

NOTICE OF INTENT

Department of Revenue and Taxation
Income Tax Division

Inheritance and Estate Transfer Taxes (LAC 61:I.1701)

Under the authority of Revised Statute 47:2420 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., notice is given that the Department of Revenue and Taxation proposes to adopt LAC 61:I.1701 concerning the interest on delinquent inheritance and estate transfer taxes.

This proposed regulation establishes the instances when interest on inheritance and estate transfer tax payments may be waived and the procedures to be followed to obtain waiver of interest.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the
Secretary of Revenue and Taxation

Chapter 17. Inheritance and Estate Transfer Tax

§1701. Extension of Time to File; Waiver of Interest

A. Definitions. For the purposes of this Section, the following terms are defined:

Bona Fide Contested—instances when the right of any heir or legatee to receive an inheritance or legacy is contested in the succession proceeding.

Ignorant of the Inheritance—instances when the heir, legatee, or beneficiary lacked knowledge of either his right to inherit or of the property to be inherited.

B. Waiver of Interest. Interest on inheritance and estate transfer taxes may be waived by the secretary if the settlement of the succession is bona fide contested or the beneficiary was ignorant of the inheritance. Beneficiaries or their legal representative requesting waiver of interest must make written application to the secretary including the reasons why waiver of interest should be granted.

C.1. Extension of Time to File. In all cases in which reasonable cause is established to the satisfaction of the court having jurisdiction over the succession, an extension of time to file an inheritance tax return without the payment of interest may be granted.

2. When it is shown that an estate is required to file a federal estate tax return, such fact shall be deemed reasonable cause for granting an extension to file without the payment of interest not to exceed 15 months from the date of death.

3. An application for an extension to file a return must be submitted to the court prior to the time that the tax becomes due. An extension of time to file a return without the payment of interest for periods exceeding 15 months from the date of death may be granted by the court if the secretary consents or is made a party to the proceeding.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:2420.

HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Income Tax Division, LR 22:

All interested persons may submit data, views, or arguments, in writing to Kenneth Comeaux, Director of the Income Tax Division, Department of Revenue and Taxation, Box 201, Baton Rouge, LA 70821. All comments must be submitted by 4:30 p.m. Thursday, September 26, 1996. A public hearing will be held on Friday, September 27, 1996 at 10 a.m. in the Department of Revenue and Taxation secretary's conference room, 330 North Ardenwood Drive, Baton Rouge, LA.

Kenneth Comeaux
Director

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Inheritance and Estate Transfer Taxes**

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL

GOVERNMENTAL UNITS (Summary)

There will be no impact on the department's costs to administer the inheritance tax laws.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

It is expected that state revenues will increase due to a reduction in the number of waivers of interest on inheritance taxes. The amount of the increases is estimated to be a minimum of \$250,000 per year.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Beneficiaries of inherited property who do not timely file and pay their inheritance tax must pay interest on the tax at the statutory interest rate. The amount of the increase is estimated to be a minimum of \$250,000 per year.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There should be no fiscal impact on competition or employment.

John Neely Kennedy
Secretary

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