§ 20.0–2
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will not suffice to constitute domicile, nor will intention to change domicile effect such a change unless accompanied by actual removal. For the meaning of the term “citizen of the United States” as applied in a case where the decedent was a resident of a possession of the United States, see § 20.2208–1. The regulations pursuant to subchapter A are set forth in §§ 20.2001–1 to 20.2056(d)–1.

(2) Estates of nonresidents not citizens. Subchapter B of Chapter 11 of the Code pertains to the taxation of the estate of a person who was a nonresident not a citizen of the United States at the time of his death. A “nonresident” decedent is a decedent who, at the time of his death, had his domicile outside the United States under the principles set forth in subparagraph (1) of this paragraph. (See, however, section 2202 with respect to missionaries in foreign service.) The regulations pursuant to subchapter B are set forth in §§ 20.2101–1 to 20.2107–1.

(3) Miscellaneous substantive provisions. Subchapter C of Chapter 11 of the Code contains a number of miscellaneous substantive provisions. The regulations pursuant to subchapter C are set forth in §§ 20.2201–1 to 20.2209–1.

(4) Procedure and administration provisions. Subtitle F of the Internal Revenue Code contains some sections which are applicable to the Federal estate tax. The regulations pursuant to those sections are set forth in §§ 20.6001–1 to 20.7101–1. Such regulations do not purport to be all the regulations on procedure and administration which are pertinent to estate tax matters. For the remainder of the regulations on procedure and administration which are pertinent to estate tax matters, see part 301 (Regulations on Procedure and Administration) of this chapter.

(c) Arrangement and numbering. Each section of the regulations in this part (other than this section and §20.0–2) is designated by a number composed of the part number followed by a decimal point (20.); the section of the Internal Revenue Code which it interprets; a hyphen (-); and a number identifying the section. By use of these designations one can ascertain the sections of the regulations relating to a provision of the Code. For example, the regulations pertaining to section 2012 of the Code are designated §20.2012–1.

of insurance on the decedent’s life; annuities; and dower or curtesy of a surviving spouse or a statutory estate in lieu thereof. For a detailed explanation of the method of ascertaining the value of the gross estate, see sections 2031 through 2044, and the regulations thereunder.

(3) **Taxable estate.** The second step in determining the tax is to ascertain the value of the decedent’s taxable estate. The value of the taxable estate is determined by subtracting from the value of the gross estate the authorized exemptions and deductions. Under various conditions and limitations, deductions are allowable for expenses, indebtedness, taxes, losses, charitable transfers, and transfers to a surviving spouse. For a detailed explanation of the method of ascertaining the value of the taxable estate, see sections 2051 through 2056, and the regulations thereunder.

(4) **Gross estate tax.** The third step is the determination of the gross estate tax. This is accomplished by the application of certain rates to the value of the decedent’s taxable estate. In this connection, see section 2001 and the regulations thereunder.

(5) **Net estate tax payable.** The final step is the determination of the net estate tax payable. This is done by subtracting from the gross estate tax the authorized credits against tax. Under certain conditions and limitations, credits are allowable for the following (computed in the order stated below):

(i) State death taxes paid in connection with the decedent’s estate (section 2011);

(ii) Gift taxes paid on inter-vivos transfers by the decedent of property included in his gross estate (section 2012);

(iii) Foreign death taxes paid in connection with the decedent’s estate (section 2014); and

(iv) Federal estate taxes paid on transfers of property to the decedent (section 2013).

Sections 25.2701–5 and 25.2702–6 of this chapter contain rules that provide additional adjustments to mitigate double taxation in cases where the amount of the decedent’s gift was previously determined under the special valuation provisions of sections 2701 and 2702. For a detailed explanation of the credits against tax, see sections 2011 through 2016 and the regulations thereunder.

(c) **Method of determining tax; estate of nonresident not a citizen.** In general, the method to be used in determining the Federal estate tax imposed upon the transfer of an estate of a decedent who was a nonresident not a citizen of the United States is similar to that described in paragraph (b) of this section with respect to the estate of a citizen or resident. Briefly stated, the steps are as follows: First, ascertain the sum of the value of that part of the decedent’s “entire gross estate” which at the time of his death was situated in the United States (see §§ 20.2103–1 and 20.2014–1) and, in the case of an estate of an expatriate to which section 2107 applies, any amounts includible in his gross estate under section 2107(b) (see paragraph (b) of §20.2107–1); second, determine the value of the taxable estate by subtracting from the amount determined under the first step the amount of the allowable deductions (see §20.2106–1); third, compute the gross estate tax on the taxable estate (see §20.2106–1); and fourth, subtract from the gross estate tax the total amount of any allowable credits in order to arrive at the net estate tax payable (see §20.2102–1 and paragraph (c) of §20.2107–1).


**ESTATES OF CITIZENS OR RESIDENTS**

**TAX IMPOSED**

§ 20.2001–1 Valuation of adjusted taxable gifts and section 2701(d) taxable events.

(a) **Adjusted taxable gifts made prior to August 6, 1997.** For purposes of determining the value of adjusted taxable gifts as defined in section 2001(b), if the gift was made prior to August 6, 1997, the value of the gift may be adjusted at any time, even if the time within which a gift tax may be assessed has expired under section 6501. This paragraph (a) also applies to adjustments involving issues other than valuation for gifts made prior to August 6, 1997.