

KANSAS ESTATE TAX BOOKLET



For Deaths Occurring On or After July 1, 1998

If you have questions about the Kansas Estate tax, contact:

Kansas Department of Revenue
Customer Relations-Estate Tax
915 SW Harrison St
Topeka, KS 66625-2222

OUTSIDE TOPEKA: 1-877-526-7738
IN TOPEKA: (785) 368-8222
FAX: (785) 296-4993
HEARING IMPAIRED TTY: (785) 296-6461
<http://www.ink.org/public/kdor>

GENERAL INSTRUCTIONS

General Information

The State of Kansas imposes an estate tax on the estates of persons who died on or after July 1, 1998. It is a tax on the value of the decedent's estate. Generally, no Kansas tax is due unless the gross value of the estate exceeds the current filing threshold for federal estate tax purposes. Estates of persons who died before July 1, 1998 are subject to an inheritance tax. You will need to request more information about the inheritance tax from the Department of Revenue.

Kansas Estate Tax

When estate taxes are paid to a state, the federal government allows a credit for that tax on the United States Estate (and Generation Skipping Transfer) Tax Return, federal Form 706. The Kansas estate tax is equal to the maximum federal credit allowable for state death taxes paid. Although Kansas has the right to make an independent computation of the amount of the credit for state death taxes to be paid to Kansas, as a practical matter the Kansas estate tax return picks up the maximum allowable credit amount from the federal Form 706. The credit on the federal return becomes the estate tax due on the Kansas return. This is why the Kansas estate tax is referred to as a "pick-up tax".

Proration of Federal Credit for State Death Taxes

Kansas law provides that when the estate of a resident decedent consists of property within and without the state, or in the case of the estate of a nonresident decedent who died holding an interest in property with a Kansas tax situs, the tax must be prorated. The Kansas estate tax is the same percentage of the federal credit for state death taxes that the total value of the decedent's Kansas property is of the total value of their federal gross estate.

For a **resident decedent**, property taxable by Kansas includes real property and tangible personal property located in Kansas, and intangible personal property wherever located.

For a **nonresident decedent**, property taxable by Kansas includes real property and tangible personal property located in Kansas.

Kansas Returns and Filing Requirements

Form K-706, Kansas Estate Tax Return, must be filed for decedents whose death occurred on or after July 1, 1998, and for which a federal estate tax return, Form 706, is required to be filed. A Form K-706NT may be filed for a decedent whose death occurred on or after July 1, 1998, to request a determination of no Kansas estate tax liability.

Who Must File

A return must be filed for the estate of every decedent by the personal representative of the estate. For purposes of the Kansas Estate tax, the term "personal representative" means the executor, administrator or deemed executor of the decedent. A "deemed executor" is any person in actual or constructive possession of any property of the decedent. A deemed executor must act if no executor or administrator is appointed, qualified and acting within the United States.

When to File

A complete Form K-706, Kansas Estate Tax Return, must be filed on or before the date the federal estate tax return is required to be filed. This date is within nine months of decedent's death unless an extension of time to file has been granted. When the estate is not required to file a federal estate tax return, a request for a determination of no Kansas estate tax liability, Form K-706NT, may be filed at any time. A return is deemed to have been filed upon delivery to the Kansas Department of Revenue. When mailed, a return is deemed to have been filed as of the postmark date.

Extensions of Time to File

Extensions of time to file a federal estate tax return which have been granted by the Internal Revenue Service will be accepted for Kansas. Attach a copy of the federal extension(s) to your Kansas return and fill in the oval for an extension.

Payment of Tax

Tax is due nine months following the decedent's date of death. If not paid when due, interest will accrue.

Interest

If the tax is not paid by the due date, interest will be charged on the unpaid tax from the due date until the time it is paid. The rate of interest is the underpayment rate prescribed and determined under section 6621 of the federal Internal Revenue Code, as in effect on January 1, 1994, and which rate is in effect thereunder on July 1 of the year immediately preceding the calendar year for which the rate is being annually fixed hereunder, plus 1% if computed annually. For a specific rate, please contact the Estate Tax Section.

Closing Letter

Upon being satisfied that there has been a final determination of all taxes due and that payment has been received, the Director of Taxation will issue a closing letter to the personal representative. A copy of the closing letter will also be issued to the preparer of the return.

IRS Adjustments

Any adjustment by the Internal Revenue Service must be reported by the personal representative to the Director of Taxation within ninety (90) days of

the date of such adjustment. Failure to comply will cause the statute of limitations to be tolled.

No Lien for Taxes

The lien for taxes originally imposed under the Kansas estate tax act was repealed during the 1999 Legislative Session. As a result, there is no estate tax lien for estates of decedent's dying on or after July 1, 1998. Therefore, no Release of Lien or Consent to Transfer is required prior to transferring either real estate or securities from the decedent's estate.

Instructions for Forms

Specific instructions for Form K-706 and Form K-706NT are printed on the back of each form.

Additional Forms

To obtain additional Estate Tax forms or for other state tax assistance contact the office shown below. Forms can also be downloaded from the Department of Revenue's web page: <http://www.ink.org/public/kdor>

Topeka Assistance Center
Docking State Office Building
915 SW Harrison, 1st Floor
Topeka, KS 66612-1588
Outside Topeka: 1-877-526-7738
In Topeka: (785) (785) 368-8222

INSTRUCTIONS FOR K-706

LINE 1 - Enter the amount of the credit for state death taxes reported on the federal Form 706.

Kansas law provides that when the estate of a resident decedent consists of property within and without the state, or in the case of the estate of a nonresident decedent who died holding an interest in property with a Kansas tax situs, the tax must be prorated.

Resident Decedent. For a resident decedent, property taxable by Kansas includes real property and tangible personal property located in Kansas and intangible personal property wherever located.

Nonresident Decedent. For a nonresident decedent, property taxable by Kansas includes real property and tangible property located in Kansas.

LINE 2 - Enter the gross value of the decedent's estate as reported on the federal Form 706.

LINE 3 - Enter the gross value of the decedent's non-Kansas property as reported on the federal Form 706. **Please identify these assets on the attached copy of the federal estate tax return by highlighting them in some manner or by attaching a separate schedule of these assets.**

LINE 4 - Subtract line 3 from line 2.

LINE 5 - Divide line 4 by line 2. Enter the result as a percentage. If the decedent was a resident decedent whose estate consists entirely of Kansas property, the result is 100 percent.

LINE 6 - Multiply line 1 by line 5. This is the Kansas estate tax.

LINE 7 - If the tax is not paid by the due date, interest will be charged on the unpaid tax from the due date until the time it is paid. The rate of interest is the underpayment rate prescribed and determined under section 6621 of the federal Internal Revenue Code, as in effect on January 1, 1994 and which rate is in effect thereunder on July 1 of the year immediately preceding the calendar year for which the rate is being computed annually. For a specific rate, please contact the Estate Tax Section.

LINE 8 - Add lines 6 and line 7. This is the total amount due to the state of Kansas. Please make your check or money order payable to "Kansas Estate Tax".

For questions about the Kansas Estate Tax, contact:

Kansas Department of Revenue
Customer Relations - Estate Tax
915 SW Harrison St
Topeka, KS 66625-2222

Outside Topeka: 1-877-526-7738
In Topeka: (785) 368-8222
Fax: (785) 296-4993
Hearing Impaired TTY: (785) 296-6461

State of Kansas
Department of Revenue
Docking State Office Building, 915 SW Harrison St.
Topeka, KS 66612-1588

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TAXPAYER ASSISTANCE

For questions about the Kansas Estate Tax or Inheritance Tax contact:

KANSAS DEPARTMENT OF REVENUE
CUSTOMER RELATIONS-ESTATE TAX
915 SW HARRISON ST
Topeka, KS 66625-2222

OUTSIDE TOPEKA: 1-877-526-7738
IN TOPEKA: (785) 368-8222
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KANSAS ESTATE TAX RETURN

For estates of decedents filing Federal Form 706
For deaths occurring on or after July 1, 1998

DECEDENTS INFORMATION	First Name	Initial	Last Name			
	County and State of Domicile at Date of Death		Date of Death	Age	Social Security Number	
	Personal Representative (Name and Address)				Social Security Number	Telephone Number
	Co-Representative (Name and Address)				Social Security Number	Telephone Number
	Attorney for the Estate (Name and Address)					Telephone Number
	Preparer of Return - Other than Personal Representative or Attorney (Name and Address)					Telephone Number

Fill in oval if extension is attached. Amount paid with extension _____ Fill in oval if amended return.

PLEASE ATTACH COPY OF FEDERAL ESTATE TAX RETURN FORM 706

FEDERAL CREDIT FOR STATE DEATH TAXES

1. Total state death tax credit allowed for federal estate tax purposes (from federal Form 706, pg. 1 Line 15)

1	
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PRORATION OF FEDERAL CREDIT

2. Total Gross Estate (from federal Form 706, pg. 1, Line 1)

3. Gross value of non-Kansas property (See instructions on back)

4. Gross value of Kansas property (Subtract Line 3 from Line 2)

2		
3		
4		
5		%

5. Percentage of estate located in Kansas (Line 4 divided by Line 2)

KANSAS ESTATE TAX

6. Tax payable to Kansas (Line 1 multiplied by Line 5)

7. Interest (See instructions on back)

8. Total tax and interest (Add Line 6 and Line 7). Make check payable to: Kansas Estate Tax

6	
7	
8	

Under penalty of perjury, I declare that I have examined this return, including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct and complete. Declaration of preparer other than personal representative or person in possession of property is based on all information of which preparer has any knowledge.

Signature of Personal Representative	Date	Signature of Preparer Other than Personal Representative
Signature of Co-Representative	Date	Signature of Preparer Other than Personal Representative