

upon the decedent: (1) As spouse under dower or curtesy laws or laws creating an estate in lieu of dower or curtesy; (2) as surviving tenant of a tenancy by the entirety or joint tenancy with survivorship rights; (3) as beneficiary of the proceeds of life insurance; (4) as survivor under an annuity contract; (5) as donee (possessor) of a general power of appointment (as defined in section 2041); (6) as appointee under the exercise of a general power of appointment (as defined in section 2041); or (7) as remainderman under the release or non-exercise of a power of appointment by reason of which the property is included in the gross estate of the donee of the power under section 2041.

(c) The application of this section may be illustrated by the following example:

Example: A devises Blackacre to B, as trustee, with directions to pay the income therefore to C, his son, for life. Upon C's death, Blackacre is to be sold. C is given a general testamentary power, to appoint one-third of the proceeds, and a testamentary power, which is not a general power, to appoint the remaining two-thirds of the proceeds, to such of the issue of his sister D as he should choose. D has a daughter, E, and a son, F. Upon his death, C exercised his general power by appointing one-third of the proceeds to D and his special power by appointing two-thirds of the proceeds to E. Since B's interest in Blackacre as a trustee is not a beneficial interest, no part of it is "property" for purpose of the credit in B's estate. On the other hand, C's life estate and his testamentary power over the one-third interest in the remainder constitute "property" received from A for purpose of the credit in C's estate. Likewise, D's one-third interest in the remainder received through the exercise of C's general power of appointment is "property" received from C for purpose of the credit in D's estate. No credit is allowed E's estate for the property which passed to her from C since the property was not included in C's gross estate. On the other hand, no credit is allowed in E's estate for property passing to her from A since her interest was not susceptible of valuation at the time of A's death (see § 20.2013-4).

§ 20.2013-6 Examples.

The application of §§ 20.2013-1 to 20.2013-5 may be further illustrated by the following examples:

Example (1). (a) A died December 1, 1953, leaving a gross estate of \$1,000,000. Expenses, indebtedness, etc., amounted to \$90,000. A be-

queathed \$200,000 to B, his wife, \$100,000 of which qualified for the marital deduction. B died November 1, 1954, leaving a gross estate of \$500,000. Expenses, indebtedness, etc., amounted to \$40,000. B bequeathed \$150,000 to charity. A and B were both citizens of the United States. The estates of A and B both paid State death taxes equal to the maximum credit allowable for State death taxes. Death taxes were not a charge on the bequest to B.

(b) "First limitation" on credit for B's estate (§ 20.2013-2):

A's gross estate	\$1,000,000.00
Expenses, indebtedness, etc.	90,000.00
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A's adjusted gross estate	910,000.00
Marital deduction	\$100,000.00
Exemption	60,000.00
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	160,000.00
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A's taxable estate	750,000.00
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A's gross estate tax	233,200.00
Credit for State death taxes	23,280.00
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A's net estate tax payable	209,920.00

"First limitation" =
 \$209,920.00
 (§ 20.2013-2(b)) ×
 [(\$200,000.00 -
 \$100,000.00)
 (§ 20.2013-4) +
 (\$750,000.00 -
 \$209,920.00 -
 \$23,280.00 +
 \$60,000.00)
 (§ 20.2013-2(c))] \$36,393.90

(c) "Second limitation" on credit for B's estate (§ 20.2013-3):

(1) B's net estate tax payable as described in § 20.2013-3(a)(1) (previously taxed transfer included):

B's gross estate	\$500,000.00
Expenses, indebtedness, etc.	\$40,000.00
Charitable deduction	150,000.00
Exemption	60,000.00
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	250,000.00
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B's taxable estate	250,000.00
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B's gross estate tax	\$65,700.00
Credit for State death taxes	3,920.00
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B's net estate tax payable	61,780.00

(2) B's net estate tax payable as described in § 20.2013-3(a)(2) (previously taxed transfer excluded):

B's gross estate	\$400,000.00
Expenses, indebtedness, etc.	\$40,000.00
Charitable deduction (§ 20.2013-3(b))=\$150,000.00 - [\$150,000.00 × (\$200,000.00 - \$100,000.00 + \$500,000.00 - \$40,000.00)]	117,391.30
Exemption	60,000.00
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	217,391.30
B's taxable estate	182,608.70
B's gross estate tax	45,482.61
Credit for State death taxes	2,221.61
B's net estate tax payable	43,260.00

(3) "Second limitation":

Subparagraph (1)	\$61,780.00
Less: Subparagraph (2)	43,260.00
	\$18,520.00

(d) Credit of B's estate for tax on prior transfers (§ 20.2013-1(c)):

Credit for tax on prior transfers=	\$18,520.00
(lower of paragraphs (b) and (c))×100 percent	
(percentage to be taken into account under	
§ 20.2013-1(c))	\$18,520.00

Example (2). (a) The facts are the same as those contained in example (1) of this paragraph with the following additions. C died December 1, 1950, leaving a gross estate of \$250,000. Expenses, indebtedness, etc., amounted to \$50,000. C bequeathed \$50,000 to B. C was a citizen of the United States. His estate paid State death taxes equal to the maximum credit allowable for State death taxes. Death taxes were not a charge on the bequest to B.

(b) "First limitation" on credit for B's estate (§ 20.2013-2(d))-

(1) With respect to the property received from A:

"First limitation"=\$36,393.90 (this computation is identical with the one contained in paragraph (b) of example (1) of this section).

(2) With respect to the property received from C:

C's gross estate	\$250,000.00
Expenses, indebtedness, etc.	\$50,000.00
Exemption	\$60,000.00

	\$110,000.00
C's taxable estate	140,000.00

C's gross estate tax	32,700.00
Credit for State death taxes	1,200.00

C's net estate tax payable	31,500.00
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"First limitation" = \$31,500.00 (§ 20.2013-2(b))
 × [\$50,000.00 (§ 20.2013-4) ÷ (\$140,000.00
 - \$31,500.00 - \$1,200.00 + \$60,000.00)
 (§ 20.2013-2(c))]

(c) "Second limitation" on credit for B's estate (§ 20.2013-3(c)):

(1) B's net estate tax payable as described in § 20.2013-3(a)(1) (previously taxed transfers included)=\$61,780.00 (this computation is identical with the one contained in paragraph (c)(1) of example (1) of this section).

(2) B's net estate tax payable as described in § 20.2013-3(a)(2) (previously taxed transfers excluded):

B's gross estate	\$350,000.00
Expenses, indebtedness, etc.	\$40,000.00
Charitable deduction	
(§ 20.2013-3(b)) =	
\$150,000.00 - [\$150,000.00	
× (\$200,000.00 -	
\$100,000.00 + \$50,000.00) +	
(\$500,000.00 - \$40,000.00)]	101,086.96
Exemption	60,000.00

201,086.96

B's taxable estate	148,913.04
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B's gross estate tax	35,373.91
Credit for State death taxes	1,413.91

B's net estate tax payable	33,960.00
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(3) "Second limitation":

Subparagraph (1)	\$61,780.00
Less: Subparagraph (2)	33,960.00
	\$27,820.00

(4) Apportionment of "second limitation" on credit:

Transfer from A (§ 20.2013-4)	\$100,000.00
Transfer from C (§ 20.2013-4)	50,000.00

Total

150,000.00

Portion of "second limitation" attributable to transfer from A (100/150 of \$27,820.00)

18,546.67

Portion of "second limitation" attributable to transfer from C (50/150 of \$27,820.00)

9,273.33

(d) Credit of B's estate for tax on prior transfers (§ 20.2013-1(c)):

Credit for tax on transfer from A=
 \$18,546.67 (lower of "first limitation" computed in paragraph (b)(1) and "second limitation" apportioned to A's transfer in paragraph (c)(4))×100 percent (percentage to be taken into account under § 20.2013-1(c))

\$18,546.67

Credit for tax on transfer from C=
 \$9,273.33 (lower of "first limitation" computed in paragraph (b)(2) and "second limitation" apportioned to B's transfer in paragraph (c)(4))×80 percent (percentage to be taken into account under § 20.2013-1(c))

7,418.66

Total credit for tax on prior transfers

25,965.33

§ 20.2014-1 Credit for foreign death taxes.

(a) *In general.* (1) A credit is allowed under section 2014 against the Federal estate tax for any estate, inheritance, legacy, or succession taxes actually paid to any foreign country (hereinafter referred to as "foreign death taxes"). The credit is allowed only for foreign death taxes paid (i) with respect to property situated within the country to which the tax is paid, (ii) with respect to property included in the decedent's gross estate, and (iii) with respect to the decedent's estate.