April 20, 2016

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Dear   :

This letter responds to your request for information dated December 14, 2015. You are requesting information regarding the allowable credit under § 2010 of the Internal Revenue Code that may be applied to reduce or eliminate the estate tax imposed by § 2001.

Section 2001(a) of the Code imposes a tax on the transfer of the taxable estate of every decedent who is a citizen or resident of the United States. Section 2010(a) provides that a credit of the applicable credit amount shall be allowed to the estate of every decedent against the tax imposed by § 2001.

Section 2010(c)(1) provides that the applicable credit amount is the amount of the tentative tax that would be determined under § 2001(c) if the amount with respect to which such tentative tax is to be computed were equal to the applicable exclusion amount. Section 2010(c)(2) provides that the applicable exclusion amount is the sum of the basic exclusion amount, and in the case of a surviving spouse, the deceased spousal unused exclusion amount. Section 2010(c)(3) generally provides that the basic exclusion amount is $5,000,000, to be adjusted for inflation annually after calendar year 2011.

Publication 559, Survivors, Executors, and Administrators, provides further information, including the basic exclusion amount since 2002. For your assistance, a copy of Publication 559 has been included with this letter.

This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. <u>See</u> Rev. Proc. 2016-1, § 2.04, 2016-1 I.R.B. 1 (Jan. 4, 2016). If you have any additional questions, please contact our office at   .

                              Sincerely,

                              Karlene M. Lesho
                              Senior Technician Reviewer, Branch 4
                              (Passthroughs & Special Industries)

Enclosure (1)
        Publication 559, Survivors, Executors, and Administrators