


## Internal Revenue Code Section 2001(c)

Imposition and rate of tax.

- (a) Imposition. A tax is hereby imposed on the transfer of the taxable estate of every decedent who is a citizen or resident of the United States.
- (b) Computation of tax. The tax imposed by this section shall be the amount equal to the excess (if any) of—
- (1) a tentative tax computed under subsection (c) on the sum of—
    - (A) the amount of the taxable estate, and
    - (B) the amount of the adjusted taxable gifts, over
  - (2) the aggregate amount of tax which would have been payable under chapter 12 with respect to gifts made by the decedent after December 31, 1976, if the modifications described in subsection (g) had been applicable at the time of such gifts.

For purposes of paragraph (1)(B), the term "adjusted taxable gifts" means the total amount of the taxable gifts (within the meaning of section 2503) made by the decedent after December 31, 1976, other than gifts which are includible in the gross estate of the decedent.

-  (c) Rate schedule.

<b>If the amount with respect to which the tentative tax to be computed is:</b>	<b>The tentative tax is:</b>
Not over \$10,000	18 percent of such amount.
Over \$10,000 but not over \$20,000	\$1,800, plus 20 percent of the excess of such amount over \$10,000
Over \$20,000 but not over \$40,000	\$3,800, plus 22 percent of the excess of such amount over \$20,000
Over \$40,000 but not over \$60,000	\$8,200, plus 24 percent of the excess of such amount over \$40,000
Over \$60,000 but not over \$80,000	\$13,000, plus 26 percent of the excess of such amount over \$60,000
Over \$80,000 but not over \$100,000	\$18,200, plus 28 percent of the excess of such amount over \$80,000
Over \$100,000 but not over \$150,000	\$23,800, plus 30 percent of the excess of such amount over \$100,000
Over \$150,000 but not over \$250,000	\$38,800, plus 32 percent of the excess of such

	amount over \$150,000
Over \$250,000 but not over \$500,000	\$70,800, plus 34 percent of the excess of such amount over \$250,000
Over \$500,000	\$155,800, plus 35 percent of the excess of such amount over \$500,000.

(d) Adjustment for gift tax paid by spouse. For purposes of subsection (b)(2), if—

- (1) the decedent was the donor of any gift one-half of which was considered under section 2513 as made by the decedent's spouse, and
- (2) the amount of such gift is includible in the gross estate of the decedent,
  - any tax payable by the spouse under chapter 12 on such gift (as determined under section 2012(d)) shall be treated as a tax payable with respect to a gift made by the decedent.

(e) Coordination of sections 2513 and 2035. If—

- (1) the decedent's spouse was the donor of any gift one-half of which was considered under section 2513 as made by the decedent, and
- (2) the amount of such gift is includible in the gross estate of the decedent's spouse by reason of section 2035,
  - such gift shall not be included in the adjusted taxable gifts of the decedent for purposes of subsection (b)(1)(B), and the aggregate amount determined under subsection (b)(2) shall be reduced by the amount (if any) determined under subsection (d) which was treated as a tax payable by the decedent's spouse with respect to such gift.

(f) Valuation of gifts.

- (1) In general. If the time has expired under section 6501 within which a tax may be assessed under chapter 12 (or under corresponding provisions of prior laws) on—
  - (A) the transfer of property by gift made during a preceding calendar period (as defined in section 2502(b)); or
  - (B) an increase in taxable gifts required under section 2701(d),
    - the value thereof shall, for purposes of computing the tax under this chapter, be the value as finally determined for purposes of chapter 12.
- (2) Final determination. For purposes of paragraph (1), a value shall be treated as finally determined for purposes of chapter 12 if—
  - (A) the value is shown on a return under such chapter and such value is not contested by the Secretary before the expiration of the time referred to in paragraph (1) with respect to such return;

(B) in a case not described in subparagraph (A), the value is specified by the Secretary and such value is not timely contested by the taxpayer; or

(C) the value is determined by a court or pursuant to a settlement agreement with the Secretary.

For purposes of subparagraph (A), the value of an item shall be treated as shown on a return if the item is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise the Secretary of the nature of such item.

(g) Modifications to gift tax payable to reflect different tax rates. For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute—

(1) the tax imposed by chapter 12 with respect to such gifts, and

(2) the credit allowed against such tax under section 2505, including in computing—

(A) the applicable credit amount under section 2505(a)(1), and

(B) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2).