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# IT-Estate Instructions

(This form is to be used for the estate of a resident decedent having a date of death after December 31, 2001, but before January 1, 2017.)

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The NJ Estate Tax is in addition to the NJ Inheritance Tax. A tax is imposed upon the estate of every resident decedent having a date of death after December 31, 2001, but before January 1, 2017, which would have been subject to an Estate Tax payable to the United States under the provisions of the Federal Internal Revenue Code of 1986, 26 U.S.C.s.1 et seq., in effect on December 31, 2001.

## Who Must File

For decedents dying after December 31, 2001, but before January 1, 2017, a New Jersey Estate Tax return must be filed if the decedent's gross estate, plus adjusted taxable gifts, exceeds \$675,000 as determined in accordance with the provisions of the Internal Revenue Code in effect on December 31, 2001.

## Filing Method

The Form 706 method (Column B) must be used if the taxpayer files or is required to file a Federal Form 706. If the taxpayer does not file or is not required to file a Federal Form 706, then, in addition to the Form 706 method, the Simplified Form Method (Column A) may be used provided that it produces a tax liability similar to the Form 706 method. In those cases in which an estate makes an election to treat an asset in a particular manner for Federal Estate Tax purposes, a similar election must be made for New Jersey Estate Tax purposes. Assets and deductions must be treated in the same manner for both Federal and New Jersey Estate Tax purposes.

### 1. Simplified Form Method

- (a) Submit a completed NJ Inheritance Tax Return (Form IT-R), a copy of the decedent's Last Will and Testament, a copy of the decedent's last Federal Income Tax Return filed prior to death, and the NJ Estate Tax Return with Schedules E-1 through Schedule E-3.
- (b) Complete Column A lines 1(a) through line 18(a) of the NJ Estate Tax Return. The Tax on line 10(a) of the NJ Estate Tax Return is computed using the attached worksheet.
- (c) If the decedent was a surviving spouse and received Qualified Terminable Interest Property (QTIP) from the predeceased spouse for which a marital deduction was elected for Federal and/or New Jersey Estate Tax purposes, the full value of the QTIP property must be included in Schedule E-1. If the decedent was a surviving civil union partner on or after February 19, 2007, and received Qualified Terminable Interest Property from the predeceased civil union partner for which a deduction was elected for New Jersey Estate Tax purposes, the full value of the QTIP property must be included in Schedule E-1.
- (d) The Simplified Form Method is not intended for use in all estates. It may not be used in situations in which it does not produce a tax liability similar to the Form 706 method.

### 2. Form 706 Method

- (a) Submit a completed 2001 Form 706, a copy of any Federal Estate Tax Return filed or required to be filed with the Internal Revenue Service, supporting documentation, a copy of any communication from the Federal Government, a NJ Estate Tax Return, a copy of the decedent's Last Will and Testament, and a copy of the last Federal Income Tax Return filed prior to death. Schedules E-4 through E-7 must be completed for New Jersey assets requiring waivers.
- (b) Complete Column B, Lines 1(b) through Line 18(b) of the NJ Estate Tax Return.
- (c) If the decedent died on or after February 19, 2007, and is survived by a civil union partner, a marital deduction equal to that permitted a surviving spouse under the provisions of the Internal Revenue Code in effect on December 31, 2001, is permitted for New Jersey Estate Tax purposes. In these cases, the 2001 Form 706 should be completed as though the Internal Revenue Code treated a surviving civil union partner and a surviving spouse in the same manner. A surviving civil union partner is treated the same as a surviving spouse for New Jersey Estate Tax purposes.

## Interest Rates and Payment Due Date

Interest accrues at the rate of 10% per annum on any NJ Estate Tax not paid within nine months of the decedent's death. If an extension of time to file the Federal Estate Tax Return is granted, the Director of the Division of Taxation may reduce interest to 6% per annum until the expiration of the Federal Extension or the date of the filing of the Federal Return with the Internal Revenue Service, whichever comes first.

Requests for an interest reduction must be accompanied by a copy of the request made to the Internal Revenue Service for an Extension of Time in which to file the Federal Estate Tax Return along with a copy of any required approval and verification as to the date on which the Federal Estate Tax Return was actually filed.

Payments are first applied to any interest which has accrued to the date of payment.

## Waivers

Tax waivers will only be issued for assets listed on Schedules E-4 - E-7 when filing the Form 706 Method.

When filing under the Simplified Method, waivers will be issued from Schedules A and B of the IT-R.

## Payments on Account

Payments on account may be made at any time to avoid further accrual of interest (on the amount paid). In any case where the amount paid on account for New Jersey Estate Taxes exceeds the amount of tax due after the final assessment has been made, the overpaid amount will be refunded in the due course of business. Make checks payable to NJ Inheritance and Estate Tax and mail to PO Box 249, Trenton, New Jersey 08695-0249. All applications for a refund not already requested on the return filed, should be made on Form IT-PRC within three years from the date of payment.

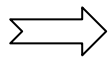
## Lien

For resident decedents dying after December 31, 2001, the NJ Estate Tax remains a lien on all property of the decedent effective as of the date of death until paid. No property may be transferred without the written consent of the Director of the Division of Taxation.

## NEW JERSEY INHERITANCE AND ESTATE TAX: RETURN PROCESSING INSTRUCTIONS

### **Follow these procedures to avoid delays in processing returns, waivers, and refunds:**

- DO NOT enclose returns in any kind of BINDER, SEALED FOLDER or NOTEBOOK.
- DO NOT use STAPLES (especially extra-long staples) on the return.
  - It is OK to use rubber bands or clips to keep the file together.
  - Two-hole ATCO fasteners, along the TOP of the return, are also acceptable.
- DO NOT enclose DUPLICATE COPIES of returns or duplicates of other documents.
  - When filing both Inheritance and Estate Tax, include only ONE copy of the will, trusts, income tax return, 706, appraisals, and any other attachments.



### **A few things to DO:**

- STAPLE checks to the completed payment voucher, and put voucher on TOP.
  - *Make sure checks are signed, and made payable to “New Jersey Inheritance and Estate Tax”*
  - *Include the Decedent’s name and SS# on the check.*
- Place the return and schedules on top (if no payment), with the will and other supporting documents beneath.
- Check that returns are SIGNED by the legal representative of the estate and NOTARIZED.
  - *The representative’s name should be printed clearly beneath the signature*
- VERIFY the decedent’s social security number and date of death.
- Make sure the MAILING ADDRESS on the return is correct – and indicates the person who you want to receive ALL correspondence (letters, bills, waivers, etc).
  - The Division cannot correspond with your attorney or CPA unless they are listed on the front page of the return.
- Clearly mark amended returns as “Amended” along the BOTTOM of the return.
- File Inheritance Tax and Estate Tax returns together when possible.
  - Keep the two returns separate within the same envelope or box.
  - Keep in mind the two taxes have separate due dates for payment of the tax.
  - Include separate checks and vouchers for each tax.