

IT-R Instructions

What is Transfer Inheritance Tax?

When someone dies, the assets they own must be transferred from the name of the person who died (the decedent) to other people or entities (beneficiary). The State of New Jersey, by law, may impose a tax on this transfer of ownership, depending on who the beneficiaries are. The law essentially “freezes” all New Jersey financial and real estate assets in a deceased person’s name until the Inheritance Tax, if any, is assessed and paid. The Inheritance Tax is due within eight (8) months of the date of death.

What must happen before “frozen” assets can be released or transferred?

When an Inheritance Tax return is required, the following steps must be completed before waivers to release assets will be issued.

File return. The Inheritance Tax return must be completed and filed with the Division by the appropriate person.

Assessment of tax due. The Division must determine whether any tax is due and how much.

Payment of tax due. Any tax due must be paid in full. Payments can be submitted prior to the return being filed; however, the tax is not considered “paid” until a return is filed and a determination of tax due is made by the Division.

How is the Inheritance Tax Imposed?

The Inheritance Tax is based on **who** is entitled to receive, or has received (via transfers completed prior to death), the decedent’s assets, and **how much** each beneficiary is entitled to receive.

The amount of tax imposed depends on several factors:

- How the assets are distributed to the beneficiaries;
- How the beneficiaries are related to the decedent (see [“Beneficiary Tax Classes”](#));
- The value of the decedent’s assets (and debts) on the date of death;
- Whether the decedent lived in New Jersey or elsewhere.

When is an Inheritance Tax Return (IT-R) required?

A full return must be filed whenever any of a decedent’s assets pass, whether by transfer prior to death, last will and testament, intestacy or operation of law*, to a beneficiary that is a Class C, Class D, Class E, Mutually Acknowledged child, or a Trust of any kind. A return may also be required if a Trust is the primary testamentary instrument. For additional information on when to file a return or other Inheritance Tax forms, see [Inheritance Tax Filing Requirements](#) on the Division’s website.

*“Operation of Law” refers to assets that are jointly held, payable on death (POD), transfer on death (TOD), or any asset with a designated beneficiary.

How is the Inheritance Tax Assessed?

The legal representative of a decedent’s Estate is required to file an Inheritance Tax return (Form IT-R) with the Division of Taxation. This return is an affidavit that reports all of the decedent’s known assets, debts, and beneficiaries as of the date of their death.

The Division will examine the filed return, along with the required documentation (such as the decedent’s will) to determine and fix the taxable value of the Estate and assess the Inheritance Tax due.

When Tax Returns Are Due

When Inheritance Tax is due, the Inheritance Tax return must be filed and **taxes paid within eight (8) months** after the decedent’s death. Use the following chart to determine when the return is due based on the decedent’s date of death.

If the date of death is in:	The return is due on the same date in:
January*	September
February	October
March*	November
April	December
May	January
June*	February
July	March
August*	April
September	May
October*	June
November	July
December	August

*If there is no corresponding date in the eighth month, the due date is the first day of the following month. For example, if a decedent's date of death is January 31, the due date would be October 1 since there is no September 31.

Payments

You can make payments either electronically (e-check or credit card) or by check or money order. Payments on account can be made at any time to avoid or reduce interest for late payment. In any case, where the amount paid on account for New Jersey inheritance taxes exceeds the amount of tax due after final assessment has been made, the overpaid amount will be refunded provided, however, that all applications for a full or partial refund of the payment of the transfer inheritance tax shall be made within three years from the date of such payment.

Payments by Check. Make checks payable to "NJ Inheritance Tax." **Include the decedent's name and Social Security number on the check.** If you are authorizing a check to be sent directly from a bank or other institution, make sure they include this information on the **check note line**. If a check is being submitted by a third party (such as a title company), make sure they include the decedent's information on the check and check stub. If you are mailing a check, keep a copy of it for your records before mailing it.

Online Payments. Online payments can be made by e-check or credit card (processing fees apply). To make an [online payment](#) of estimated tax prior to filing the Inheritance Tax return, call the Inheritance Tax Hotline at (609) 292-5033 and request that a representative establish an account. **Payments cannot be made online unless an account has been created by the Division.** Save a copy of the payment confirmation page for your records. After making an online payment, it is advisable to check the website after several days to confirm that the payment was accepted.

Extension Request

If an extension of time to file is needed, complete and submit [Form IT-EXT](#), Inheritance Tax Application for Extension of Time to File a Return, along with [Form IT-EP](#) to make an estimated payment. **An extension of time to file does not extend the due date for payment or result in any reduction or delay in interest charges on tax due that is paid after the original due date.**

Note: The filing of an IT-EXT without an estimated payment will not establish an account with the Division. (See "Payments" above.)

Connect With Inheritance Tax

Visit the [Inheritance and Estate Tax](#) section of the Division's website, for further information, forms, and resources. You can also browse our [Guide to Being an Executor](#) tax guide.

If additional guidance is required after visiting the website, you can call the **Inheritance Tax Hotline at (609) 292-5033**. Hotline employees cannot complete Inheritance Tax returns over the phone and can only offer general Inheritance and Estate Tax guidance. Specific, complex tax questions about filing a return may require a written request or a callback from an auditor. Representatives cannot make tax rulings over the phone.

Employees of the Inheritance and Estate Tax Branch are prohibited from offering estate planning advice.

Where to File and Pay

The original Inheritance Tax return, amended returns, and payments by check must be mailed to:

Regular Mail and USPS Express Mail:

NJ Division of Taxation
Transfer Inheritance Tax
PO Box 249
Trenton, NJ 08695

Express Mail – Private Carriers (UPS, FedEx, etc.):

NJ Division of Taxation
Transfer Inheritance Tax
PO Box 249
3 John Fitch Way, 6th Floor
Trenton, NJ 08611

Note: Keep a copy of the Inheritance Tax return, amendments, and/or correspondence, before mailing the original to the Division.

Amendments to Original Return

There are multiple ways to file an amended Inheritance Tax return.

Non-Complex Changes

Affidavit method. Describe the change in a supplemental affidavit and submit with all relevant documentation. Include the decedent's name, Social Security number, and date of death in the affidavit. Attach a cover letter that states "Amended Return" and includes any known information from the Division such as file number, DLN, and/or auditor name.

Amended IT-R – affected schedules only. When there are limited adjustments to report, you may submit a notarized copy of the Cover Page, a revised Summary Page with updated totals, and only the schedules that are affected by the change. Include relevant documentation regarding the change. Check the "Amended Return" box on each schedule submitted.

Complex or Multiple Changes

Amended IT-R – all schedules. When an amendment involves multiple changes, file a complete amended IT-R as well as a letter explaining the changes requested. Include any documentation required to verify the changes. There is no need to resubmit documents, such as wills and trusts, previously submitted with the original return. **Check the "Amended Return" box on each schedule of the amended IT-R.**

Payment. If the amended return will result in additional tax due, **submit payment of the estimated tax and interest** with Form IT-PMT. If you make an online payment, submit a copy of the confirmation page.

Waivers (Form 0-1)

A waiver, or Form 0-1, is a form issued by the Division of Taxation that allows you to release specific assets of a deceased person. This waiver represents the "written consent of the Director" (as required by law) to allow the transfer of New Jersey assets owned by, or in the name of, a decedent. To obtain waivers, you must file a return with the Division.

Assets requiring a waiver to transfer (for NJ resident decedents) include:

- Bank accounts, certificates of deposit, brokerage accounts, or any asset held in a New Jersey financial institution which are in the name, or joint names, of a resident decedent;
- Stocks and investment bonds in the name of a resident decedent of corporations organized under the laws of the State of New Jersey;
- Real property (residents and nonresidents), such as real estate, located in New Jersey, and in the name of a decedent (individually or jointly.) Real property held as "tenants by the entirety" in the Estate of the spouse/civil union partner who dies first does not need to be reported, and waivers are not required;

Waivers are not required for automobiles, household goods, personal effects, accrued wages, mortgages, and non-NJ stocks and bonds, but these items must be reported on the filed return.

For additional information on Waivers and Waiver Alternatives, see [Tax Waiver Requirements](#) on our website.

Blanket Waiver. Despite the waiver provisions above, any financial institution may, without a waiver from the Division, release up to 50% of the date of death value of any bank account, certificate of deposit, brokerage account, etc., to a surviving joint tenant, executor, administrator, or other legal representative of a decedent's Estate. This procedure is referred to as a "Blanket Waiver." The procedure is not available for the transfer of stocks, bonds or real property. This blanket waiver also allows a financial institution to honor a check in any amount for which there are funds in the account made directly to the Division of Taxation in order to pay Inheritance Taxes. For a detailed explanation, see [N.J.A.C. 18:26-11.16](#), or the Division of Taxation [Tax Waiver Requirements](#).

Preparing the IT-R

The IT-R is a report of the decedent's assets and debts as of the date of death, and the distribution to the decedent's beneficiaries. The following sections contain information that may be helpful prior to or during the completion of the return.

What to have on hand

- Account statements or letters from banks/financial institutions showing date of death balances for all of the accounts with decedent's name on them.
- Real Estate tax statements or deeds.
- Appraisals of real property, personal property, or businesses.
- Copies of outstanding bills of decedent with date of death balances.
- Copies of mortgage statements, loan agreements, or other debt obligations.
- Decedent's will and/or trust documents, if any.

Definitions/Terms that are referred to on the IT-R and in the instructions for the returns:

Affidavit. A written sworn statement signed in the presence of a Notary Public.

Arm's-Length Transaction. A sale of an asset where the buyer and seller are not related and are each acting in their own self-interests.

Beneficiary. A person who shares in a decedent's Estate.

Civil Union Couple. The legally recognized union of two eligible individuals of the same sex established pursuant to the Civil Union Act. Partners in a Civil Union receive the same benefits and protections and are subject to the same responsibilities as spouses in a marriage. Any reference in this publication to a spouse also refers to a spouse who entered into a valid same-sex marriage in another state or foreign nation and a partner in a [civil union \(CU\)](#) recognized under New Jersey law.

Clear Market Value. The market value of any property included in any transfer, minus any deductions allowable under the law.

Decedent. A person who has died.

Direct Tax. The Inheritance Tax charged on a Class C or Class D beneficiary that is not subject to a contingent event.

Director. The Director of the Division of Taxation, which is an agency of the New Jersey Department of the Treasury.

Distribution. The manner in which the assets of a decedent are apportioned to the beneficiaries of their Estate.

Domestic Partner. An individual who is in a relationship that satisfies the definition of a domestic partnership as set forth in the Domestic Partnership Act. To be considered a domestic partnership, both parties must have jointly filed an Affidavit of Domestic Partnership with their local registrar.

Estate/Property. Those assets of the decedent passing to or transferred to their beneficiaries that are not exempt from the provisions of the law.

Gross Estate. The value, as of the decedent's date of death, of their property, wherever situated, that is included in the decedent's Estate for Inheritance Tax purposes.

Market Value. The value of an asset as of the date of death of the decedent. This means the price that would be paid for an asset in an arm's-length transaction by a willing buyer to a willing seller.

Legal Representative of the Estate. The person(s) or entity that is entitled to act on behalf of the Estate and is legally responsible for all Estate matters, including filing of the Inheritance Tax return and payment of the tax.

Personal Property. Any tangible or intangible property or assets owned that are not real property.

Supplemental Affidavit. An affidavit submitted with a return to support claims made in the return, or submitted after the return is filed to support amendments to the return.

Transfer. The passing of property or any interest therein, in possession or enjoyment, present or future, by distribution by statute, devise, bequest, grant, deed, bargain, sale, or gift.

Transferee. A person to whom assets have been transferred.

Waiver. The written consent of the Director, on Form 0-1, permitting the transfer of specific assets held in the name of a decedent or a decedent and others.

Beneficiary Tax Classes

All beneficiaries of an Estate are categorized as one of four Tax Classes: A, C, D or E.

Class A beneficiaries are exempt from Inheritance Tax.

The following relationships are considered Class A beneficiaries:

- Surviving spouse;
- Civil union partner after February 19, 2007;
- Domestic partner after July 10, 2004;
- Child (including a legally adopted child);
- Grandchild, great-grandchild, etc.;
- Parents, grandparents, etc.;
- Mutually acknowledged child;
- Stepchild, (but not a step-grandchild or their descendants).

Class C beneficiaries are taxed at rates from 11% to 16% after a \$25,000 exemption for each beneficiary (see [How to Calculate Class C Tax](#)).

The following relationships are considered Class C beneficiaries:

- Sibling of a decedent (including half-siblings);
- Spouse or surviving spouse of a child of a decedent (i.e., son-in-law or daughter-in-law);
- Civil union partner or surviving civil union partner of a child of a decedent (after February 19, 2007).

Class D beneficiaries are taxed at rates from 15% to 16%. (See [How to Calculate Class D Tax](#)). Class D beneficiaries are any beneficiaries that are **not** specifically classified as Class A, Class C, or Class E.

Examples of common Class D beneficiaries:

- Nieces and nephews;
- Aunts, uncles, and cousins (of all degrees);
- Personal friends;
- Step-grandchildren and their descendants;
- Ex-spouses;
- Live-in “partners” who are not certified domestic partners.

Examples of less common Class D beneficiaries:

- Stepbrother, stepsister, stepparent;
- Spouse/civil union partner/domestic partner of a stepchild/mutually acknowledged child of the decedent;

- Surviving spouse/surviving civil union partner/surviving domestic partner of a stepchild/mutually acknowledged child of the decedent;
- Corporations (non-charitable).

Class E beneficiaries are exempt from Inheritance Tax. Class E beneficiaries include but are not limited to:

- Qualified charities and all 501(c)(3) organizations;
- Religious institutions;
- Educational and medical institutions;
- Nonprofit benevolent or scientific institutions;
- The State of New Jersey or its political subdivisions (counties, municipalities).

Exemptions From Inheritance Tax

The New Jersey Administrative Code lists certain specific transfers which, per New Jersey statutes, are not subject to New Jersey Inheritance Tax. A brief summary of the most common of these follows.

Tenants by the entirety real property (held jointly by spouses or civil union couple) is not subject to the New Jersey Inheritance Tax when passing to the surviving spouse/civil union partner.

Wrongful death proceeds. Any sum recovered under the New Jersey Death Act as compensation for the wrongful death of a decedent is not subject to the New Jersey Inheritance Tax. This includes funds recovered under settlement or compromise agreements in these cases (but only that part of which can be determined to have been awarded specifically for wrongful death).

Exceptions: Those funds awarded that are related to the injury but would have been payable to, or for the benefit of, the decedent during their lifetime, are not considered wrongful death proceeds and are considered assets of the Estate, such as for:

- Pain and suffering;
- Medical expenses, nursing care, hospitalization, etc. (usually claimed as deductions);
- Loss of earnings;
- Funeral expenses.

These proceeds can, however, be defrayed by being applied to medical expenses or other debts related to the injury causing death.

Life insurance proceeds payable to named beneficiaries, or beneficiaries of an insurance trust established by the decedent, are exempt for New Jersey Inheritance Tax purposes. **Note:** Insurance policy proceeds payable to the Estate, instead of a named beneficiary, are includible in the Estate and are **subject to tax**.

Property received from the federal government. Property received by an Estate directly from the federal government is exempt when recovered under the following:

- Federal Liability for Injuries to Employees Act;
- A war risk insurance certificate or policy;
- Any pension, annuity, retirement allowance, return of contributions or benefit payable pursuant to the Civil Service Retirement Act, Retired Serviceman's Family Protection Plan, and the Survivor Benefit Plan to a named beneficiary.

New Jersey State pensions. All payments at death that fall under the following are exempt from Inheritance Tax:

1. The Teachers' Pension and Annuity Fund;
2. The Public Employees' Retirement System for New Jersey;
3. The Police and Firemen's Retirement System of New Jersey;
4. Such other New Jersey State, county, and municipal systems as may have a tax exemption clause as broad as that of the three major State pension systems.

Exceptions: The following are **not** considered benefits of the Public Employees' Retirement System, and all proceeds are subject to tax in the decedent's Estate:

- The supplemental annuity plan of the State of New Jersey;
- New Jersey Deferred Compensation Plan;
- TIAA-CREF benefit plans;
- All other benefit plans that do not meet the criteria stated in 4 above.

Completing the Inheritance Tax Return

The following sections provide guidance for completion of each schedule of the Inheritance Tax return, as well as tax calculation tables and examples. Each section provides "How To" instructions as well as additional information you will need to complete each schedule.

When filing the return, you should include all schedules even if some of them contain no information or do not apply to the Estate.

If you require more space to list items on any schedule, additional copies of each schedule are provided in a separate packet.

When submitting the Inheritance Tax return, do not forget to include any of the following that are applicable:

- Decedent's death certificate;
- Letters of Testamentary/Administration/Affidavit of Next of Kin;
- Last full year federal income tax return, Form 1040;
- Last Will and Testament, with any codicils (a supplement that modifies the will);
- Trust documents, with amendments;
- Any filed disclaimers;
- Attachments to any schedules, including any needed documentation;
- Payment of any tax due and any applicable interest with Form IT-PMT.

IT-R Cover Page

Estate Information

Decedent's Name

Enter the legal name (last name, first name) of the decedent for whom you are filing this return.

Note: The return will be processed using the name entered here. This name should be used throughout the rest of the return.

AKA

If the decedent was also known by another name that would appear on a deed, bank account, will, trust, tax return, etc., enter that name here.

Decedent's Social Security Number

Enter the decedent's complete Social Security number. If the complete and correct Social Security number is not entered, processing will be delayed. If the decedent did not have a Social Security number, write "NONE" in this field on this page and leave blank on the remaining schedules of the return.

Note: Always double-check that the decedent's Social Security number is entered correctly, and that you are **not** entering your own Social Security number, a spouse's Social Security number, or the Estate EIN.

Date of Death

Enter the decedent's certified date of death. This will normally match their death certificate. Inform the Division of any discrepancies (or questions) regarding the date of death in a supplemental statement included with the tax filing.

NJ County of Residence

Enter the New Jersey county where the decedent was a legal resident (or "domiciled"). Typically, the county of residence is where the Surrogate's Court documentation is issued.

STOP if the decedent was **not** a resident of New Jersey. This is not the correct return. See the [Non-Resident Return IT-NR](#) for more information.

Correspondence/Authorized Representative

Enter the contact information of the person or firm that you are authorizing to receive all correspondence and communication about this return.

In this section, you, as the legal representative of the Estate (Executor, Administrator, or Heir-at-law), are notifying the Division of Taxation which additional parties (besides yourself) the Division is permitted to correspond with regarding all matters relating to this return.

The contact information you enter in this section tells the Division where to send all correspondence regarding the decedent's Estate, including but not limited to: requests for information, tax waivers, bills, refund checks, and notices. You can designate a tax professional hired by the Estate (i.e., attorney or law firm, CPA, IRS enrolled agent, etc.), yourself as the legal representative of the Estate, or anyone else for this purpose.

In all cases, the Division may also correspond with the legal representative(s) who sign this return.

Important: The Division is **only** allowed to correspond (including phone inquiries, emails, and/or status requests) with the person or firm **named in this section**. If a person or firm is not listed here, the Division cannot communicate with them. If you want to change contacts or add people that the Division can correspond or discuss this return with, you must notify the Division in writing, or by filing [Form M-5008-R](#), Appointment of Taxpayer Representative.

Note: The Estate representative is not required to hire a tax professional to complete this return.

Lines 1–5

Answer the five questions, and submit any indicated documents.

Trust documents. If a trust was restated during the decedent's lifetime, it is not necessary to provide copies of the original trust document. Only submit the latest "restated" version and amendments. If a trust was funded during the decedent's lifetime, provide a complete list of assets (at date of death value) currently held by the trust.

Disclaimers. A disclaimer is a legally executed document in which beneficiaries give up their right to inherit from a decedent. When a beneficiary disclaims assets, those assets are then distributed as if the beneficiary had predeceased the decedent. The disclaiming beneficiary has no rights as to how the assets are then distributed (i.e., one cannot disclaim in favor of another person). A beneficiary may not file disclaimers once they have taken possession of an inherited asset.

Certification of Summary Page Amounts

Enter the dollar amounts from lines 7 and 17 of the Summary Page after the return has been completed and before signing and notarizing the return in the next section.

Signature and Notarization

The return must be signed by the legal representative of the Estate (Executor, Administrator or Heir-at-law), and the signature **must be notarized** by a Notary Public. The entire return is an **affidavit** and will not be considered valid without an authorized signature. An attorney or other fiduciary may not sign the return on behalf of the legal representative.

If there is more than one legal representative, such as co-executors, only one of them is required to sign the return for Division of Taxation purposes. If all representatives sign, attach one copy of the cover page with each representative's notarized signature.

Processing a return without a valid notarized, original signature will be delayed until the signature can be obtained.

Important: The return you submit to the Division must contain this Cover Page with the original signature. **Do not send a photocopy of this page.**

IT-R Summary Page

Complete this schedule **after** you have completed Schedules A through E. Include all schedules when filing, even if a schedule does not apply.

Decedent's Name

Enter the Decedent's name as reported on the Cover Page.

Decedent's Social Security Number

Enter the decedent's complete Social Security number.

Date of Death

Enter the decedent's date of death using mm/dd/yyyy format.

NJ County of Residence

Enter the New Jersey county where the decedent lived.

Will or No Will Check Box

Check "Will" even if the decedent's will was not probated.

Estate Value Calculation**Line 1 – New Jersey Real Property**

Enter the Total of all New Jersey real property from Schedule A.

Line 2 – Closely Held Businesses

Enter the Total of all closely held businesses from Schedule B.

Line 3 – All Other Personal Property

Enter the amount from line 5 of Schedules B1–B4 Recap.

Line 4 – Transfers

Enter Total of all transfers from Schedule C, Part III, Section B.

Line 5 – Gross Estate

Add lines 1–4 and enter the total.

Line 6 – Deductions

Enter the Total of all deductions claimed from Schedule D, Part III.

Line 7 – Net Estate

Subtract line 6 from line 5. This is the Net Estate. These are the funds available for distribution to the beneficiaries. If line 6 is greater than line 5, enter zero.

Line 8 – Contingent Amount

Enter the portion of the decedent's Net Estate that will be distributed based on future contingent events or conditions. If this situation does not apply to the decedent's Estate, enter zero.

Line 9 – Balance of Estate

Subtract line 8 from line 7 and enter the result. This is the balance of the Estate available for distribution and calculation of tax on lines 10–14.

On lines 10–14, you will compile the total of each tax Class in the appropriate row and column. See [Summary Page Additional Instructions](#) for examples and a column-by-column explanation.

Line 10 – A–Spouse

Class A beneficiary who is a surviving spouse or civil union partner. There can only be one beneficiary on this line.

Line 11 – A–Other

All other Class A beneficiaries, including domestic partner.

Line 12 – C

All Class C beneficiaries.

Line 13 – D

All Class D beneficiaries.

Line 14 – E

All Class E beneficiaries.

Total Distribution (Box)

Add the Total Distribution amounts from lines 10–14. This total should equal the Balance of Estate on line 9.

Line 15 – Compromise Tax

The amount of tax proposed on the portion of the Contingent Amount on line 8 for which the contingencies have not yet occurred. A Compromise Tax is based on the current payment of possible future tax. (See [Summary Page Additional Instructions – “Line 15 – Compromise Tax Due”](#) for details). **If line 8 is zero, enter zero.**

Note: There is no interest due on a Compromise Tax.

Line 16 – Contingent Tax

The amount of tax calculated based on the portion of the Contingent Amount on line 8 that became part of the Estate after the date of death or if contingencies have already occurred. (See [Summary Page Additional Instructions – “Line 16 – Contingent Tax”](#) for details). **If line 8 is zero, enter zero.**

Note: It is rare to have a contingent tax due when the return is filed prior to the eight-month due date.

Line 17 – Total Tax Due

Enter the total of lines 10–16. This is the total amount of tax due based on the distribution of the decedent’s Estate.

Line 18 – Interest Due

Enter the total interest due as a result of late payment of any part of the tax from lines 12 and 13. Interest at the rate of 10% per year will accrue on the **unpaid portion** of the tax. (See examples of interest calculation in [Summary Page Additional Instructions – “Line 18 – Interest Due”](#)).

Line 19 – Total Amount Due

Add lines 17 and 18 and enter the total.

Line 20 – Payments Made

If any payments were made to the Division of Taxation prior to filing the Inheritance Tax return, enter the total amount of previous payments. If no previous payments were made, enter 0.

Line 21 – Balance Due

If line 19 is more than line 20, subtract line 20 from line 19 and enter the balance due. This is the **amount that needs to be paid** with the Inheritance Tax return.

Line 22 – Refund

If line 20 is more than line 19, subtract line 19 from line 20 and enter the amount overpaid. This is the amount requested as a refund to the Estate.

Lines 23–26 (Categories 1, 2, 3, and 4) are for Division use only. Do not check these boxes.

Summary Page Additional Instructions

Class C Tax

How to Calculate Class C Tax

Use the worksheet below to calculate the tax for each Class C beneficiary. Tax is calculated on the total amount each beneficiary is receiving. If there is more than one Class C beneficiary, do **not** combine the amounts they are each receiving prior to calculating the tax. The worksheet is intended to calculate the tax due for **one** beneficiary; the tiered tax rates and exemptions are applicable on an individual basis.

Class C Beneficiary Worksheet				
Individual Beneficiary’s share: \$ _____		← If this amount is \$25,000 or less, this beneficiary has no tax.		
			Rate	Tax
1. First \$25,000 Exempt	_____	x	0%	= _____
2. Amount over \$25,000 up to \$1,100,000	_____	x	11%	= _____
3. Amount over \$1,100,000 up to \$1,400,000	_____	x	13%	= _____
4. Amount over \$1,400,000 up to \$1,700,000	_____	x	14%	= _____
5. Amount over \$1,700,000	_____	x	16%	= _____
				Total Tax _____
Total (line 1 through line 5)		← This amount should match the individual beneficiary’s share.		

Example of Class C Tax Calculations

Example: A decedent's Estate is payable to three Class C beneficiaries as follows:

1. Beneficiary #1 receives \$ 15,000
2. Beneficiary #2 receives \$ 250,000
3. Beneficiary #3 receives \$1,200,000

The three worksheets below show how the tax on each share is calculated.

1. Beneficiary #1 receives \$15,000. The applicable tax rate is 0%, and no tax is due on Beneficiary #1's distribution.

Class C Beneficiary Worksheet					
Individual Beneficiary's share: \$ 15,000		← If this amount is \$25,000 or less, this beneficiary has no tax.			
			Rate		Tax
1. First \$25,000 Exempt	\$ 15,000	x	0%	=	\$ 0
2. Amount over \$25,000 up to \$1,100,000		x	11%	=	
3. Amount over \$1,100,000 up to \$1,400,000		x	13%	=	
4. Amount over \$1,400,000 up to \$1,700,000		x	14%	=	
5. Amount over \$1,700,000		x	16%	=	
					Total Tax \$ 0
Total (line 1 through line 5)		\$ 15,000	← This amount should match the individual beneficiary's share.		

2. Beneficiary #2 receives \$250,000. The applicable tax rates are 0% on the first \$25,000 and 11% on the next \$225,000.

Class C Beneficiary Worksheet					
Individual Beneficiary's share: \$ 250,000		← If this amount is \$25,000 or less, this beneficiary has no tax.			
			Rate		Tax
1. First \$25,000 Exempt	\$ 25,000	x	0%	=	\$ 0
2. Amount over \$25,000 up to \$1,100,000	\$ 225,000	x	11%	=	\$ 24,750
3. Amount over \$1,100,000 up to \$1,400,000		x	13%	=	
4. Amount over \$1,400,000 up to \$1,700,000		x	14%	=	
5. Amount over \$1,700,000		x	16%	=	
					Total Tax \$ 24,750
Total (line 1 through line 5)		\$ 250,000	← This amount should match the individual beneficiary's share.		

3. Beneficiary #3 receives \$1,200,000. The applicable tax rates are 0% on the first \$25,000, 11% on the next \$1,075,000, and 13% on the remainder \$100,000.

Class C Beneficiary Worksheet					
Individual Beneficiary's share: \$ 1,200,000		← If this amount is \$25,000 or less, this beneficiary has no tax.			
			Rate		Tax
1. First \$25,000 Exempt	\$ 25,000	x	0%	=	\$ 0
2. Amount over \$25,000 up to \$1,100,000	\$ 1,075,000	x	11%	=	\$ 118,250
3. Amount over \$1,100,000 up to \$1,400,000	\$ 100,000	x	13%	=	\$ 13,000
4. Amount over \$1,400,000 up to \$1,700,000		x	14%	=	
5. Amount over \$1,700,000		x	16%	=	
					Total Tax \$ 131,250
Total (line 1 through line 5)		\$ 1,200,000	← This amount should match the individual beneficiary's share.		

Once the tax has been calculated for each beneficiary, combine the total of each beneficiary's share, exemption amounts from line 1, and tax due amounts. The combined totals are then entered on the IT-R Summary Page on line 12 for Class C, as shown below:

	Tax Class	Total Beneficiaries in Each Tax Class	Total Distribution for Each Tax Class	Total Exemption for Each Tax Class	Total Taxable Amount	Tax Calculation	
10.	A-Spouse*					10.	
11.	A-Other					11.	
12.	C	3	\$1,465,000	\$65,000	\$1,400,000	12.	\$156,000
13.	D					13.	
14.	E					14.	
Total Distribution			\$1,465,000	This amount should equal the amount on line 9			

Class D Tax

How to Calculate Class D Tax

Use the worksheet below to calculate the tax for each Class D beneficiary. Tax is calculated on the total amount each beneficiary is receiving. Do **not** combine the amount all Class D beneficiaries are receiving prior to calculating the tax. The worksheet is intended to calculate the tax due for **one** beneficiary; the tiered tax rates are applicable on an individual basis.

Class D Beneficiary Worksheet			
Individual Beneficiary's share: \$ _____ ← If this amount is \$499 or less, this beneficiary has no tax.*			
		Rate	Tax
1. First \$700,000.....	_____ x 15%	=	_____
2. Amount over \$700,000.....	_____ x 16%	=	_____
		Total Tax	_____
Total (line 1 plus line 2).....	_____ ←	This amount should match the individual beneficiary's share.	

*For Class D beneficiaries, if an individual beneficiary is receiving less than \$500 (\$0-\$499), there is no tax due on that amount. However, if an individual Class D beneficiary receives \$500 or more, the **total amount** is taxable.

Examples of Class D Tax Calculations

Example: A decedent's Estate is payable to two Class D beneficiaries as follows:

- Beneficiary #1 receives \$ 300,000
- Beneficiary #2 receives \$1,500,000

The two worksheets below show how the tax on each share is calculated.

1. Beneficiary #1 receives \$300,000. The applicable tax rate is 15% on the total amount of \$300,000.

Class D Beneficiary Worksheet			
Individual Beneficiary's share: \$ 300,000 ← If this amount is \$499 or less, this beneficiary has no tax.*			
		Rate	Tax
1. First \$700,000.....	\$ 300,000 x 15%	=	\$ 45,000
2. Amount over \$700,000.....	_____ x 16%	=	_____
		Total Tax	\$ 45,000
Total (line 1 plus line 2).....	\$ 300,000 ←	This amount should match the individual beneficiary's share.	

2. Beneficiary #2 receives \$1,500,000. The applicable tax rates are 15% on the first \$700,000 and 16% on the remaining \$800,000.

Class D Beneficiary Worksheet					
Individual Beneficiary's share: \$		1,500,000		← If this amount is \$499 or less, this beneficiary has no tax.*	
			Rate		Tax
1.	First \$700,000.....	\$ 700,000	x 15%	=	\$ 105,000
2.	Amount over \$700,000.....	\$ 800,000	x 16%	=	\$ 128,000
					Total Tax \$ 233,000
Total (line 1 plus line 2).....		\$ 1,500,000	← This amount should match the individual beneficiary's share.		

Once the tax has been calculated for each beneficiary, combine the total of each beneficiary's share and total tax amounts. The combined totals are then entered on the IT-R Summary Page on line 13 for Class D, as shown below:

	Tax Class	Total Beneficiaries in each Tax Class	Total Distribution for each Tax Class	Total Exemption for each Tax Class	Total Taxable Amount	Tax Calculation	
10.	A-Spouse*					10.	
11.	A-Other					11.	
12.	C					12.	
13.	D	2	\$ 1,800,000	\$ 0	\$ 1,800,000	13.	\$ 278,000
14.	E					14.	
Total Distribution			\$ 1,800,000	This amount should equal the amount on line 9			

Lines 10–14: Distribution and Tax Calculation by Column

Sample distributions are provided in the “Distribution Examples” section below.

Tax Class (prefilled):

- Line 10: A–Spouse
- Line 11: A–Other
- Line 12: Class C
- Line 13: Class D
- Line 14: Class E

Total Beneficiaries in Each Tax Class

On each line, enter the total number of the beneficiaries that are in each Tax Class.

Note: Line 10 A–Spouse can never be more than 1.

Total Distribution for Each Tax Class

On each line, enter the total amount of funds to be distributed for that Tax Class of beneficiaries.

Total Distribution Box

Add the distributions in this column from lines 10–14 and enter the total in the Total Distribution box. This amount should equal **Line 9 – Balance of Estate**. If it does not equal, you may not have distributed the balance of the Estate correctly, which may result in an incorrect tax calculation.

Total Exemption for Each Tax Class

Enter the total exemption amount for each Tax Class.

Lines 10, 11, and 14

Class A and E beneficiaries are exempt from Inheritance Tax. Therefore, the Total Exemption for each Tax Class column will equal the Total Distribution for each Tax Class column on lines 10, 11, and 14.

Line 12

Each Class C beneficiary is entitled to a maximum exemption of \$25,000 on the amount they are to receive. If any Class C beneficiary is receiving less than \$25,000, their exemption will only be equal to the amount they are to receive. Add together the exemption amounts for all beneficiaries in Class C and enter the total.

Line 13

Class D beneficiaries receive no exemption.

Exception: Any Class D beneficiary who receives a **total** of \$499 or less will be exempt from Inheritance Tax on the amount they receive. This does not mean that there is a \$499 exemption for each Class D beneficiary. If a Class D beneficiary receives \$500 or more, the entire amount is taxable. Add up the exemption amounts for all Class D beneficiaries who receive \$499 or less and enter the total on this line. (Example 2 below)

Total Taxable Amount

For each line, subtract the amount in the Total Exemption column from the Total Distribution column and enter the result.

Lines 10, 11, and 14 (Class A and E beneficiaries) have been prefilled with zero (0). These beneficiaries are exempt from Inheritance Tax; there is no taxable amount.

Tax Calculation

For Class C and D beneficiaries (lines 12 and 13), use the Tax Calculation worksheets to calculate the tax due on lines 12 and 13. If there are **multiple beneficiaries in a tax class**, you must calculate the tax on each beneficiary separately, then add together all of the resulting tax amounts. Enter the total tax of each tax class in this column.

Distribution Examples – Lines 10–14

Example 1: A decedent has a Balance of Estate on line 9 of \$171,000. The Estate is distributed as follows:

- One child (Class A) receiving \$100,000
- One sibling (Class C) receiving \$50,000
- A niece and a nephew (Class D) each receiving \$10,000, and
- A charity (Class E) receiving \$1,000.

	Tax Class	Total Beneficiaries in each Tax Class	Total Distribution for each Tax Class	Total Exemption for each Tax Class	Total Taxable Amount	Tax Calculation	
10.	A–Spouse*					10.	
11.	A–Other	1	\$ 100,000	\$ 100,000	\$ 0	11.	\$ 0
12.	C	1	\$ 50,000	\$ 25,000	\$ 25,000	12.	\$ 2,750
13.	D	2	\$ 20,000	\$ 0	\$ 20,000	13.	\$ 3,000
14.	E	1	\$ 1,000	\$ 1,000	\$ 0	14.	\$ 0
Total Distribution			\$ 171,000	This amount should equal the amount on line 9			

Example 2: A decedent has a balance of the Estate on line 9 of \$65,400. The Estate is distributed as follows:

- Two siblings (Class C)
 - The first sibling is receiving \$50,000
 - The second is receiving \$15,000
- One friend (Class D) is receiving \$400.

	Tax Class	Total Beneficiaries in each Tax Class	Total Distribution for each Tax Class	Total Exemption for each Tax Class	Total Taxable Amount	Tax Calculation	
10.	A–Spouse*					10.	
11.	A–Other					11.	
12.	C	2	\$ 65,000	\$ 40,000	\$ 25,000	12.	\$ 2,750
13.	D	1	\$ 400	\$ 400	\$ 0	13.	\$ 0
14.	E					14.	
Total Distribution			\$ 65,400	This amount should equal the amount on line 9			

Example 3: A decedent has a balance of the Estate on line 9 of \$100,000. The Estate is distributed as follows:

- Two nephews (Class D), each receiving \$50,000

	Tax Class	Total Beneficiaries in each Tax Class	Total Distribution for each Tax Class	Total Exemption for each Tax Class	Total Taxable Amount	Tax Calculation	
10.	A-Spouse*					10.	
11.	A-Other					11.	
12.	C					12.	
13.	D	2	\$ 100,000	\$ 0	\$ 100,000	13.	\$ 15,000
14.	E					14.	
Total Distribution			\$ 100,000	This amount should equal the amount on line 9			

Example 4: A decedent has a balance of the Estate on line 9 of \$72,700. The Estate is distributed as follows:

- One child (Class A) is receiving \$34,800
- Two Class D
 - One cousin receiving \$27,900
 - One non-relative receiving \$10,000

	Tax Class	Total Beneficiaries in each Tax Class	Total Distribution for each Tax Class	Total Exemption for each Tax Class	Total Taxable Amount	Tax Calculation	
10.	A-Spouse*					10.	
11.	A-Other	1	\$ 34,800	\$ 34,800	\$ 0	11.	\$ 0
12.	C					12.	
13.	D	2	\$ 37,900	\$ 0	\$ 37,900	13.	\$ 5,685
14.	E					14.	
Total Distribution			\$ 72,700	This amount should equal the amount on line 9			

Example 5: A decedent has a balance of the Estate on line 9 of \$472,249. The Estate is distributed as follows:

- One stepchild (Class A) is receiving \$127,875
- One sibling (Class C) is receiving \$163,250
- Two Class D
 - One non-relative is receiving \$41,750
 - One step-grandchild is receiving \$76,687
- One charity is receiving \$62,687

	Tax Class	Total Beneficiaries in each Tax Class	Total Distribution for each Tax Class	Total Exemption for each Tax Class	Total Taxable Amount	Tax Calculation	
10.	A-Spouse*					10.	
11.	A-Other	1	\$ 127,875	\$ 127,875	\$ 0	11.	\$ 0
12.	C	1	\$ 163,250	\$ 25,000	\$ 138,250	12.	\$ 15,208
13.	D	2	\$ 118,437	\$ 0	\$ 118,437	13.	\$ 17,766
14.	E	1	\$ 62,687	\$ 62,687	\$ 0	14.	\$ 0
Total Distribution			\$ 472,249	This amount should equal the amount on line 9			

Lines 15 and 16 – Taxes due on Contingent Amount Reported on Line 8

An Estate is responsible for paying Inheritance Tax any time there is a taxable distribution of the decedent's property that had been reported as contingent, or which became part of the decedent's Estate after their death.

A **Compromise Tax** is proposed when the amount of funds to be distributed is known as of the date of death (amount reported on Line 8), but the actual **distribution** of the funds is **unknown until a contingent event occurs**. (See Line 15 instructions below.)

A **Contingent Tax** occurs when the **amount** of funds to be distributed was **unknown** at the date of death, but the **distribution** of any future funds is known (i.e., who the beneficiaries will be). (See Line 16 instructions below.)

Line 15 – Compromise Tax Due

This is the amount of tax proposed based on the contingent amount reported on line 8 and possible future distributions of this amount. The Division will suggest a "compromise" of the tax based on estimates of likely contingent event(s), and the present value of eventual estimated tax. The amount of tax proposed would be paid **immediately** in order to settle the Inheritance Tax proceeding.

Calculation of Compromise Tax. To potentially reduce audit time of the return, you may calculate and propose a compromise tax for the Division's review. For guidance, see the Inheritance [Tax Guide for the Computation of the Compromise Tax](#). The Estate should include an attachment detailing full calculations and enter the proposed tax amount on line 15. If you leave line 15 blank, the Division will propose the compromise tax and notify the Estate of the amount due. The Division reserves the right to reject or alter the Estate's proposed compromise tax. However, barring an error in interpreting the contingencies on the Division's part, or certification of the prior occurrence of a contingency, the Division's offer will be final.

Note: There is no late payment interest on a compromise tax. However, waivers will not be released until the compromise tax is paid or otherwise provided for.

Example of a situation triggering a Compromise Tax. Sandy B. executes a will that leaves the residue of her Estate to her spouse Randy (a Class A). Her will also sets up a trust and devises \$100,000 of her Estate to fund the trust. The trust is stated to be for the benefit of Randy should he need the money for his daily needs or emergency situations. Randy will have the right to use as much of the principal of the trust as needed during his lifetime (this is called "the power to invade"). The terms of the trust also state that, upon Randy's death, funds that remain in the trust (whatever Randy did not use) will then pass to their niece and nephew, Chloe and Joey (Class D beneficiaries).

When Sandy passes away, it is unknown at the date of her death how much, if any, of the assets of the trust Randy will use, and how much will remain to eventually pass to Chloe and Joey (and would then be taxable). Therefore, all of the assets in the trust are considered "contingent" at the date of Sandy's death. At the date of Randy's death (a "future event"), Chloe and Joey would then be responsible for the Class D tax on whatever amount they eventually receive. It could be zero if Randy uses all the money, or it could be \$100,000 if he uses none of it, or any amount in between. Any Inheritance Tax would then have to be paid within two months of the date of Randy's death, or interest on the tax would begin to accrue.

Acceptance of Compromise. To settle Sandy's Estate when her return is filed, and rather than potentially wait for many years for the main contingency to occur (i.e., Randy's death), the Division will offer a lower amount of tax to be paid now based on the present value of the likely amount of tax that would eventually be due. If Sandy's Estate accepts and pays the offered amount, Sandy's Estate would be settled as far as the Division is concerned, and waivers would be issued. No matter what contingencies then occur in the future with the trust, the tax would not be reassessed.

Rejection of Compromise. If Sandy's Estate representative chooses to reject the compromise, and instead wait to pay the tax (if any) until the contingencies happen, the Estate representative would be required to file a bond (annually until contingencies occur) of **double** the amount of the maximum possible tax on the \$100,000 in order to receive waivers. Sandy's Estate would remain open until either the trust is exhausted or Randy dies. In the event of Randy's death with funds still remaining in the Trust, the tax on the remainder would then become a "Contingent Tax" (see below).

Line 16 – Contingent Tax

There are two types of contingent tax, each with different payment due dates and interest rules.

1. Occurrence of Contingency: Upon the occurrence of a contingency set up in a will, trust, deed, transfer, or other instrument that called for assets to be distributed at a future time based on future events, or transfers via a "power of appointment," the tax on the amount distributed must be paid within two months of the date of the occurrence of the contingency.

Interest Rules: If not paid within two months, interest will be assessed on the unpaid tax at 10% per year from the expiration of the two-month period until the tax is paid.

Example: In the example described under “Line 15 – Compromise Tax,” Sandy’s Estate representative rejected the offer of compromise because Randy was relatively young with an active lifestyle and probably would use up the funds in the trust for his own use. Thus, the assumption was that there probably would be no Inheritance Tax due from Chloe and Joey. However, within a year of filing the return, Randy passes away without having used any significant funds from the trust and \$100,000 still remaining in trust. This amount now “vests” for Chloe and Joey who owe 15% Class D tax (\$100,000 x 15% = \$15,000) as a contingent tax on the inheritance from Sandy’s Estate. This amount must be paid within two months of Randy’s death or interest will accrue as stated above.

2. Wrongful Death: Certain funds recovered as a result of a wrongful death action filed on behalf of the decedent are includible in the taxable Estate. The amount of funds that eventually became part of the Estate could not have been known at the date of the decedent’s death. Therefore, the tax on these funds is considered a contingent tax. The tax must be paid within 30 days of the receipt of the award or settlement.

Interest Rules: If the tax is not paid within 30 days of receipt, interest at 10% per year will begin to accrue after eight months from the date of the award determination (i.e., the date of the judgment or settlement of the lawsuit) until the tax is paid.

Example: Roberto dies in 2019 as a result of an infection contracted in a nursing home where he resided prior to his death. Following his death, Roberto’s executor files an Inheritance Tax return. The tax is paid on the assets currently in his Estate, and assets are distributed to the beneficiaries, his brother and sister (Class C). Roberto’s Estate then institutes a wrongful death lawsuit against the nursing home. Proceeds from the lawsuit will not be received until some unknown point in the future, if at all. No tax is due when the return is filed because it cannot be calculated or estimated. The beneficiaries are known, but the amount is unknown. No compromise can be offered because there are no funds from the action currently to the decedent’s credit.

On February 12, 2023, the lawsuit is settled, and Roberto’s beneficiaries receive a check for part of the settlement on June 15, 2023. They are required to amend the Inheritance Tax return, report the settlement amount as a contingent asset, and pay Inheritance Tax by July 15, 2023.

Calculation and reporting of contingent tax. The amount of tax due is calculated as direct tax. Attach a letter thoroughly describing the full details of the event and the direct contingent tax based on the outcome of the event. The contingent tax calculated on the attached sheet should be entered on line 16.

Note: No interest can accrue on any contingent tax until the expiration of the eight-month period after the original decedent’s death. If a contingency of either type occurs prior to the expiration of this eight-month period, contingent funds can be included in direct tax distributions and tax calculations. However, an explanation of the details of the contingent event must still be provided.

Line 18 – Interest Due

If you are paying any part of the tax due after the eight-month due date has passed, late payment interest is due. The interest rate is 10% annually on any tax calculated on lines 12 and 13 that is still owed until the date the tax is paid. (See “Examples of Interest Calculation” below).

Note: If an estimated payment was made prior to the due date, but the payment did not fully satisfy the tax due as calculated on lines 12 and 13, interest is calculated only on the remaining balance due.

Examples of Interest Calculation

Example 1: Filing return late with payment, no prior payments made

Date of Death	August 22, 2022
Return and payment due (and interest starts to accrue)	April 22, 2023
Return filed	July 17, 2023
Tax Due (Summary Page line 12 + line 13).....	\$8,125
Number of days late (number of days from April 22 to July 17).....	86 days
Interest Rate	10% annual rate

Calculate Interest due as follows:

1. Multiply the Tax Due by 10%. This is the amount of interest due for one year:

Calculation: $\$8,125 \times 10\% = \812.50 total yearly interest

2. Divide the total yearly interest by 365 (days in a year). This is the amount of interest due for every day the payment is late:

Calculation: $\$812.50 / 365 = \2.226 interest due per day.

3. Multiply the interest due per day by the number of days late.

Calculation: $\$2.226 \times 86 = \191.44 total interest due. Enter this amount on **line 18**.

Report the amounts on lines 17–21 of the Summary Page:

17.	Total Tax Due	17.	8,125	00
18.	Interest Due @10% per annum from 4/22/23 to 7/17/23 ($\$8,125 \times 10\% \times (86/365)$)	18.	191	44
19.	Total Amount Due ($8,125 + 191.44$)	19.	8,316	44
20.	Payments made prior to filing return	20.	0	00
21.	If line 20 is less than line 19, enter balance due. Pay this amount with Form IT-R ($8,316.44 - 0$)	21.	8,316	44

Example 2: Filing return late with payment, with prior payments made

Date of Death	September 18, 2023
Return and payment due (and interest starts to accrue)	May 18, 2024
Return filed	July 20, 2024
Tax Due (Summary Page line 12 + line 13).....	\$68,389.70
Payment #1 prior to filing of return: May 12, 2024.....	\$16,974.56
Number of days late Payment #1	0 days
Payment #2 prior to filing of return: June 12, 2024.....	\$31,927.02
Number of days late Payment #2 (number of days from May 18 to June 12)	25 days
Payment #3 to be paid with filing of return: July 20, 2024	\$20,046.83
Number of days late Payment #3 (number of days from June 12 to July 20).....	38 days
Interest Rate	10% annual rate

Interest Due Calculation for Payment #1

None. The payment was made prior to the eight (8) month due date.

Interest Due Calculation for Payment #2

1. Subtract the payment made prior to filing the return (before the return due date on 5/12/24) from the Tax Due.

Calculation: $\$68,389.70 - \$16,974.56 = \$51,415.14$ remaining unpaid balance

2. Multiply the remaining unpaid balance by 10%. This is the amount of interest due for one year on the late unpaid balance.

Calculation: $\$51,415.14 \times 10\% = \$5,141.51$ total yearly interest

3. Divide the total yearly interest by 365 (days in a year). This is the amount of interest due for every day the payment is late:

Calculation: $\$5,141.51 / 365 = \14.086 interest due per day

4. Multiply the interest due per day by the number of days late for payment #2 made 6/12/24:

Calculation: $\$14.086 \times 25 = \352.15 interest due 5/18/24–6/12/24

5. Add the interest due 5/18/24–6/12/24 to the remaining unpaid balance (as calculated in number 1).

Calculation: $\$51,415.14 + \$352.15 = \$51,767.29$ total amount due 6/12/24

6. Subtract payment #2 from the total amount due 6/12/24.

Calculation: $\$51,767.29 - \$31,927.02 = \$19,840.27$ balance remaining after payment #2

Interest Calculation on Payment #3 with the return filed

1. Multiply the balance remaining after payment #2 by 10%. This is the amount of interest due for one year on the late unpaid balance.

Calculation: $\$19,840.27 \times 10\% = \$1,984.03$ total yearly interest

2. Divide the total yearly interest by 365 (days in a year). This is the amount of interest due for every day the payment is late.

Calculation: $\$1,940.03 / 365 = \5.436 interest due per day

3. Multiply the interest due per day by the number of days late for payment #3 made 7/20/24.

Calculation: $\$5.436 \times 38 = \206.56 interest due 6/12/24–7/20/24

Total Interest Due

1. Add the interest due on payment #2 to the interest due on payment #3.

Calculation: $\$352.15 + \$206.56 = \$558.71$ total interest due. Enter this amount on **line 18**.

Report the amounts on lines 17–21 of the Summary Page:

17.	Total Tax Due	17.	68,389	70
18.	Interest Due @10% per annum from 5/18/24 to 7/20/24 (352.15 + 206.56)	18.	558	71
19.	Total Amount Due (68,389.70 + 558.71)	19.	68,948	41
20.	Payments made prior to filing return (16,974.56 + 31,927.02)	20.	48,901	58
21.	If line 20 is less than line 19, enter balance due. Pay this amount with Form IT-R (68,948.41 – 48,901.58)	21.	20,046	83

Schedule A – New Jersey Real Property

Report on this schedule all New Jersey real estate in which the decedent had any ownership share, either by deed or inheritance.

Exemptions (nonreporting):

- Do not report real property held by the decedent as “tenants by the entirety” with a **surviving** spouse or civil union partner;
- Do not report real property located outside New Jersey.

Report on other schedules:

- Co-ops are not considered real property and should be reported on Schedule B-2, Part II;
- Real property that the decedent transferred into a trust during their lifetime should be reported on Schedule C.

Completing Schedule A

Column A – Description

Make sure **all** the fields are completed for each property the decedent owned individually or in which they had a fractional, percentage, or joint interest. You must include **all** the items listed below:

County. The New Jersey county where the property is located.

Fractional or percentage interest. Report the fractional (i.e., one-half, one-third, etc.) or percentage (i.e., 50%, 33%, etc.) interest of the decedent if they owned less than 100%.

- A fractional interest (less than 100%) occurs when the property was held as “tenants in common,” not “joint with rights of survivorship.” (See “[Types of Real Estate Ownership](#)”).
- A copy of the deed must be included in all cases in which a fractional share is indicated.
- If decedent was sole owner, enter 100%.

Street number and street. This should include apartment or unit number if applicable.

Lot and block number. Be aware that some properties contain more than one lot.

Note: Certain types of realty may not have a traditional address and/or lot and block (such as undeveloped land). If this is the case, you may use a general description as found on the deed of record. Enter this information below the “Fractional or Percent Interest” line or attach copies of any deeds or tax bills. The Division will determine how to complete the tax waiver.

Municipality. City, township, etc., where the property is located. Mailing address is not always definitive. Always check the property tax records or deed.

Owner(s) name(s)/Property Title. Include all owners’ names listed on the property. If a previously deceased person’s name(s) is still on the deed, include the name(s), write “Predeceased” and provide dates of death for each.

Mortgage Lien. Check the box only if there are any outstanding mortgage liens and/or home equity loans against the property. The date of death value of these liens should be reported on Schedule D, Part II.

A tax waiver cannot be issued if any of the above fields are not complete. Without a waiver, you will not be able to transfer or sell the property with clear title. The information reported on this schedule goes directly onto the tax waiver that is required to be filed with the County Clerk.

Note: The best way to ensure that the Division issues the correct waiver is to match the information on the city tax records or current tax bill for the property to the fields on the return.

Column B – Tax Assessed Value

Enter the local property tax assessed value of the entire property for the year of death.

This information can be found in the city tax records or on the tax bill for the year of death. In some cases, the tax assessment value is also available on the municipality’s website.

Column C – Full Market Value

Enter the estimated fair market value of the entire property as of the decedent’s date of death. (See Fair Market Value explanation below).

Column D – Value of Decedent’s Interest

Enter the value of the decedent’s interest only. This value does not include the balance of any mortgage liens against the property. Show this as a dollar amount (not a fraction or percentage).

If the decedent owned 100% of the interest, the amount will be the same as the amount in column C.

Total of all Additional Schedules

If you submitted additional copies of Schedule A, enter the total of all those schedules here.

Total of all New Jersey Real Property

Total the values in column D, and enter the amount on the IT-R Summary Page, line 1 – Real Property.

Additional Information – Real Property

Types of Real Estate Ownership

Tenants by the Entirety

Tenants by the Entirety is a type of ownership in which real property is held jointly by two spouses or civil union partners. The deed will usually state that the property is held as “tenants by the entirety,” “husband and wife,” or “H/W.” Some older deeds may use the term “*et ux*,” which means “and spouse.”

Property held under Tenants by the Entirety does not need to be reported on Schedule A by the surviving spouse or civil union partner. No waiver is required to transfer the property either to the surviving spouse or civil union partner, or by the survivor to a third party.

Joint Tenants (with Rights of Survivorship)

Joint Tenants (with Rights of Survivorship) is a type of ownership in which real property is held by two or more people (non-spouses) and the deed states the owners are joint owners.

The word “joint” must be present in some form (i.e., “joint tenants,” “joint owners,” “joint tenants with right of survivorship”). Otherwise, the property will be considered “tenants in common.”

Tenants in Common

Tenants in Common is a type of ownership in which property is held by two or more people and each person holds an individual partial ownership interest.

If the deed does not state the specific percentage or fraction each party owns, it is normally assumed that each owner has an equal share. This may not be true if the property was inherited in unequal shares from a prior decedent or decedents.

- Property that is devised to two or more people under a will is generally considered to be tenants in common to the beneficiaries. If no deed was executed, attach a copy of the prior will showing the bequest.

Fair Market Value

Fair market value is the price that the property would sell for on the open market in its condition as of the date of the decedent's death.

Class A note: If reported real estate is passing directly to Class A beneficiaries, it is not necessary to obtain an appraised market value.

Fair market value (FMV) can be estimated several ways. Below are examples of valuation methods that are considered the best methods to estimate FMV:

- **Appraisal.** Appraisal by a certified real estate appraiser (attach copy with return)
- **Sale via "Arm's-Length Transaction."** This method is most definitive if the sale is within a short time after the date of death. (Attach a copy of the contract or HUD-1/Closing Disclosure)
- **Market Analysis.** Comparative market analysis completed by a qualified Realtor/Appraiser with comparable sales no more than one year* prior to the date of death (attach copy with return)

*This is a suggested timeframe only. The closer to the date of death of comparable sales, the more accurate an appraisal is likely to be. The Division will determine if the comparable sale time frame is reasonable based on market conditions during the period prior to, and up to, the date of death.

The following methods are **not** recommended as definitive of market value and may lead to a Division audit if used. This may delay the closing of the Estate by several months.

- Realtor opinion letter
- Website-generated values (Zillow, etc.)
- Current list price
- Application of local tax equalization ratio
- Local property tax assessed value
- "Interested Party" sale**

If the property was sold to an "interested party" (i.e., surviving tenant-in-common, close family member of the decedent, etc.) for less than what the property would sell for on an open market, this is **not considered an "arm's-length transaction," and the Division will **not** consider the sale price as fair market value without independent verification.

If documentation that supports the fair market value is included, check the box at the bottom of Schedule A.

The Division **has the right to conduct an appraisal** in all cases, and may not agree with the reported value no matter which method is used. The Division's Property Administration Section may contact the Estate to request additional documentation.

Other Types of Real Property Interests

Condominiums. An interest in a condominium is considered real property and should be reported on Schedule A. The description information required in column A must be reported. In some instances, the Lot number may also have a Qualifier. Make sure to report the Lot information exactly as it is written on any tax documents.

Co-ops. If the decedent had a membership certificate or stock held in a cooperative housing unit (co-op), this is **not** considered real estate. The membership shares should be reported on Schedule B-2, Part II. If the co-op is located in New Jersey, a tax waiver is required for the membership shares even if held by husband and wife or civil union partners. These shares must be reported no matter where the property is located.

Debt Obligations in Connection With Real Property

Mortgages. List any mortgages or lines of credit against the property as deduction(s) on Schedule D, Part II, Section A. Report the balance of the mortgage or line of credit due as of the date of death. Any balances deducted must be verified as of the date of death.

Other Liens (as of date of death). Unpaid real estate taxes and assessments, accrued interest on mortgages, judgments, or any other lien that attaches to the property should be listed on Schedule D, Part III.

What to Submit With This Schedule

- A Copy of Deed is required if the decedent's ownership was anything other than a 100% sole ownership. This is optional if the decedent was the sole owner, but may be helpful for waiver purposes.
- Submit a copy of any appraisals or other documents that you used to estimate the market value, and check the box at the bottom of the schedule. If there was extensive damage to the real property existing on the date of death claimed to affect the market value, provide photos of the damage and any paid invoices/receipts of repairs made to the property after death.
- If the real property was sold or is under contract for sale by the Estate, submit a copy of any such contracts of sale or closing agreements.
- If a discount for a decedent's fractional interest is claimed (tenants in common only), the Estate must submit the basis for the claim. The Division will make a determination as to whether a discount is warranted. **Note:** Discounts will not be automatically granted.

Example:

Shannon Doe, a resident decedent, owned two properties in New Jersey.

1. Shannon individually owned a condominium at 123 Main Ave in Anytown, NJ in Mercer County. She had a mortgage lien against the property of \$49,123.
2. Shannon had 50% ownership in a single family residence on 456 Shore St. in East Ocean, NJ in Atlantic County. The property was held with her brother, Thomas Doe, as "Tenants in Common." There was no outstanding mortgage. The fair market value of the property was determined by an appraisal, a copy of which will be submitted.

In addition to reporting the property on Schedule A, a copy of the deed must be submitted for the second property because Shannon had a fractional interest. A complete copy of the appraisal also will be submitted. (See "What to Submit With This Schedule" above).

Below is an example of how Shannon Doe's property interests would be reported on Schedule A:

(A) Description of New Jersey Real Estate (All fields required)	(B) Tax Assessed Value for year of death for entire property	(C) Full Market Value* at Date of Death	(D) Value of Decedent's Interest (Not including mortgage balances)	(E) Division Use Only
1. <u>Mercer</u> <u>New Jersey County</u> Fractional or percent interest <u>100%</u> <u>123 Main Avenue, Unit 6</u> Street address with number, unit <u>45.6</u> <u>9</u> Lot(s) Block <u>Anytown</u> Municipality <u>Shannon Doe</u> Owner(s) name(s)/Property Title <input checked="" type="checkbox"/> Check if there is a mortgage lien against this property reported on Schedule D.	\$123,000	\$150,000	\$150,000	
2. <u>Atlantic</u> <u>New Jersey County</u> Fractional or percent interest <u>50%</u> <u>456 Shore Street</u> Street address with number, unit <u>78</u> <u>10</u> Lot(s) Block <u>East Ocean</u> Municipality <u>Shannon Doe and Thomas Doe, T.I.C.</u> Owner(s) name(s)/Property Title <input type="checkbox"/> Check if there is a mortgage lien against this property reported on Schedule D.	\$185,000	\$250,000	\$125,000	
Total of all additional schedules (if none, enter zero)			\$0	
Total of all New Jersey real property. Enter here and on Form IT-R Summary Page, line 1			\$275,000	

*Check if documentation that supports the reported full market value is included (see instructions) ☒

Schedule B – Closely Held Businesses

A "Closely Held" business is generally considered to be a corporation, partnership, joint venture, and/or sole proprietorship owned by one person or a limited number of persons. If stock is issued, it is not usually publicly traded. Therefore, the clear market value of these businesses cannot be determined using such measures as published stock prices, or sale by an arm's-length transaction. The date of death value of these businesses must be determined by an appraisal of the assets, liabilities, and equity of the business.

In all cases, the clear market value on the date of the decedent's death of the entire business must first be determined. The decedent's share or equity will then be determined based on their ownership percentage.

There is specific information requested on this schedule for the various types of closely held businesses (listed below). However, the following information is required to be submitted for **each** business owned by the decedent in whole or in part. Family Limited Partnerships have different requirements (see "Family Limited Partnerships" below).

- 1. Financial Statements.** For the three-year period preceding the decedent's date of death, submit full financial statements, including detailed balance sheet and profit and loss statement for the business. Include a balance sheet adjusted to reflect date of death clear market value of all assets and debts of the business. **Note:** Any amortization or depreciation is not applicable.
- 2. Real Property.** Describe any real property interests owned by the business and state the tax-assessed value and market value of each property as of the decedent's date of death.
- 3. Basis for Value.** Describe in detail the basis for determining the clear market value of the business as reported in column B. If a certified business appraisal was completed for date of death value, submit a complete copy of the appraisal.

Closely Held Corporations

If the decedent had any interest in a closely held corporation, in addition to the general information required above and the information required by column A, submit:

1. For the three-year period preceding the decedent's date of death:
 - a. A list of salaries paid to officers;
 - b. A list of dividends paid, together with the name(s) of the payees;
2. Copy/copies of any stock purchase or option agreement entered into by the decedent as of the date of death;
3. Copy/copies of any insurance policy/policies on the decedent's life payable to the corporation as beneficiary and a statement of the benefits payable under the terms of the policy;
4. The total number of shares of all classes of stock issued and outstanding and the par value of the shares;
5. A list of stockholders with the number of shares held by each.

Partnerships or Joint Ventures

If the decedent had any interest in a partnership or joint venture, in addition to the general information required above and the information required by column A, submit:

1. A copy of the partnership agreement in effect on the date of death;
2. A copy/copies of any mutual purchase agreement(s) entered into by the decedent as of the date of death;
3. A copy/copies of any insurance policy/policies on the decedent's life payable to the surviving partners as beneficiary and a statement of the benefits payable under the terms of the policy.

Sole Proprietorships

If the decedent had any interest in a sole proprietorship or single member LLC, in addition to the general information required above, submit a list of any and all sole proprietorship assets that are reported on other schedules of this return (i.e., Schedule A).

Family Limited Partnerships

What is a family limited partnership?

This is a partnership where more than 50% of the partners are related by blood or marriage/civil union/domestic partnership, and does not have a true business purpose.

A "true business purpose" is defined as business or commercial transactions with customers, clients, persons, or entities other than the partners of the family limited partnership, their family members, or other related individuals or entities. The family limited partnership may or may not hold an interest in another partnership or other asset that has a true business purpose.

Valuing a Family Limited Partnership

To determine the value of the decedent's interest in any family limited partnership, the market value will be the cash value of the total underlying assets of the partnership on the date of death of the decedent.

Example: Decedent owns 40% of a family limited partnership that has as its only asset a mutual fund with a value of \$200,000 on the date of death. The decedent's interest will be \$80,000 (\$200,000 x 40%).

Note: Discounts for family limited partnership interests are not accepted unless the Director determines that they are appropriate based on the nature of and risk associated with the underlying assets of the partnership.

Completing Schedule B

Column A: Business Information

List the business name, Federal Employer Identification Number (also known as an EIN), and type of business or business activity. Indicate if the business is a family limited partnership, the percent ownership the decedent had in the business and/or the number and type of shares held by the decedent in the business.

Column B: Market Value – Entire Business

Enter the market value of the entire business as of the date of death as determined based on the above required information for each business. The Estate should make its best determination of the market value.

Column C: Market Value – Decedent's Share

Enter the date of death market value of the decedent's share of the business. This is determined by taking the amount in column B multiplied by the decedent's percentage of ownership.

- Report values as a dollar amount (not a fraction or percentage).
- If the decedent owned 100%, the amount will be the same as the amount in column B.

Documentation Check Boxes

Check the box next to all documentation that is applicable to the decedent's business and attach copies.

Total of all Additional Schedules

If you submitted additional copies of Schedule B, enter the total of all those schedules here.

Total of all Closely Held Businesses

Total the values in column C and enter the amount on the IT-R Summary page, line 2 – Closely Held Businesses.

Example: Maria Ramirez had 75% interest in a rental partnership called "Ramirez Partners." Her partner, Hector, owned the remaining 25%. The Estate provided supplemental documentation for the business.

This is how the decedent's interest in the partnership would be reported on Schedule B:

(A) Business Information	(B) Market Value at Date of Death – Entire Business	(C) Market Value at Date of Death – Decedent's Share	(E) Division Use Only
1. Business Name: <u>Ramirez Rentals LLP</u> Federal EIN: <u>21-123456</u> Type of Business: <u>Rental Property</u> Is this a Family Limited Partnership? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (See instructions) Decedent's percentage of ownership: <u>Maria Ramirez, 75%</u> Number of shares held (if applicable): <u>No shares issued</u>	\$1,000,000	\$750,000	
<div><input checked="" type="checkbox"/> Partnership agreement <input checked="" type="checkbox"/> Schedules K & K-1 of Form 1065 Partnership Return for last full year prior to death <input type="checkbox"/> Form 1120 US Corporation Income Tax Return for last full year prior to death</div> <div><input checked="" type="checkbox"/> Financial statements for three full years prior to death <input type="checkbox"/> Buy-Sell agreement <input type="checkbox"/> Certified Business appraisal (if available)</div>			

Schedules B-1 to B-4 – Personal Property

General Instructions

On Schedules B-1 through B-4, you will report everything that was owned by or in possession of the decedent, either individually or jointly, on the date of death (other than real estate or businesses). If the decedent's name appears on the asset, it must be reported on one of these schedules. Assets that may be passing to a nontaxable beneficiary should still be reported on the appropriate schedule by category:

B-1: Financial Institution Accounts

B-2: Stocks and Co-ops

B-3: Municipal and Corporate Bonds

B-4: All other Property

All property must be reported at the full date of death value.

Property Held as Joint Tenants With Rights of Survivorship



Do not automatically report joint assets at one-half value.

All joint assets, including those passing to exempt beneficiaries (i.e., Class A), must be reported with full market value as of date of death. Even if a surviving joint owner of an account is **claiming partial or complete contribution*** to the asset, the account will still need to be reported and the full value of the asset reflected in the appropriate "Date of Death Value" column. For financial assets, any required tax waivers will need to reflect the full balance on the date of death in order to transfer the account to the surviving joint owner.

*Partial Ownership Claims: Jointly held assets are presumed to have been the sole property of the decedent. If a surviving joint owner wishes to claim that all or part of the asset was due to their contribution, an affidavit from the surviving joint tenant detailing the amount they contributed, together with whatever documents can be provided to support the contribution (copies of cancelled checks, written agreements, etc.) must be submitted to support the claim.

Additional Schedules

Additional copies of all schedules are available. Attach as many additional pages as required to report all property the decedent owned. Check the box "Check if additional copies of the schedule are attached" at the top of any schedule for which additional sheets are included.

Schedule B-1: Financial Institution Accounts

The following are types of accounts that, if held in a banking or financial services institution, are required to be reported under Schedule B-1:

- Savings accounts, checking accounts, or certificates of deposit;
- Money market funds ;
- Credit union accounts;
- IRAs;
- Brokerage accounts;
- Mutual funds (usually reported on Schedule B-2 as stock);
- 401(k)s (usually reported on Schedule B-4, All Other Property).

Brokerage Accounts

Brokerage accounts often encompass a wide variety of investments and asset types. Report on Schedule B-1 only the full value of the account on the date of death. **Do not separate the assets held within the account and report them among Schedules B-1 to B-4.** Financial institutions require a tax waiver reflecting the total value of the account on the date of death. If the various assets are reported on different schedules, the tax waiver issued will be incorrect and the financial institution will not release the account to the Estate representative.

Note: A date of death account statement must be submitted with the return for each brokerage account held by the decedent.

Manner of Registration of Accounts

Indicate how the accounts owned by the decedent were titled and the registered owners listed on each account. The following are examples of types of registration with common acceptable abbreviations in parentheses:

- Individually by the decedent (NOD);
- Joint tenants with rights of survivorship (JTWS or JTWSOS);
- In trust for (ITF): Name of Beneficiary(s);
- Payable on death (POD): Name of Beneficiary(s);
- Transfer on death (TOD): Name of Beneficiary(s);
- Tenants in Common (TIC) (this is seldom used for bank accounts).

If an account was held by the decedent in any manner of registration other than individually, the name of the joint tenant(s) or registered beneficiary(ies) of the account must be reported.

Note: The tax waiver issued by the Division for each account is required to reflect both the full date of death balance and the correct manner of registration for ITF, POD, and TOD accounts. JTWRs waivers must have the names of all joint tenants on the account, even if any of them are deceased.

Completing Schedule B-1

Column A – Name of Institution, Last Four Digits of Account Number, and Registered Owners

For each asset held at a bank or financial institution that the decedent owned individually or jointly, report the following information:

Institution/Account Number. Enter the full name of each bank or other financial services institution where the account was held, followed by at least the last four digits of the account number.

Name(s) on account. Enter the name(s) of the registered owner(s) or registered beneficiary(s) on each account. If a surviving joint owner can prove their contribution to the asset, indicate the percentage claimed. (See “Property Held as Joint Tenants With Rights of Survivorship” above.)

Column B – Full Date of Death Value

Report the full date of death balance of each account. Brokerage accounts require only the account total. See “Specific Instructions for Brokerage Accounts” above.

Column C – Value of Decedent’s Equity

Report the decedent’s equity as a dollar amount. If the decedent owned the account **individually**, the amount in column C will equal the amount in column B.

If the account was **jointly owned**, enter the amount directly attributed to the decedent. If a surviving joint owner has proven their contribution to the asset, report only the decedent’s interest in the account as a dollar amount.

Total of all Additional Schedules

If you submitted additional copies of Schedule B-1, enter the total of those schedules.

Total of all Financial Institution Accounts

Total the values in column C, and enter the amount on line 1 of the B1–B4 Recap schedule.

Schedule B-2: Stock/Co-ops

Stock. Report all shares of stock the decedent owned in any publicly traded corporation. All shares of stock the decedent owned, or held jointly, must be reported regardless of where the company is incorporated. However, only shares of stock in New Jersey corporations require a tax waiver to transfer the shares.

Co-ops. A membership certificate or stock held in a cooperative housing corporation (co-op) is **not** considered real estate. It is intangible personal property and must be reported no matter where the co-op is located. If the co-op shares are in a New Jersey corporation, a tax waiver is required for the transfer of the shares (even if held by husband and wife or civil union partners).

Do not report shares of stock held within a brokerage account (i.e., held in “street name”) on this schedule. See “Specific instructions for brokerage accounts” in the instructions for Schedule B-1: Financial Institution Accounts.

Completing Schedule B-2

Part I – Stocks

Column A – Name of Corporation/Registered Owner(s)

State the full name of the company and the name(s) of the registered owner(s) or registered beneficiary(ies) on the certificate. If a surviving joint owner can prove their contribution to the asset, indicate the percentage claimed. (See “Property Held as Joint Tenants With Rights of Survivorship” above.)

Column B – Ticker Symbol

For publicly traded stock, list the registered ticker symbol.

Column C – NJ Corporation

Check the box if the corporation listed in column A is incorporated in the State of New Jersey.

Column D – Number of Shares

List the number of shares owned, individually or jointly, on the decedent's date of death for each stock. Any dividends issued or shares split after death are not reportable here. (See Schedule B-4 instructions.)

Column E – Per Share Value on Date of Death

Report the per share market value of each stock as of the date of death. This is calculated by finding the historical price information for the decedent's date of death and taking the average of the "High" and the "Low" price for that day.

If the decedent's date of death was on a weekend, or non-trading day, the per-share value can be determined by averaging the "High" and "Low" prices of the trading day before the decedent's date of death and the first trading day after the date of death.

Column F – Total Market Value

Calculate the total market value of the shares of stock as of the decedent's date of death. This is done by multiplying the number of shares in column D by the per share value in column E.

Column G – Value of Decedent's Equity

Report the decedent's equity as a dollar amount. If the decedent owned the stock individually, the amount in column G will equal the amount in column F.

If the stock was **jointly owned**, enter the amount directly attributed to the decedent. If a surviving joint owner has proven their contribution to the asset, report only the decedent's interest in the stock as a dollar amount.

Total – Part I

Enter the total of all stocks reported in Part I, column G.

Part II – Co-ops**Column A – Name of Company Issuing the Shares of Co-op**

List the name of the company issuing the co-op shares or membership certificate. Provide the Co-op Board contact information (if available) on an attached document.

Note: The tax waiver is required to reflect the company issuing the co-op shares or certificate.

Column B – Registered Owner and Address of Co-op

Registered Owner(s). Report the name(s) of the registered owner(s) or registered beneficiary(ies) of the co-op shares. If a surviving joint owner can prove their contribution to the asset, indicate the percentage claimed. (See "Property Held as Joint Tenants With Rights of Survivorship" above.)

Address of Co-op. Indicate the address of the co-op, including the unit or apartment number.

Column C – Number of Shares

List the number of shares owned in the co-op on the decedent's date of death.

Column D – Total Market Value

Report the total market value of the decedent's interest in the co-op. If this is a residential co-op, such as an apartment or condominium, the value would be of the unit that the decedent owned. This value can be determined in a number of ways. Below are examples of valuation methods that are considered the best methods to estimate the market value of the co-op:

- **Appraisal.** Appraisal by a certified appraiser (attach copy with return);
- **Sale via "Arm's-length transaction".** This method is most definitive if the sale is within a short time after the date of death; (Attach copy of contract)
- **Market Analysis.** Comparative market analysis with comparable sales completed by a certified appraiser (attach copy with return). Generally, these should involve sales of other units within the same co-op;
- **Co-op company letter.** Letter from the company issuing the co-op shares or membership certificate determining the value on the date of the decedent's death (attach a copy with the return).

Column E – Value of Decedent's Equity

Report the decedent's equity as a dollar amount. If the decedent owned the stock individually, the amount in column E will match the amount in column D.

If the co-op shares were **jointly owned**, enter the amount directly attributed to the decedent. If a surviving joint owner has proven their contribution to the asset, report only the decedent's interest in the co-op shares as a dollar amount.

Total – Part II

Enter the total of co-op interests reported in Part II, column E.

Total of Part I and Part II of all Additional Schedules

Enter the total of any additional schedules attached.

Total of all Stocks

Add the total line from Part I, column G, the total line from Part II, column E, the total line from additional schedules, and enter the result. Also enter this amount on Schedule B1–B4 Recap, line 2.

Schedule B-3: Municipal and Corporate Bonds

Do not report municipal and corporate bonds held within a brokerage account on this schedule. See “Specific instructions for brokerage accounts” in the instructions for Schedule B-1: Financial Institution Accounts.

Column A – Name of Bond and Registered Owner

For each bond held individually or jointly, report the following information:

- Name of the company or entity holding the bond;
- All terms of the bond;
- The names of all registered owners on each bond, including payable on death (POD), transfer on death, or other registered beneficiary. If a surviving joint owner can prove their contribution to the asset, indicate the percentage claimed. (See “Property Held as Joint Tenants With Rights of Survivorship” above.)

Column B – Date of Death Value

Report the full date of death value of the bond. Accrued dividends (or interest) should be included in the date of death value.

Column C – Value of the Decedent's Equity

Report the decedent's equity as a dollar amount. If the decedent owned the bond individually, the amount in column C will match the amount in column B.

If the bond was **jointly owned**, enter the amount directly attributed to the decedent. If a surviving joint owner has proven their contribution to the asset, report only the decedent's interest in the bond as a dollar amount.

Note: U.S. Savings Bonds should be listed on Schedule B-4: All Other Property.

Total of all municipal and corporate bonds

Total the values in column C and enter the amount on Schedule B1–B4 Recap, line 3.

Schedule B-4: All Other Property

All other property owned by the decedent as of the date of death that does not fall under the reporting guidelines for Schedules A, B, B-1, B-2, or B-3 should be reported on this schedule. Schedule B-4 provides examples of the types of assets generally reported here.

If the decedent's Last Will and Testament devises certain personal property items, such as jewelry, automobiles, artwork, etc., to a specific beneficiary, make sure to list each of these items separately on this schedule. Include the estimated value of each item devised.

Completing Schedule B-4

Column A – Other Property – Individually or Jointly Owned

Include a brief description of the property being reported. For the following asset types, include the indicated information:

U.S. Savings Bonds. Series E and EE bonds should be reported at the date of death redemption value (not the face value) of the bond. Series HH savings bonds are reported at face value. You may attach a printed inventory from a savings bond calculator or spreadsheet. For more information on the valuation of savings bonds, see the Treasury Direct website. Include the following information for each bond:

- Names registered on the bond and manner of registration (including any POD/TOD beneficiaries)

- Series/type
- Denomination/Face value
- Bond Serial number
- Issue Date

Vehicles. Provide make, model, year, mileage, and general condition.

Mortgages/Notes. Provide copy of note or loan agreement.

Unclaimed Property. The New Jersey Unclaimed Property Administration recovers and records abandoned intangible and tangible property. If a search of the New Jersey Unclaimed Property Administration [website](#) reveals any accounts or property items that belonged to the decedent, the amounts recovered are required to be reported. Include a copy of the check for the amount paid and a list of the assets that were recovered.

Column B – Date of Death Value

Report the full date of death value of the property. Submit any verification obtained or appraisals performed to support the fair market value of the asset.

Personal Property Appraisals. If an appraisal was performed on any of the decedent's personal property items, such as jewelry or collections (i.e., coins, stamps, firearms, antique furniture, artwork, etc.), submit a copy of the appraisal report as an attachment to this schedule.

Column C – Decedent's Equity

Report the decedent's equity as a dollar amount. If the decedent owned the assets or property items individually, the amount in column C will match the amount in column B.

If an asset was **jointly owned**, enter the amount directly attributed to the decedent. If a surviving joint owner has proven their contribution to the asset, report only the decedent's interest in the asset as a dollar amount.

Total of all Other Property

Total the values in column C, and enter the amount on Schedule B1–B4 Recap, line 4.

Schedules B1–B4 Recap – All Other Personal Property Completing Schedule B-1– B-4: Recap Page

On this schedule, enter the totals from each of Schedules B-1, B-2, B-3, and B-4 as follows:

Line 1: Enter the total from Schedule B-1: Financial Institution Accounts.

Line 2: Enter the total from Schedule B-2: Stock / Co-ops.

Line 3: Enter the total from Schedule B-3: Municipal and Corporate Bonds.

Line 4: Enter the total from Schedule B-4: All Other Property.

Line 5: Total lines 1–4 and enter on line 3 of the **Resident Decedent Summary Page**.

Note: If there are no assets reported on any of these schedules or a specific schedule is not applicable to the decedent, report "0" on the line corresponding to that schedule.

Schedule C – Transfers

Transfers

Inheritance Tax law presumes that all transfers of personal property, whether tangible or intangible, made during a person's lifetime within three (3) years of their death, or that take effect on or after death (no matter when they were made) are made in "contemplation of death." A "transfer" here means property that was not paid for by the transferee, or for which the transferor did not get full value. All such transfers must be reported, whether claimed to be taxable or not.

If any transfers are claimed to be untaxable, or not in contemplation of death, submit a supplemental affidavit containing a detailed statement of facts on which this claim is based. Include proof as to decedent's mental and physical condition and overall health at the time of the transfer. The Division will make a determination after considering all relevant facts.

Note: Incidental non-material transfers, such as birthday gifts, holiday presents, life-event gifts (weddings, graduations, childbirth, etc.) are generally not considered transfers in contemplation of death. However, any unusually large or material gifts that do not fit a previous pattern of gift-giving will require an explanation per the above.

Transfers to Exempt Beneficiaries (Class A or Class E) should still be reported on this schedule to provide a complete accounting of the decedent's Estate.

A transfer may be to a person or an entity (such as a business, trust, government, charity, etc.).

Disposition of funds

If the decedent had any significant sale of assets prior to death, indicate in a separate document what disposition was made of the money and/or where the funds might be reflected on the return (i.e., put into a bank account, spent for living/medical expenses, given to beneficiaries, etc.).

Completing Schedule C

Part I – Transfers During Decedent's Lifetime

Line 1

Check the appropriate box. If answering "No," go to Part II. If answering "Yes," list each transfer in Part I as follows:

Column A: Date of Transfer

The date the transferee took possession or had the right to possession of the property.

Column B: Describe Property Transferred

State what was transferred (i.e., cash, bank account, real estate, stock, etc.). Be as specific as possible. If New Jersey real estate was transferred, provide the address, including lot and block information.

Column C: Name of Transferee

State the name of all people or entities that received the property. If property was transferred to a trust (either revocable or irrevocable), name the trust and submit a complete copy of the trust agreement.

Column D: Relationship of Transferee to Decedent

Provide the transferee's exact relationship to the decedent (i.e., niece, nephew, spouse, child, trust, etc.).

Column E: Market Value of Property as of Date of Death

Report the value of the transfer as of the date of death. Monetary transfers are reported at face value. Real estate, stock, bonds, or other non-cash assets are reported at the market value of the asset **as of the date of death**.

If real property was sold by the beneficiary prior to death in an "arm's-length" transaction, report the sale price and submit a copy of the contract of sale and/or settlement statement for the sale. If stocks were sold, submit documents from the institution holding the stock to indicate the date and value of the sale. See [Schedule A](#) instructions for explanation of an "arm's-length" transaction.

If any transfers were made by a Power of Attorney, submit a complete copy of the applicable Power of Attorney forms.

Total – Part I

Enter the total of column E.

Part II – Incomplete Transfers

Check the appropriate box. If answering "No," go to Part III. If answering "Yes," enter each transfer in Part II. Complete each column in the same manner as Part I.

Answer "Yes" if the decedent transferred property, without being paid full value for it, into the name of another person or entity while still keeping an interest in the property. This means, for example, they still had use or enjoyment of the property or still received income from the property. These are considered "incomplete transfers" and should be reported on this schedule. For New Jersey Inheritance Tax purposes, there is no time limit or "look-back" for these types of transfers. Therefore, all transfers of this kind are to be included.

Example: One of the most common of this kind of incomplete transfer involves a life estate in real property. This occurs when a person puts their house into a relative's name, but keeps for themselves the right to live there for the rest of their lives. The transfer would only take full effect when the grantor passes away, because the beneficiary can't fully claim the property until the original owner dies. (If the decedent had abandoned the life estate by no longer living in the property, the

transfer would take effect at the time of abandonment). Even if the “life estate” is not specifically stated in the deed, an implied life estate can be inferred if the decedent continued to live in the property, rent free, after the transfer.

In these types of transfers, the Division will give primary consideration to what actually occurred rather than “paper transfers” and implied intentions of the decedent.

Total – Part II

Enter the total of column E.

Total of Part I and Part II of all Additional Schedules

Enter the total of any additional schedules attached.

Part III – Payable on Death Policies/Plans

Check the appropriate box. If answering “No,” go to the Total section at the bottom of Part III. If answering “Yes,” complete Part III as follows:

Report in Section A any plan, annuity, or contract payable on death to a **named beneficiary**. Life insurance policies payable to a named beneficiary are not required to be reported. Each beneficiary under a contract should be listed on a separate line in Section A.

Report in Section B any plan, annuity, contract or policy payable on death to the **Estate** as named beneficiary or by default. Life insurance policies payable to the decedent’s **Estate** are required to be reported on this schedule.

Note: Companies that issue life insurance and/or annuities are required to report to the Division of Taxation all such contracts on which they have made a payment as the result of the death of a New Jersey resident. These payments are reported to the Division on Form 0-71 at the time payment is made to the beneficiaries. All beneficiaries are required to be notified by the company that New Jersey Inheritance Tax may be due on the amount received.

Column A: Type of Policy

Indicate the type of policy reported (i.e., pension plan, annuity contract, life insurance, etc.).

Column B: Name of the Company Issuing the Policy and Policy Number

Enter the name of each company that issued a policy or annuity in the decedent’s name, and the policy number for each. The policy number may be repeated if there are multiple beneficiaries to one policy or plan.

Column C: Name of Beneficiary

Enter the name of the person or entity that is the named beneficiary. If there are multiple beneficiaries on a single policy, each beneficiary should be listed on a separate line.

Column D: Relationship of Beneficiary to Decedent

Provide the exact relationship to the decedent of the beneficiary (i.e., niece, nephew, spouse, child, trust, etc.).

Column E: Date of Death Value of Proceeds

Enter the amount payable as of the date of death for the policy/contract, including any accrued dividends or interest to the date of death. Annuities that are to be paid over a term of months or years should be reported at the present value, as of the date of decedent’s death, of the eventual payments. This value should be available from the company upon request.

Note: The “cash surrender value” of a life insurance policy is not necessarily the date of death value of the proceeds.

Total – Part III

Enter the total of column E, Sections A and B.

Total of Part III of all Additional Schedules

Enter the total of any additional schedules attached.

Total of all Transfers

Enter the total of Part I, Part II, and Part III plus all additional schedules here and on IT-R Summary Page line 4, Transfers.

Schedule D – Deductions Claimed

General Instructions

Schedule D is for reporting debts of the decedent and certain administration expenses that are allowed to be deducted from the decedent’s gross estate for Inheritance Tax purposes.

Debts of the decedent must be due and unpaid as of the date of death. Debts are also required to be paid out of the assets of the Estate in order to be claimed as a deduction on this schedule. For example, outstanding medical expenses that will be reimbursed by any form of medical insurance cannot be claimed as a deduction.

Administration expenses are incurred in the course of finalizing the decedent's Estate. See Part I below for the specific types of administration expenses that are allowed to be deducted.

Note: Just because an expense is paid on behalf of the Estate does not necessarily mean it may be deducted on the Inheritance Tax return. To be deductible, an expense must either have been due at the date of death, or meet the requirements for an allowable administration expense.

Important: Copies of documentation in the form of bills, invoices, receipts, statements, or other notices supporting the debts that are claimed should be provided. If the documentation is not provided with the filing, the Division may request documentation to support any deduction taken on Schedule D.

Completing Schedule D

Part I – Allowable Administration Expenses

Funeral

A deduction is allowed for all reasonable funeral-related expenses including, but not limited to:

- Funeral costs (after subtracting prepaid funeral expenses);
- Interment costs if purchased after death (e.g., cemetery plot, mausoleum, cremation, headstone/lettering)*;
- Funeral luncheon, flowers, and acknowledgments;
- Clergyperson who conducted funeral service;
- Obituaries and other death notices.

*In the case of a purchase of a multiple-use or family plot, monument, or mausoleum, only the share attributed to the decedent will be allowed.

Administration

Deductions are allowed for expenses directly related to the administration of the Estate, including, but not limited to:

- Surrogate Court probate fees;
- Executor or Administrator Bonding fees;
- Fees for death certificate and will copies,
- Certified mailing or postage fees to notify beneficiaries, creditors, and/or other interested parties;
- Executor or Administrator travel expenses to attend to necessary Estate business (documentation required).

Note: Travel, lodging, and food for family members or other interested parties are not considered administration expenses.

Professional Fees

Professional fees are typically those paid to the person or firm that is handling the gathering of Estate information and the filing of the Inheritance Tax return.

Counsel Fees

A deduction is allowed for “reasonable” counsel fees. This means fees paid to a New Jersey attorney for their work in gathering Estate information and preparing and filing the Inheritance Tax return. When determining what is “reasonable,” the Division will consider the complexity of settling the Estate; the monetary value of the Estate is not a determinative factor.

In the event there were extraordinary circumstances that caused legal fees to be larger than usual, submit documentation to support the claim, including an affidavit of services provided.

Not allowable

- Counsel fees paid to an attorney who is **not** a member of the New Jersey Bar.
- Counsel fees for services that are not directly related to the administration of the Estate and filing of the Inheritance Tax return.

CPA/Enrolled Agent Fees

A deduction is allowed for reasonable CPA or Enrolled Agent fees in connection with the preparation and filing of the Inheritance Tax return.

Other Accounting Fees

Accounting fees regarding any unfiled Income Tax returns that the decedent was required to file prior to their death, or other Estate accounting-related fees should be claimed under Administration expenses.

Not allowable:

- Accounting fees for the preparation of any State or federal Fiduciary Income Tax returns (otherwise known as Form 1041) regarding income after the date of death.

Executor's or Administrator's Commissions

An Executor or Administrator can elect to take a commission for their role in executing the terms of the decedent's will or in compliance with the laws of intestacy. The commissions are calculated as a percentage of the decedent's assets that are includable for Inheritance Tax purposes, with the following exceptions:

- Real estate that has not been sold by the executor or administrator or directed to be sold by the decedent in the Last Will and Testament;
- Jointly held property (where the joint owner survives the decedent);
- "In trust for," "payable on death," or "transfer on death" assets;
- Property transferred during the lifetime of the decedent (including property held in trusts);
- Property that is subject to a transfer taking effect at or after death.

Use the worksheets below to determine the value of the assets on which commissions can be calculated and the maximum allowable Executor's or Administrator's Commissions for one representative.

Note: Executors and Administrators are not required to take the maximum allowable commission. However, the amount claimed cannot exceed this amount in the absence of a court order per the provisions of N.J.A.C. 18:26-7.10.

Available Probate Assets for Commission Calculation (Table A)			
1.	Gross Estate (Line 5 on IT-R Summary Page)		
2.	Realty not sold by Estate		
3.	Joint assets		
4.	"In trust for," "payable on death," "transfer on death" assets		
5.	Transfers prior to death		
6.	Property that is subject to a transfer taking effect at or after death.		
7.	Total of Assets Not Included in Commissions (add lines 2-6)		
8.	Available Probate Assets for Commissions (subtract line 7 from line 1)		

Calculation of Maximum Commission (Table B)			
Available Probate Assets for Commissions (amount from Table A, line 8)			
	Amount of Probate Assets	Commission Rate	Total
1.	First \$200,000	5%	
2.	Amount over \$200,000 up to \$1,000,000	3.5%	
3.	Any amount over \$1,000,000	2%	
Total Maximum Allowable Commissions (add lines 1-3)			

Additional Executors or Administrators. If there is more than one executor or administrator appointed who is claiming commissions, add 1% to the Commission Rates for each additional executor or administrator. (For example, 5% of the first \$200,000 will become 6% of the first \$200,000.) No single executor or administrator is entitled to a greater commission than what is allowed if only one executor or administrator had been appointed.

Earned Income. Executor/Administrator's commissions are considered earned income for Income Tax purposes. If commissions are taken, the representative's Social Security number must be reported on this schedule.

Column A – Type of Expense

Allowable types of administration expenses are pre-filled. Any additional expenses of these types can be listed in Part III.

For Professional Fees, check the box indicating if the fees are estimated or agreed upon (or paid) for all that applies of counsel, CPA, or enrolled agents.

Column B – Name of Business/Person Owed

Indicate the name of the business or person that was paid or will be paid for services. If the Executor or Administrator is claiming commissions, list the full name and Social Security number of the court-appointed executor or administrator.

Column C – Amount

Report the amount due or paid for each expense.

Total – Part I

Enter the total of administration expenses reported in Part I, column C.

Part II – Real Property Debts of the Decedent

Section A – Mortgages on Real Property Reported on Schedule A

Only outstanding mortgages or lines of credit in the name of the decedent, which are a lien on a reported parcel of real estate, are allowed as a deduction. The deduction cannot exceed the value of the property as reported on Schedule A.

You can only deduct the outstanding mortgage balance **as of the decedent's date of death**. You cannot include mortgage interest accrued after death.

List each mortgage separately along with the address of the property reported on Schedule A to which each mortgage is attached.

You **must** submit verification of mortgage/loan balances as of the date of death, as provided by the lender (i.e., a bank, mortgage company, private party, etc.).

Note: HUD-1 closing statements are **not** usually considered verification of date of death balances of mortgages.

Do not report mortgage loans against any real property that is not subject to New Jersey Inheritance Tax (i.e., realty held as "tenants by the entirety" where the spouse/civil union partner survives the decedent, out-of-state real property, etc.).

Section B – Debts Associated With the Sale of the Decedent's Real Property

Certain expenses associated with the sale of the decedent's real property may be deducted **only** if the Estate has sold the decedent's real property (meaning sold by the executor or administrator as representative of the Estate) or the property is required to be sold in order to administer the Estate.

Allowable expenses of sale include:

- Realtor/broker commissions;
- Attorney fees related to the sale (if not reported in Part I);
- Other expenses required to sell the property or bring it to the reported fair market value (full verification, including receipts, cancelled checks, etc., are required).

Non-allowable real property expenses are considered expenses of the beneficiaries and include:

- Property taxes or other municipal taxes accrued after death;
- Utilities (sewer, water, electric) accrued after death;
- HOA/condo fees due after death;
- Accrued mortgage payments since death;
- Property maintenance costs;
- Any fees or expenses related to the sale of non-NJ property.

Sections A and B

Column A – Type of Expense

List the type of real property debt and the address of the real property the debt is against.

For example, “Home Equity Line of Credit on 123 Main St.” or “Realtor Commissions for sale of 456 Taxation Ave.”

Column B – Name of Business/Person Owed

Indicate the name of the business or person that was paid or will be paid on behalf of the Estate.

Column C – Amount

Report the amount due for each real property debt.

Total – Part II (Section A and Section B)

Enter the total of Real Property debts claimed in Part II, column C.

Part III – Other Administration Expenses or Debts of the Decedent as of the Date of Death

Use this section to report additional deductions from Parts I and II and any debts of the decedent that were due and unpaid as of the decedent’s death.

Allowable Deductions

The following lists may be used as a guide to determine allowable Estate deductions. For any debts or bills claimed, indicate the time period covered.

Debts of the Decedent, Owing and Unpaid at Time of Death

- Final bills due as of the date of death (i.e., credit card, medical bills not paid by insurance, utilities, etc.)
- Personal loans (see “Personal Loans” below)
- Other loans due as of the date of death (i.e., car loan)
- Judgments against the decedent or their Estate
- Divorce decree debts (see “Divorce Decree Debts” below)
- Unfulfilled documented charitable pledges
- Unpaid Inheritance Tax on the decedent’s interest in a prior Estate
- Federal, State, county and local taxes accrued before death

Other Administration Expenses

- Appraisal of real estate (if real estate is reportable on the return)
- Appraisal of personal effects
- Storage of property if delivery to a beneficiary is not possible within a reasonable time
- Collection costs
- Court costs
- Cost on recovery or discovery of assets

Personal Loans

If a personal loan to the decedent (including reimbursement for expenses paid prior to death) is being claimed as a deduction, submit verification for the money lent to the decedent or spent on the decedent’s behalf. Verification should include, but is not limited to, an affidavit from the lender detailing the circumstances surrounding the loan, and copies of the note or loan agreement.

Divorce Decree Debts

If a deduction being claimed against the decedent’s Estate is enforceable based on a divorce decree, submit a copy of the decree with the filing.

Non-Allowable Deductions

No debt or claim can be reported on Schedule D that is not due and owing as of the decedent’s date of death. **Do not** list any taxes that are due for any period after the date of death.

In addition to the **non-allowable expenses** mentioned in the previous sections above, the following are examples of other non-allowable deductions:

- Real estate and property maintenance costs after the date of death (including utilities);
- Real estate brokers' commissions (except if the real property is sold during administration of the Estate);
- State, county, and local taxes accruing after date of death (i.e., property taxes);
- Storage expenses (except as mentioned above);
- Debts paid or reimbursed by insurance (i.e., reimbursed medical expenses);
- Medical expenses paid prior to death;
- Liabilities of a corporation in which decedent was a shareholder;
- Transfer Inheritance Tax on this Estate;
- Federal estate tax on this Estate;
- Co-signed student loan debt or other co-signed debt;
- Debts secured by real or tangible property located outside of New Jersey.

Column A – Type of Expense

List the additional administration expense or other debt of the decedent due as of the date of death. For example, "Final credit card bill" or "Final electric bill 456 Main Ave."

Column B – Name of Business/Person Owed

Indicate the name of the business or person that is owed or was paid on behalf of the Estate.

Column C – Amount

Report the amount due for each administration expense, or the date of death balance due of the debt.

Total – Part III

Enter the total of all other debts reported in Part III, column C.

Total of all additional schedules

Enter the total any additional schedules attached.

Total of all deductions claimed

Enter the total of Part I, Part II, Part III, and any additional schedules here and on IT-R Summary Page, line 6.

Schedule E

General Instructions

Report all of the beneficiaries of the decedent's Estate, whether living or deceased. **This schedule must be completed for all returns in all cases.**

Note: If additional space is needed to list all beneficiaries of the Estate, additional copies of Schedule E – Part I are provided.

A "**beneficiary**" of a decedent's Estate is any person or entity that received, or has the right to receive, any assets from a deceased person's Estate. A beneficiary includes anyone who:

- Is a surviving joint tenant, payable on death beneficiary, transfer on death beneficiary, beneficiary listed on an account, or heir-at-law;
- Received any transfers either during the decedent's lifetime or as a result of the decedent's death;
- Is named in the decedent's Last Will and Testament as receiving any part of the Estate;
- Receives any part of the Estate through a trust document in which the decedent had the power to dispose of their assets upon their death;
- Is a surviving next of kin entitled to inherit under the laws of intestacy.

Completing Schedule E

Part I – Beneficiaries

Column A – Beneficiary Name and Address

Report the full name and address of all persons or entities who are beneficiaries (as defined above) of the Estate.

Column B – Relationship to Decedent

List the relationship of each beneficiary to the decedent (i.e., spouse, sister, nephew, charity, etc.). If the beneficiary is a person who is not a relative, enter “none” or “no relation.”

When listing relatives, be as precise as possible as to the relationship. If a marriage/civil union/domestic partnership is involved, please report the legal status as of the date of the decedent’s death.

Note: Sometimes a person’s Last Will and Testament may refer to people by relationships that are not necessarily the actual legal relationship, or one that has changed since the will was written. You should report the legal relationship as it existed at the date of death, and include a note to explain if it differs from the will.

Domestic Partnership. If a beneficiary is claiming the relationship of Domestic Partner, a certified copy of the Certificate of Domestic Partnership is **required**. A certified copy of the certificate can be obtained from the Local Registrar of Vital Statistics where the partnership was registered or at the [State Office of Vital Statistics and Registry](#).

Column C – Tax Class

Enter the letter of the Tax Class assigned to that beneficiary’s relationship to the decedent. The beneficiary’s tax class will either be A, C, D, or E. For a full description of the Tax Classes, see [“Beneficiary Tax Classes”](#) or our [website](#).

Interest of Beneficiary in Estate (Columns D and E)

Column D – Fractional Share, Percentage of Residuary Estate, and/or Specific Assets

List each type of asset, devise, or bequest due to each beneficiary. Multiple assets in one of the categories below can be grouped together (see examples):

- **Beneficiary’s Share.** If the beneficiary is to receive a percentage of the residual Estate or a fractional share, either through the decedent’s Last Will and Testament/Trust Agreement or by the laws of intestacy (if there was no will), list that share, even if they are receiving other assets. **Examples:** “50% Residue,” “1/3 of Estate,” “100% Residue.”
- **Specific Bequest Assets.** If the beneficiary is to receive a specific asset through a bequest in the Last Will and Testament (i.e., real estate, personal property item, bank account, or a cash amount) list the asset(s). **Examples:** “\$5,000 cash bequest,” “grandfather clock,” “2020 Toyota Corolla.”
- **Surviving Joint Owner/ POD/TOD Assets.** If a beneficiary is to receive a specific asset as surviving joint tenant or as a POD/TOD beneficiary, or was listed as a designated beneficiary on an account, indicate the specific asset or account they are to receive. **Examples:** “Capital One POD accounts” or “50% of 123 Real Estate Ave.”
- **Recipients of any Transfers (Schedule C).** Received any amounts reported as a transfer on Schedule C, either during decedent’s lifetime or that took effect at death. **Examples:** “First Life Annuity,” “Transfer of 123 Real Estate Ave.”

Column E – Dollar Amount

Report the total dollar amount of each beneficiary’s share or the value of each specific asset after subtracting allowable deductions from Schedule D. Do **not** deduct Inheritance Taxes from anyone’s share.

Column F – Age

Report the age as of the decedent’s date of death of any beneficiary who is receiving a life interest or is a contingent beneficiary, or if there are any provisions mentioning the age of the beneficiary under the decedent’s will or trust. It is not necessary to list the ages of residual beneficiaries or heirs-at-law.

Part II – Deceased Beneficiaries

List any beneficiary who would have inherited a share of the Estate if they survived the decedent and any beneficiary who died after the decedent’s date of death. Beneficiaries who died after the decedent’s date of death should also be listed in Part I.

Column A – Name

Report the full name of the deceased beneficiary.

Column B – Date of Death

List the date of death of the deceased beneficiary, if known. Estimate or year only is acceptable if exact information is not available.

Column C – Relationship

Indicate the relationship of the deceased beneficiary to the decedent (i.e., spouse, sister, nephew, friend, etc.).

Column D – Domicile at Death

Indicate which state or foreign country the beneficiary lived in at the time of their passing.

Distribution Examples**For Schedule E, Part I – Beneficiaries**

The following examples are demonstrations of some common Estate distributions. They are for illustrative purposes only. No actual taxpayer information was used.

Example 1 – Residual Beneficiaries Only

The decedent's Last Will and Testament names two beneficiaries, both nephews, that are each to receive an equal share of the residual Estate. There are no other beneficiaries. The total amount left in the decedent's Estate for distribution after Schedule D deductions is \$100,000. (This is also the amount that should appear on the IT-R Summary Page on line 9 - Balance of Estate). The Estate would be distributed as follows:

Beneficiary #1: Justin Time, the decedent's nephew, is a Class D beneficiary. They received the following distribution:

- One-half residue through the Last Will and Testament – 50% of the remainder of the Estate or \$50,000

Beneficiary #2: Russel Sprout, the decedent's nephew, is a Class D beneficiary. They received the following distribution:

- One-half residue through the Last Will and Testament – 50% of the remainder of the Estate or \$50,000

Below is how each beneficiary's share in Example 1 would be reported on Schedule E:

Part I–Beneficiaries					
(A) Beneficiary and address of each person who has an interest (vested, contingent, or otherwise) in this Estate	(B) Relationship to Decedent	(C) Tax Class	Interest of Beneficiary in Estate		(F) Age*
			(D) Fractional/percentage of residuary Estate and/or specific asset	(E) Dollar Amount	
Name: Justin Time Address: 12 First Street Inheritance, NJ 01324	Nephew	D	50% Residue	\$50,000	
Name: Russel Sprout Address: 14 First Street Inheritance, NJ 01324	Nephew	D	50% Residue	\$50,000	

Example 2 – POD's/Beneficiary account, Cash Bequest, and one Residual Beneficiary

The decedent left assets to three beneficiaries. The total amount available for distribution on IT-R line 9 is \$72,700. The beneficiaries are to receive assets through both direct beneficiary designations and the decedent's Last Will and Testament.

Beneficiary #1: Ella Fant, the decedent's cousin, is a Class D beneficiary. They received the following assets:

- POD Account – One Credit Union of NJ account as a payable on death (POD) beneficiary. Date of Death value – \$1,700
- Primary Beneficiary – One Fidelity IRA account as the named primary beneficiary on the account. Date of death value – \$26,200

Beneficiary #2: Paige Turner, the decedent's caregiver, is a Class D beneficiary. They received the following assets:

- Bequest in the Last Will and Testament – Cash bequest of \$10,000

Beneficiary #3: Otto Graff, the decedent's son, is a Class A beneficiary. They receive the following assets:

- Residual share through the Last Will and Testament – The total amount left in the decedent's Estate for distribution after Schedule D deductions, distribution of POD and direct beneficiary accounts, and cash bequest through the Last Will and Testament. Residue – \$34,800

Below is how each beneficiary's share from Example 2 would be reported on Schedule E:

Part I-Beneficiaries					
(A) Beneficiary and address of each person who has an interest (vested, contingent, or otherwise) in this Estate	(B) Relationship to Decedent	(C) Tax Class	Interest of Beneficiary in Estate		(F) Age*
			(D) Fractional/percentage of residuary Estate and/or specific asset	(E) Dollar Amount	
Name: Ella Fant Address: 123 Main Street Taxation, NJ 01234	Cousin	D	Credit Union of NJ POD Fidelity IRA beneficiary	\$27,900	
Name: Paige Turner Address: 10 Inheritance Ave. Estate, NJ 01789	No Relation	D	Cash Bequest	\$10,000	
Name: Otto Graff Address: 10 Inheritance Ave. Estate, NJ 01789	Son	A	100% Residue	\$34,800	

Example 3 – Multiple Beneficiaries with multiple asset types

The decedent left assets to five beneficiaries. The total amount for distribution on line 9 is \$472,250. The beneficiaries are to receive assets through the decedent's Last Will and Testament, as surviving owner and direct beneficiary designations, and as recipients of a transfer (Schedule C).

Beneficiary #1: Rita Book, the decedent's sibling, is a Class C beneficiary. They received the following assets:

- Surviving owner and POD account – One TD Bank account as surviving joint owner and one TD Bank account as payable on death (POD) beneficiary. Date of death values – Joint account \$10,500 and POD account \$2,000
- Devise in Last Will and Testament – Real Property. Date of death value – \$150,000
- Bequest in the Last Will and Testament – Diamond ring. Date of death value – \$750

Beneficiary #2: Teri Dactyl, the decedent's friend, is a Class D beneficiary. They received the following assets:

- TOD Account – One Wells Fargo Bank account as transfer on death (TOD) beneficiary. Date of Death value – \$1,500
- Schedule C Transfer – Direct beneficiary of a Prudential Annuity (payable on death plan). Date of death value of Payment Proceeds – \$15,250.00
- Bequest in the Last Will and Testament – Cash bequest of \$25,000

Beneficiary #3: Sandy Beech, the decedent's stepchild, is a Class A beneficiary. They received the following assets:

- Devise in Last Will and Testament – Coin collection. Date of death value – \$2,500.00
- Residual share through the Last Will and Testament – The total amount left in the decedent's Estate for distribution after Schedule D deductions, joint, POD, TOD accounts, transfer property (Schedule C), and assets through the Last Will and Testament is \$250,750. One-half of the remainder of the Estate or \$125,375.

Beneficiary #4: Earl E. Byrd, the decedent's step-grandchild is a Class D beneficiary. They received the following assets:

- Schedule C Transfer – Cash gift within three years prior to the date of death (transfers during the decedent's life-time). Market value of property as of date of death – \$14,000

- Residual share through the Last Will and Testament – The total amount left in the decedent's Estate for distribution after Schedule D deductions, joint, POD, TOD accounts, transfer property (Schedule C), and assets through the Last Will and Testament is \$250,750. Date of death value – One-quarter of the remainder of the Estate or \$62,687.50

Beneficiary #5: Giving to Others Charity, a charitable organization, is a Class E beneficiary. They received the following assets:

- Residual share through the Last Will and Testament – The total amount left in the decedent's Estate for distribution after Schedule D deductions, joint, POD, TOD accounts, transfer property (Schedule C), and assets through the Last Will and Testament is \$250,750. Date of death value – one-quarter of the remainder of the Estate or \$62,687.50

Below shows how each beneficiary's share from Example 3 would be reported on Schedule E:

Part I—Beneficiaries					
(A) Beneficiary and address of each person who has an interest (vested, contingent, or otherwise) in this Estate	(B) Relationship to Decedent	(C) Tax Class	Interest of Beneficiary in Estate		(F) Age*
			(D) Fractional/percentage of residuary Estate and/or specific asset	(E) Dollar Amount	
Name: Rita Book Address: 123 Main Street Taxation, NJ 01234	Sibling	C	TD Bank-1 Joint and 1 POD account Real Property Diamond Ring	\$163,250	
Name: Teri Dactyl Address: 10 Inheritance Ave. Estate, NJ 01789	No Relation	D	Wells Fargo TOD account Prudential Annuity \$25,000 Cash Bequest	\$41,750	
Name: Sandy Beech Address: 10 Inheritance Ave. Estate, NJ 01789	Stepchild	A	Coin collection 1/2 Residue	\$127,875	
Name: Earl E. Byrd Address: 123 Main Street Taxation, NJ 01234	Step-Grandchild	D	Cash Gift prior to death 1/4 Residue	\$76,687	
Name: Giving to Others Charity Address: 501-C3 Main Street Taxation, NJ 01234	Charity	E	1/4 Residue	\$62,687	

Connect With Us

Call the Inheritance Tax Hotline at (609) 292-5033

Email Inheritance Tax questions to Taxation.NJInheritancetax@treas.nj.gov

[Email](#) your general State tax questions (other than Inheritance Tax)

[Visit](#) a Regional Information Center

This document is designed to provide guidance to taxpayers and is accurate as of the date issued.