

CHAPTER 1155

INHERITANCE TAX DEDUCTIONS

H. F. 415

AN ACT relating to the deduction of debts and property taxes for inheritance tax purposes.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section four hundred fifty point twelve (450.12), subsection one (1), Code 1977, is amended to read as follows:

1. From the estate of such decedent who at the time of his death was domiciled within this state, there shall be deducted the debts owing by the decedent at the time of his death, the local and state taxes due from the estate ~~in January of the year of his death~~ and payable during the fiscal year beginning July first in which the decedent's death occurs, and federal taxes owing by the decedent or paid from the estate on Iowa property, a reasonable sum for funeral expenses, temporary allowances as provided in sections 633.374 to 633.377, and as granted by the probate court or judge thereof, court costs, the cost of appraisal made for the purpose of assessing the inheritance tax, the fee of executors, administrators, or trustees as allowed by order of court, the amount paid by the executor or administrator for a bond, the attorney fee in a reasonable amount to be approved by the court for the probate proceedings in said estate the costs of the sale of real estate or personal property in the estate, including the real estate agent's commission, and expenses for abstracting, documentary stamps, and title correction expenses, and no other sum; provided, however, that the debt of such decedent owing for or secured by property outside of this state, shall not be deducted before estimating the tax, except when the property for which the debt is owing or by which it is secured is subject to the tax imposed by this chapter, or when the foreign debt exceeds the value of the property securing it or for which it was contracted, when the excess may be deducted, provided that satisfactory proof of the value of the foreign property and the amount of such debt is furnished to the director of revenue.

Said debts shall not be deducted unless the same are approved and allowed by the court within eighteen months from the death of the decedent, unless otherwise ordered by the

judge or court of the proper county.

Sec. 2. Section four hundred fifty point twelve (450.12), subsection two (2), Code 1977, is amended to read as follows:

2. From the estate of such decedent who at the time of his death is domiciled outside of this state, the director of revenue shall deduct such debts and expenses as are chargeable to the property under the laws of this state, provided that in the event that the executor, administrator, or trustee of such foreign estate files with the clerk of the court having ancillary jurisdiction and with the department of revenue, or with the department of revenue in case there is no administration of the estate within this state, a duly certified statement exhibiting the true market value of the entire estate of the decedent owner, and the indebtedness for which the said estate has been adjudged liable, which statement shall be duly attested by the judge of the court having original jurisdiction, the beneficiaries of the said estate shall then be entitled to have deducted such proportion of the said indebtedness of the decedent from the value of the property as the value of the property within this state bears to the value of the entire estate. However, a debt as defined in this section shall not be allowed as a deduction under subsections one (1) and two (2) of this section if attributable to, or paid, secured, or set off by property not subject to taxation under this chapter, except to the extent of the excess of the debt, over the value or amount of the exempt property, or the proportions of the debt not attributable to the exempt property.

Sec. 3. This Act is effective January 1, 1979.

Approved March 22, 1978