

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B04
PLR-109535-24

Date:
November 18, 2024

Legend

Decedent =

=

Spouse =

Son =

Date 1 =

Date 2 =

x =

Dear :

This letter responds to a letter dated May 1, 2024, and subsequent correspondence, submitted on behalf of Decedent’s estate, requesting an extension of time pursuant to § 301.9100-3 of the Procedure and Administration Regulations to make an election. Decedent’s estate is requesting to make an election under § 2010(c)(5)(A) of the Internal Revenue Code (a “portability” election) to allow a decedent’s surviving spouse to take into account the deceased spousal unused exclusion (DSUE) amount.

The information submitted for consideration is summarized below.

Decedent died on Date 1, survived by Spouse. Based on the value of Decedent’s gross estate on Decedent’s date of death, \$x, Decedent’s estate was not required under § 6018(a) to file an estate tax return, that is, Form 706 – United States Estate (and Generation-Skipping Transfer) Tax Return. Although the timely filing of Form 706 is required in order to make a portability election, Decedent’s estate did not timely file a Form 706, and no portability election was made. See § 20.2010-2(a)(2) of the Estate Tax Regulations (providing for the making of the portability election upon the timely filing of a complete and properly prepared estate tax return).

Spouse died on Date 2. Son, as executor of Spouse's estate, filed Form 706 for Spouse's estate, reporting zero estate tax liability.

Son, as executor of Decedent's estate, now requests an extension of time under § 301.9100-3 to make a portability election in Decedent's estate.

LAW AND ANALYSIS

Section 2001(a) imposes a tax on the transfer of the taxable estate of every decedent who is a citizen or resident of the United States.

Section 2010(a) provides that a credit of the applicable credit amount shall be allowed to the estate of every decedent against the tax imposed by § 2001.

Section 2010(c)(1) provides that the applicable credit amount is the amount of the tentative tax that would be determined under § 2001(c) if the amount with respect to which such tentative tax is to be computed were equal to the applicable exclusion amount.

On December 17, 2010, Congress amended § 2010(c), effective for estates of decedents dying and gifts made after December 31, 2010, to allow portability of a decedent's unused applicable exclusion amount between spouses. Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Pub. L. No. 111-312, § 303, 124 Stat. 3296, 3302 (2010).

Section 2010(c)(2) provides that the applicable exclusion amount is the sum of the basic exclusion amount, and, in the case of a surviving spouse, the DSUE amount.

Section 2010(c)(3) provides the basic exclusion amount available to the estate of every decedent, an amount to be adjusted for inflation annually after calendar year 2011.

Section 2010(c)(4) defines the DSUE amount to mean the lesser of (A) the basic exclusion amount, or (B) the excess of -- (i) the applicable exclusion amount of the last deceased spouse of the surviving spouse, over (ii) the amount with respect to which the tentative tax is determined under § 2001(b)(1) on the estate of such deceased spouse.

Section 2010(c)(5)(A) provides that a DSUE amount may not be taken into account by a surviving spouse under § 2010(c)(2) unless the executor of the estate of the deceased spouse files an estate tax return on which such amount is computed and makes an election on such return that such amount may be so taken into account. The election, once made, shall be irrevocable. No election may be made if such return is filed after the time prescribed by law (including extensions) for filing such return.

Section 20.2010-2(a)(1) provides that the due date of an estate tax return required to elect portability is nine months after the decedent's date of death or the last day of the period covered by an extension (if an extension of time for filing has been obtained).

Under § 20.2010-2(a)(1), an extension of time under § 301.9100-3 to make a portability election may be granted in the case of an estate that is not required to file an estate tax return under § 6018(a), as determined solely based on the value of the gross estate and any adjusted taxable gifts (and without regard to § 20.2010-2(a)).

Under § 301.9100-1(c), the Commissioner has discretion to grant a reasonable extension of time under the rules set forth in §§ 301.9100-2 and 301.9100-3 to make a regulatory election, or a statutory election (but no more than six months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H, and I.

Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time to make an election whose due date is prescribed by a regulation (and not expressly provided by statute). Requests for relief under § 301.9100-3 will be granted when the taxpayer provides evidence to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the government.

Section 301.9100-3(b)(3)(iii) provides that a taxpayer is deemed to have not acted reasonably and in good faith if the taxpayer uses hindsight in requesting relief. If specific facts have changed since the due date for making the election that make the election advantageous to a taxpayer, the IRS will not ordinarily grant relief. In such a case, the IRS will grant relief only when the taxpayer provides strong proof that the taxpayer's decision to seek relief did not involve hindsight.

In this case, based on the representation as to the value of Decedent's gross estate, the time for filing the portability election is fixed by the regulations. Therefore, the Commissioner has discretionary authority under § 301.9100-3 to grant an extension of time for Decedent's estate to elect portability, provided Decedent's estate establishes it acted reasonably and in good faith, the requirements of §§ 301.9100-1 and 301.9100-3 are satisfied, and granting relief will not prejudice the interests of the government.

Based solely on the information submitted and the representations made, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have not been satisfied because Decedent's estate has used hindsight in requesting relief. Accordingly, Decedent's estate is not granted an extension of time to make the portability election.

We neither express nor imply any opinion concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

The rulings contained in this letter are based upon information and representations submitted by the Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Associate Chief Counsel
Passthroughs and Special Industries

By:

Karlene M. Lesho
Chief, Branch 4
Office of the Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosure
Copy for § 6110 purposes

cc: