

TITLE 316 - NEBRASKA DEPARTMENT OF REVENUE

CHAPTER 17 - INHERITANCE TAX REGULATIONS

REG-17-001 SCOPE, APPLICATION, AND VALUATIONS

001.01 Nebraska inheritance tax applies to bequests, devises, or transfers of property or any other interest in trust or otherwise having characteristics of annuities, life estates, terms for years, remainders, or reversionary interests. Nebraska inheritance tax is computed on the fair market value of annuities, life estates, terms for years, remainders, and reversionary interests. The fair market value is the present value as determined under the provisions of the Internal Revenue Code of 1986, as amended, and its applicable regulations with respect to estate tax.

001.02 The present value of annuities, life estates, terms for years, remainders, and reversionary interests is determined under 26 C.F.R. 20.2031-7(d) (2008) or as subsequently revised using the appropriate interest rate in section 26 U.S.C 7520, and, if applicable, the mortality component for the valuation date of the interest that is being valued.

001.03 The value of a contract for the payment of an annuity issued by a company regularly engaged in their sale, and of insurance policies on the lives of persons other than the decedent, is determined under 26 C.F.R. 20.2031-8 (2008) or as subsequently revised.

001.04 If the interest to be valued is dependent upon the continuation or the termination of more than one life, or upon a term certain concurrent with one or more lives, a special factor must be used in determining this valuation. This factor should be computed on the basis of interest calculated at the same rate utilized by the Internal Revenue Service, compounded annually, and life contingencies determined as to each person involved.

001.05 If a special factor is required for an actual bequest, devise, or transfer and is furnished by the Commissioner of the Internal Revenue Service in accordance with Internal Revenue Service procedures, that factor may be employed for Nebraska inheritance taxation purposes.

001.06 For purposes of the computations described in this regulation, the age of a person is to be taken as the age of that person at his or her nearest birthday.

(Section 77-2008, R.R.S. 2009. June 6, 2011.)

