

5: estate tax audit letter to irs

[Finance](#)



**ASSIGN
BUSTER**

A Descendant's E Tax; A letter to the IRS The debate and misunderstanding around the issues that surround the taxvaluation of a deceased party is emotive, contentious and intriguing. It requires that we understand the law's position on the same and the intrigues that involve the calculation of rates and the valuation process itself. In light of this, this paper is a letter to the IRS which aims at analyzing tax issues regarding gift and estate tax and trusts and estates

In light of the recent investigation and findings regarding my client's estate, I take the option to use the right of reply to bring forth issues and fundamental facts about the said estate and therefore dissuade your ambition to re-audit the property valuation on grounds of ostensible under valuation at the decedent's death.

Whether the argument of gross under-valuation stands or not, any misdemeanor in valuation of the estate is squarely to be blamed on the agency itself. There are no records whatsoever to prove that the estate owner tried to, or in deed managed to, evade tax. Any argument on the part of the agency therefore point back at their failure in diligence of duty and execution of powers.

Evaluating the estate again will be a grievous mistake as the estate has grown in leaps and bounds over the years and backdating the taxation filling will accrue unwarranted interest on the estate and thereby create a loss for the beneficiaries.

It is in the best interest of the agency, handlers and the beneficiaries therefore, that the claims and assertions are retracted since the blame is squarely on the agency's failure.

There are other ways that the agency could revenue tax from the estate but <https://assignbuster.com/5-estate-tax-audit-letter-to-irs/>

as I will exemplify below, they too do not allow the agency to draw any monies or assets from the estate as of yet due to the matters of legal technicality and the transfer of ownership that has not yet taken place. Estate tax has been imposed on the transfer of the 'taxable estate' of the deceased nonetheless; the IRS has no jurisdiction over the tax since the estate has not been transferred to the beneficiaries. Until the estate is prepared for transfer, there are no taxes that it attracts and as such there is no fees payable as estate tax. Inheritance tax is paid by the beneficiary not the deceased party. Therefore, in light of the above, the agency has no right whatsoever to levy taxes on unclaimed inheritance either as Estate tax or as Inheritance tax.

It has also not attracted any known gift tax as there is no known record of transfer of the estate, as a whole or in part, to any beneficiary during the client's life. The law has actually exempted gifts from being subjected to taxation.

In light of the above facts and factors, it is pellucid in my view that the agency has no right to lay claim to the estate of the deceased. It is therefore wise that it retracts its assertions and admits liability on its part. Regards

References

DeWind, Adrian W, Lewis, James B, Lidstone Herrick K, Federal Estate Tax, Practicing

Law Institute, 1953.

Lewis, James B, The Estate Tax, Practicing Law Institute, 1979.

Gale William G, Hines James R Jr., Slemrod, Joel, Rethinking Estate and Gift Taxation,

Brookings Institution Press, 2001.

<https://assignbuster.com/5-estate-tax-audit-letter-to-irs/>