

## **2011 - 2012**

# **Important Notice Regarding Illinois Estate Tax and Fact Sheet**

For decedents dying prior to 2011, see the Instruction Fact Sheets previously posted on this website covering the specific year of death at issue subject to taxation.

For persons dying in 2011 and 2012, the Federal exemption for Federal estate tax purposes is \$5,000,000. However, the exemption equivalent for Illinois estate tax purposes is \$2,000,000. Therefore, tentative taxable estates with adjusted taxable gifts between \$2,000,000 and \$5,000,000 will owe an Illinois estate tax without any corresponding Federal estate tax liability. In such situations, the estate representative is to prepare and file the Illinois Estate Tax Return, Form 700, together with a Federal Form 706, Federal Estate Tax Return, or any other form containing the same information, even though the Federal return is not required to be filed with the Internal Revenue Service. The Federal Form 706 must include all schedules, appraisals, wills, trusts, attachments, etc. as the Federal Form 706 would have for a 2009 decedent with a tentative taxable estate plus adjusted taxable gifts over \$2,000,000. The Illinois estate tax will be determined using the inter-related calculation for 2011 and 2012 decedents. The calculator at the Illinois Attorney General's website may be used for this computation. ([www.illinoisattorneygeneral.gov](http://www.illinoisattorneygeneral.gov)) To make the computation, the amounts of the Illinois Tentative Taxable Estate (Line 3, Schedule A or B, Form 700) and the Illinois Tentative Taxable Estate with Adjusted Gifts (Line 5, Schedule A or B, Form 700) without the State Death Tax Deduction are required for input into the 2011-2012 Estate Tax Calculator to determine the amount of Illinois estate tax due.

When the tentative taxable estate plus adjusted taxable gifts exceeds \$5,000,000 the Illinois Estate Tax return, Form 700, is to be prepared in the same manner for 2011- 2012 as for 2009, and must therefore include a copy of the Federal Form 706 with all attachments.

For both resident and non-resident decedents, the tax base will be calculated assuming all assets are located within Illinois. (Line 6, Schedule A or B, Form 700). The percentage of Illinois assets to total assets is then computed with the percentage applied to the tax base for apportionment purposes to determine the amount of Illinois estate tax due.

### Illinois QTIP election (Qualified Terminable Interest Property)

For persons dying January 1, 2009 and after, the estate may make a QTIP election for Illinois purposes which is larger than the Federal QTIP election. The Illinois QTIP must be elected on the Illinois Return. The Illinois QTIP election will follow Federal statutes and rules for treatment of such elected property as passing to the surviving spouse and inclusion for Illinois purposes on any Illinois Estate Tax Return of the surviving spouse. The maximum Illinois QTIP election allowable for decedents dying in 2011 and 2012 is \$3,000,000.

Examples:

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|--|---|
| 01-01-11 decedent with an estate of \$1,900,000 and adjusted taxable gifts of \$200,000      | \$25,936 Illinois Estate Tax<br>\$0 Federal Estate Tax  |
| 01-01-11 decedent with an estate of \$2,000,000  | \$0 Illinois Estate Tax<br>\$0 Federal Estate Tax   |
| 01-01-11 decedent with an estate of \$2,700,000 (all Illinois property)                      | \$143,333 Illinois Estate Tax<br>\$0 Federal Estate Tax   |
| 01-01-11 decedent with an estate of \$3,500,000 (all Illinois property)                      | \$209,124 Illinois Estate Tax<br>\$0 Federal Estate Tax   |
| 01-01-11 decedent with an estate of \$4,000,000 (all Illinois property)                      | \$253,986 Illinois Estate Tax<br>\$0 Federal Estate Tax   |
| 01-01-11 decedent with an estate of \$5,000,000 (all Illinois property)                      | \$352,158 Illinois Estate Tax<br>\$0 Federal Estate Tax   |
| 01-01-11 decedent with an estate of \$5,000,000, a surviving spouse, and an IL QTIP election | Illinois QTIP \$3,000,000<br>\$0 Illinois Estate Tax<br>\$0 Federal Estate Tax                                  |
| 01-01-11 decedent with an estate of \$5,000,000 with 50% in Illinois and 50% in Florida      | \$176,079 Illinois Estate Tax<br>(even though Florida imposes<br>no State Estate Tax)<br>\$0 Federal Estate Tax |

**Note: The portability and carry-over of the unused Federal exemption to the surviving spouse is inapplicable to the computation and assessment of the Illinois Estate Tax.**

The Illinois Attorney General administers the Illinois Estate Tax. The Illinois Estate Tax Return is designated and titled Form 700 and is present at this website. The original Return is filed with the Illinois Attorney General's Office and a copy with the County Treasurer. For residents of Illinois, the County of residence is the county for filing. The Return has a section for non-residents and is filed with the County having the greatest value of Illinois property. For Cook, DuPage, Lake and McHenry Counties, the original Return **along with a copy of the Federal Return** is filed at the Office of the Illinois Attorney General, Revenue Litigation Bureau - Estate Tax Section, 100 West Randolph Street, 13<sup>th</sup> Floor, Chicago, Illinois 60601. For all other counties, the original return **along with a copy of the Federal Return** is filed at the Office of the Illinois Attorney General, Revenue Litigation Bureau - Estate Tax Section, 500 South Second Street, Springfield, Illinois 62706. Payment of all taxes, interest and penalties are made to the County Treasurer. The tax is due nine (9) months after the date of the decedent's death. Extensions are based on allowed Federal

extensions. Further filing and payment instructions are on the Return. A list of all County Treasurers with addresses is also listed at this website.

If the Federal tax is paid in installments, the Illinois tax may be paid in installments. Form 4350a is the computation worksheet for installment payments and is available at this website. Please note that “gross” values are used to determine the percentage subject to deferral; not adjusted values as on the Federal return.

Please contact the Estate Tax Section, Illinois Attorney General’s Office with any questions or problems at:

Estate Tax Section  
100 West Randolph Street  
13<sup>th</sup> Floor  
Chicago, Illinois 60601  
Telephone: (312) 814-2491

Estate Tax Section  
500 South Second Street  
Springfield, Illinois 62706  
Telephone: (217) 524-5095