

CHAPTER 1134

INHERITANCE TAX — PAYMENT DEFERRAL — SECURITY REQUIREMENTS

S.F. 2303

AN ACT relating to the inheritance tax by modifying the requirements to qualify for a deferment of tax payment under certain circumstances in the case of estates with a deferred estate or remainder interest, and including applicability provisions.

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

Section 1. [Section 450.20](#), Code 2018, is amended to read as follows:

450.20 Record of deferred estates.

The department of revenue shall keep a separate record of any deferred estate upon which the tax due is not paid on or before the last day of the ninth month after the death of the decedent, showing substantially the same facts as are required in other cases, and also showing:

1. The date and amount of all bonds given to secure the payment of the tax with a list of the sureties thereon.
2. The type and amount of any security, other than a bond, given to secure the payment of the tax.
3. ~~3.~~ The name of the person beneficially entitled to such estate or interest, with place of residence.
4. ~~4.~~ A description of the property or a statement of conditions upon which such deferred estate is based or limited.

Sec. 2. [Section 450.47](#), Code 2018, is amended to read as follows:

450.47 Life and term estates in personal property.

If an estate or interest for life or term of years in personal property is given to one or more persons other than those exempt by [this chapter](#) and the remainder or deferred estate to others, the property devised or conveyed shall be valued under [section 450.37](#) as provided in ordinary estates and the value of the estates or interests devised or conveyed shall be determined as provided in [section 450.51](#), and the tax upon the estates or interests liable for the tax shall be paid to the department of revenue from the property valued or by the persons entitled to the estate or interest on or before the last day of the ninth month after the death of the testator, grantor, or donor. However, payment of the tax upon a deferred estate or remainder interest may be deferred until the determination of the prior estate ~~by the giving of a good and sufficient bond~~ as provided in [section 450.48](#).

Sec. 3. [Section 450.48](#), Code 2018, is amended to read as follows:

450.48 Payment deferred — bond — exceptions.

1. ~~When~~ Except as provided in [subsection 2](#), ~~when~~ in case of deferred estates or remainder interests in personal property or in the proceeds of any real estate that may be sold during the time of a life, term, or prior estate, the persons interested who may desire to defer the payment of the tax until the determination of the prior estate, shall file with the clerk of the proper district court a bond as provided herein in other cases, such bond to be renewed every two years until the tax upon such deferred estate is paid. If at the end of any two-year period the bond is not promptly renewed as herein provided and the tax has not been paid, the bond shall be declared forfeited, and the amount thereof forthwith collected.

2. ~~When the estate of a decedent consists in part of real and in part of personal property, and there be~~ includes an estate for life or for a term of years to one or more persons and a deferred or remainder estate to others, and such deferred or remainder estate is in whole or in part subject to the tax imposed by [this chapter](#), ~~if the then~~ payment of the tax upon such deferred or remainder estates may be postponed until the determination of the prior estate without giving bond to secure payment of such tax as required under [subsection 1](#) if one of the following requirements is satisfied:

a. The deferred or remainder estates or interests are so disposed that good and sufficient security for the payment of the tax for which such deferred or remainder estates may be liable

can be had because of the lien imposed by [this chapter](#) upon the real property of such estate, then payment of the tax upon such deferred or remainder estates may be postponed until the determination of the prior estate without giving bond as herein required to secure payment of such tax, and but the tax shall remain a lien upon such real estate until the tax upon such deferred estate or interest is paid.

b. Security satisfactory to the department of revenue has been provided, which security includes but is not limited to a bank or securities account with an irrevocable pay on death or transfer on death provision naming the department of revenue as beneficiary, or an escrow agreement with the department of revenue under which a private attorney will act as escrow agent and hold the escrow funds in the attorney's trust account.

Sec. 4. APPLICABILITY. This Act applies to estates of decedents that include a deferred estate or remainder interest and that have not, on or before July 1, 2018, received approval from the department of revenue to defer payment of tax pursuant to [sections 450.44 through 450.49](#).

Approved May 4, 2018