to schedule		319,266.79

Attorney and Accounting fees are adjusted to reflect actual expenses incurred and paid during the examination of the estate tax return.

Miscellaneous administration expenses were verified as adjusted.

Interest on Federal estate tax is allowed as a deduction notwithstanding section 2053(c)(1)(D), because the deficiency creates section 6166 anniversary date underpayments of otherwise non-deductible interest accrued on tax deferred under section 6166, and the regular underpayment rate interest computed on the past-due nondeductible amounts is deductible on the estate tax return. See Revenue Ruling 89-32. In addition, there is regular underpayment rate interest computed on the unpaid portion of non-deferred tax from the return due date of Sep-11-2010 to the dates of payment which is also deductible. Interest is computed through Jun-05-2013, the date of payment and receipt of the signed waiver, Form 890 (an up-front interest deduction computation, which is permissible under Rev. Proc. 81-27).