

ANALYSIS
THREE BASIC SECTION 6166(a) SCENARIOS

Original Return Computations		Non-Deferred Tax Payment Scenarios		
		Underpayment of Non-Deferred Tax	Overpayment of Non-Deferred Tax	
			Maximum §6166 Deferral Amount	Reduced §6166 Deferral Amount
1	Gross estate	8,500,000.00	8,500,000.00	8,500,000.00
2	Schedules J, K, and L deductions before interest	672,000.00	672,000.00	672,000.00
3	Filing date deductible accrued interest	0.00	0.00	0.00
4	§ 6166(b)(6) adjusted gross estate	7,828,000.00	7,828,000.00	7,828,000.00
5	§ 6166 business value	5,175,000.00	5,175,000.00	5,175,000.00
6	Maximum percentage of tax eligible for deferral	0.661088	0.661088	0.661088
7	Net estate tax	2,179,350.00	2,179,350.00	2,179,350.00
8	Maximum amount of tax eligible for deferral	1,440,742.13	1,440,742.13	1,440,742.13
9	Non-deferred tax	738,607.87	738,607.87	738,607.87
10	Tax paid on return due date of Sep-11-2010 with the filing of Form 4768	500,000.00	1,000,000.00	1,000,000.00
11	Underpayment or (Overpayment) of non-deferred tax	238,607.87	(261,392.13)	(261,392.13)
12	Maximum amount of tax eligible for deferral	1,440,742.13	1,440,742.13	1,440,742.13
13	Application of overpayment of non-deferred tax	0.00	0.00	(261,392.13)
14	Tax elected to be deferred under section 6166(a)	1,440,742.13	1,440,742.13	1,179,350.00
15	Tax deferred at 2% rate	598,500.00	598,500.00	598,500.00
16	Tax deferred at 45% of R% rates	842,242.13	842,242.13	580,850.00
17	Annual installment	144,074.21	144,074.21	117,935.00
Projected Installments Payable				
18	Projected prepayment credit allocated against 1st installment due Sep-11-2015	0.00	(144,074.21)	0.00
19	Projected balance of 1st installment payable	144,074.21	0.00	117,935.00
20	Projected prepayment credit allocated against 2nd installment due Sep-11-2016	0.00	(117,317.92)	0.00
21	Projected balance of 2nd installment payable	144,074.21	26,756.29	117,935.00
22	Projected prepayment credit allocated against 3rd installment due Sep-11-2017	0.00	0.00	0.00
23	Projected balance of 3rd installment payable	144,074.21	144,074.21	117,935.00

NOTE RE: UNDERPAYMENT SCENARIO

The estate could have included a deduction for interest accrued on the non-deferred tax at the time the return was filed in its 6166(b)(6) adjusted gross estate computation, but did not do so (estates rarely claim this deduction on the original return filing). This additional 6166(b)(6) deduction would have yielded a slightly higher deferral percentage and a slightly greater amount as the maximum tax eligible for deferral.

ANALYSIS
THREE BASIC SECTION 6166(a) SCENARIOS

Corrected Post--Examination Computations		Non-Deferred Tax Payment Scenarios		
		Underpayment of Non-Deferred Tax	Overpayment of Non-Deferred Tax	
			Maximum §6166 Deferral Amount	Reduced §6166 Deferral Amount
24	Gross estate	10,000,000.00	10,000,000.00	10,000,000.00
25	Schedules J, K, and L deductions before interest	950,000.00	950,000.00	950,000.00
26	Filing date deductible accrued interest	6,822.45	0.00	0.00
27	§ 6166(b)(6) adjusted gross estate	9,043,177.55	9,050,000.00	9,050,000.00
28	§ 6166 business value	6,250,000.00	6,250,000.00	6,250,000.00
29	Maximum percentage of tax eligible for deferral	0.691129	0.690608	0.690608
30	Net estate tax	2,721,421.83	2,728,788.23	2,728,793.74
31	Maximum amount of tax eligible for deferral	1,880,853.55	1,884,522.98	1,884,526.79
32	Non-deferred tax	840,568.28	844,265.25	844,266.95
33	Tax paid on return due date of Sep-11-2010 with the filing of Form 4768	500,000.00	1,000,000.00	1,000,000.00
34	Underpayment or (Overpayment) of non-deferred tax	340,568.28	(155,734.75)	(155,733.05)
35	Maximum amount of tax eligible for deferral	1,880,853.55	1,884,522.98	1,884,526.79
36	Application of overpayment of non-deferred tax	0.00	0.00	(155,733.05)
37	Tax elected to be deferred under section 6166(a)	1,880,853.55	1,884,522.98	1,728,793.74
38	Tax deferred at 2% rate	598,500.00	598,500.00	598,500.00
39	Tax deferred at 45% of R% rates	1,282,353.55	1,286,022.98	1,130,293.74
40	Annual installment	188,085.36	188,452.30	172,879.37
Corrected Installments Payable				
41	Corrected prepayment credit allocated against 1st installment due Sep-11-2015	0.00	(155,734.75)	0.00
42	Corrected balance of 1st installment payable	188,085.36	32,717.55	172,879.37
43	Corrected prepayment credit allocated against 2nd installment due Sep-11-2016	0.00	0.00	0.00
44	Corrected balance of 2nd installment payable	188,085.36	188,452.30	172,879.37
45	Corrected prepayment credit allocated against 3rd installment due Sep-11-2017	0.00	0.00	0.00
46	Corrected balance of 3rd installment payable	188,085.36	188,452.30	172,879.37