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Overview

This bill makes the zero bracket (exemption) amount under the Minnesota estate tax and the subtractions for qualified small business and qualified farm property portable between spouses. If on the death of the first spouse the estate is less than the maximum amount of either the zero bracket amount or the subtraction for qualified farmland or qualified small business property and if a timely return is filed, the surviving spouse's estate may claim the unused amounts of the zero bracket amount and the subtraction in computing the surviving spouse's estate tax liability.

Section

- 1 Commissioner's examination authority; deceased spouse estate tax returns.** Grants the commissioner of revenue authority to examine estate tax returns after the statute of limitations has run, if the audit relates to allowance of the unused deceased spouse exclusion amount (UDSEA) from that return.
- 2 Subtraction for UDSEA.** Allows a subtraction from the federal taxable estate for the UDSEA, as defined in section 3.
- 3 Unused deceased spouse exclusion amount.** Specifies calculation of the UDSEA as the sum of:
 1. The amount of any qualified small business property or qualified farm property subtraction that was not used by the deceased spouse on a timely filed Minnesota estate tax return (unused is not defined – likely it is intended to mean the amount

Section

above the minimum subtraction needed to reduce the estate's tax liability to zero);
and

2. The unused exclusion amount for the deceased spouse. (The Minnesota estate tax does not have an exclusion, but the rate structure has a zero bracket amount. The bill's language likely means the amount of zero bracket amount that is not needed to reduce estate tax for the deceased spouse to zero after the subtraction for qualified small business and farm property is taken into account.)

To claim the UDSEA subtraction, an estate tax return must have been filed for the deceased spouse within the statute of limitations. This will be a no-tax return and no filing requirement may apply if the amount of the estate was below the zero bracket amount.