

COUNCIL OF THE DISTRICT OF COLUMBIA

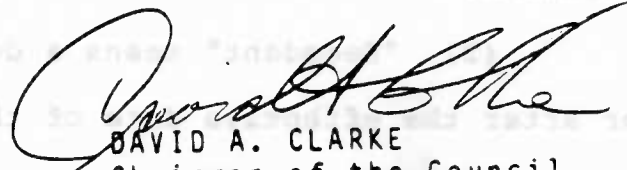
NOTICE

D.C. LAW 6-168

"Inheritance and Estate Tax Revision Act  
of 1986".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 6-372 on first and second readings, September 23, 1986 and October 7, 1986, respectively. Following the signature of the Mayor on October 27, 1986, this legislation was assigned Act No. 6-217, published in the November 14, 1986, edition of the D.C. Register, (Vol. 33 page 7008) and transmitted to Congress on January 7, 1987 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 6-168, effective February 24, 1987.

  
DAVID A. CLARKE  
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

January 7, 8, 9, 12, 13, 14, 15, 16, 20, 21, 22, 23, 26, 27, 28, 29, 30

February 2, 3, 4, 5, 6, 9, 10, 11, 17, 18, 19, 20, 23

~~EFFECTIVE~~ FEB 24 1987

AN ACT

Codification  
New, Chapter  
37 of title 4

D.C. ACT 6 - 2 1 7

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

OCT 2 7 1986

To revise inheritance and estate tax laws in the District of Columbia.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,  
That this act may be cited as the "Inheritance and Estate  
Tax Revision Act of 1986".

Sec. 2. Definitions.

For the purpose of this act, the term:

(1) "Council" means the Council of the District  
of Columbia.

New, D.C. Cod  
sec. 47-3701  
(1987 supp.)

(2) "Decedent" means a deceased person who died  
on or after the effective date of this act.

(3) "District" means the District of Columbia.

(4) "Federal credit" means the maximum amount of  
credit for state death taxes allowable by section 2011 of  
the United States Internal Revenue Code of 1954, in respect  
to a decedent's taxable estate. As used in this paragraph,  
the maximum amount shall be construed so as to take full  
advantage of the tax credit as the laws of the United States

may allow. In no event, however, shall the amount be less than the federal credit allowable by section 2011 of the Internal Revenue Code of 1954 as it existed on January 1, 1986.

(5) "Gross estate" means gross estate as defined in section 2031 of the Internal Revenue Code of 1954.

(6) "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, approved August 6, 1954 (68A Stat. 3; 26 U.S.C. 101 et seq.), in effect for federal estate tax purposes on January 1, 1986.

(7) "Mayor" means the Mayor of the District of Columbia.

(8) "Nonresident" means a decedent who was domiciled outside the District at his death.

(9) "Personal representative" means the personal representative or other person appointed by the court to administer the property of the decedent. If there is no personal representative or other person appointed, qualified, and acting within the District, then any person in actual or constructive possession of any property having a situs in the District that is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the District estate tax due with respect to the property.

(10) "Rate of interest" means, interest assessed

under this act computed at the rate of 1 and 1/4% per month or any portion of a month.

(11) "Resident" means a decedent who was domiciled in the District at his or her death.

(12) "State" means any state, territory, or possession of the United States and the District.

(13) "Taxable estate" means taxable estate as defined in section 2051 of the Internal Revenue Code of 1954.

(14) "Value" means value as finally determined for federal estate tax purposes under the Internal Revenue Code of 1954.

Sec. 3. Tax on transfer of taxable estate of residents; amounts; credit; property of resident defined.

New, D.C. Co  
sec. 47-3702  
(1987 supp.)

(a) A tax in the amount of the federal credit is imposed on the transfer of the taxable estate having its taxable situs in the District of every resident dying on or after the effective date of this act subject, where applicable, to the credit provided for in subsection (b) of this section.

(b) If any real or tangible personal property of a resident is located outside the District and subject to a death tax imposed by another state for which a credit is allowed under section 2011 of the Internal Revenue Code of 1954, the amount of tax due under this section shall be

credited with the lesser of:

(1) The amount of the death tax paid the other state and that qualifies for credit against the federal estate tax; or

(2) An amount computed by multiplying the federal credit by a fraction, the numerator of which is the value of that part of the gross estate over which another state or states have jurisdiction to the same extent that the District would exert jurisdiction under this act with respect to the residents of the other state or states and the denominator of which is the value of the decedent's gross estate.

(c) For the purposes of this section, taxable situs means in regard to:

(1) Real property - the place where the property is situated;

(2) Tangible personal property - the place where the property is customarily located at the time of the decedent's death; and

(3) Intangible personal property - the domicile of the decedent at the time of the decedent's death, except that intangible personal property used in a trade or business in the District shall have a taxable situs in the District regardless of the domicile of the owner.

Sec. 4. Tax on transfer of taxable estate of

New, D.C. Co  
sec. 47-370  
(1987 supp.

nonresidents; property of nonresident defined.

(a) A tax in an amount computed as provided in this section is imposed on the transfer of every nonresident's taxable estate having its taxable situs in the District.

(b) The tax shall be an amount computed by multiplying the federal credit by a fraction, the numerator of which is the value of that part of the gross estate over which the District has jurisdiction for estate tax purposes and the denominator of which is the value of the decedent's gross estate.

(c) For the purposes of this section, taxable situs means in regard to:

(1) Real property - the place where the property is situated;

(2) Tangible personal property - the place where the property is customarily located at the time of the decedent's death; and

(3) Intangible personal property - the domicile of the decedent at the time of the decedent's death, except that intangible personal property used in a trade or business in the District shall have a taxable situs in the District regardless of the domicile of the owner.

Sec. 5. Authority for Mayor to compromise tax.

In all cases in which the Mayor claims that a decedent was domiciled in the District at the time of his or her

New, D.C. Co  
sec. 47-3704  
(1987 supp.)

death and the taxing authorities of a state or states make a similar claim with respect to their state or states, the Mayor may compromise the taxes imposed by this act.

Sec. 6. Filing returns; payment of tax due.

New, D.C. Code  
sec. 47-3705  
(1987 supp.)

(a) The personal representative of every estate subject to the tax imposed by this act who is required to file a federal estate return shall file with the Mayor, within 10 months after the death of the decedent:

- (1) A return for the tax due under this act; and,
- (2) A copy of the federal estate tax return.

(b) If the personal representative has obtained an extension of time for filing the federal estate tax return, the filing required by subsection (a) of this section shall be similarly extended until 30 days after the end of the time period granted in the extension of time for the federal estate tax return. Upon obtaining an extension of time for filing the federal estate tax return, the personal representative shall provide the Mayor with a copy of the extension of time.

(c) The tax due under this act shall be paid by the personal representative to the Mayor no later than the date when the return covering this tax is required to be filed under subsection (a) or (b) of this section. If the tax is paid pursuant to subsection (b) of this section, interest at a rate equal to the rate of interest established pursuant to

section 2(10) shall be added for the period between the date when the tax would have been due had no extension been granted and the date of full payment.

(d) Whenever the Mayor determines that the tax due under this act has been overpaid, the estate shall be entitled to a refund of the amount of the overpayment. An application for the refund shall be made to the Mayor within 3 years from the date of payment.

Sec. 7. Jeopardy assessments.

(a) If the Mayor determines that the collection of the tax imposed by this act will be jeopardized by delay, he or she shall, whether or not the time otherwise prescribed by law for making a return and paying the tax has expired, immediately assess the tax, together with all interest and penalties. The tax, interest, and penalties shall become immediately due and payable, and immediate notice and demand shall be made by the Mayor for payment. Upon failure or refusal to pay the tax, interest, or penalties, the Mayor may collect by distraint.

(b) The collection of the whole or any part of the amount assessed under subsection (a) of this section may be stayed by filing with the Mayor a bond in the amount, not exceeding double the amount as to which the stay is desired, and with sureties as the Mayor deems necessary, conditioned upon the payment of the amount the collection of which is

New, D.C. Co.  
sec. 47-3706  
(1987 supp.)



stayed, at the time at which, but for this section, the amount would be due.

Sec. 8. Authority for the Mayor to file.

New, D.C. Code  
sec. 47-3707  
(1987 supp.)

If any person fails to file a return at the time prescribed by law, or files a false or fraudulent return, the Mayor shall make a return from his or her own knowledge and from other information as he or she can obtain. Any return made by the Mayor pursuant to this section shall constitute prima facie evidence of the amount due.

Sec. 9. Amended returns.

New, D.C. Code  
sec. 47-3708  
(1987 supp.)

(a) If the personal representative files an amended federal estate tax return, he or she shall, within 30 days after filing the amended federal estate tax return, file with the Mayor an amended return covering the tax imposed by this act, accompanying the amended return with a copy of the amended federal estate tax return. If the personal representative is required to pay an additional tax under this act pursuant to the amended return, he or she shall pay the tax, together with interest as provided in section 2(10), at the time of filing the amended return.

(b) If, upon final determination of the federal estate tax due, a deficiency is assessed, the personal representative shall within 30 days after this determination give written notice of the deficiency to the Mayor. If any additional tax is due under this act by reason of this

determination, the personal representative shall pay the additional tax, together with interest as provided in section 2(10), at the time he or she files the notice.

Sec. 10. Testimony; production of books and records.

New, D.C. Cod  
sec. 47-3709  
(1987 supp.)

The Mayor, for the purpose of determining the correctness of any return filed under this act or for the purpose of making an estimate of the taxable estate of any taxpayer, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and give testimony or answer interrogatories under oath respecting the matter, and the Mayor shall have power to administer oath to these persons. The summons may be served by any member of the Metropolitan Police Department. If any person having been summoned personally shall neglect or refuse to obey the summons, the Mayor may report the fact to the Superior Court of the District of Columbia and the court may compel obedience to the summons to the same extent as witnesses may be compelled to obey the subpoenas of that court.

Sec. 11. Certification of payment by Mayor.

New, D.C. Co  
sec. 47-3710  
(1987 supp.)

When the Mayor is satisfied that the tax liability imposed by this act has been fully discharged or provided

for, the Mayor may certify that fact.

Sec. 12. Lien for taxes.

New, D.C. Code  
sec. 47-3711  
(1987 supp.)

The District shall have a lien for all taxes, penalties, and interest that are or may become due under this act on all property that a decedent dies seized or possessed of subject to tax under this act, in whatever form it may happen to be held and all property acquired in substitution.

Sec. 13. Liability of personal representative.

New, D.C. Code  
sec. 47-3712  
(1987 supp.)

The tax, interest, and penalties imposed by this act shall be paid by the personal representative. If any personal representative distributes either in whole or in part any of the property of an estate to the beneficiaries or creditors without having paid or secured the tax, interest, or penalties due pursuant to this act, he or she shall be personally liable for the tax, interest, and penalties so due, or so much of the tax, interest, and penalties as may remain due and unpaid, to the full extent of any property belonging to the person or estate that may have or will come into his or her custody or control.

Sec. 14. Duty of a personal representative.

New, D.C. Code  
sec. 47-3713  
(1987 supp.)

The personal representative of every decedent subject to the tax imposed by this act shall, before distribution of the estate, pay to the Mayor any taxes, penalties, and interest due under this act. The taxes, penalties, and

interest shall be paid by the personal representative to the extent of assets subject to his or her control. Each payment shall be applied, first, to any interest due on the tax, second, to any penalty imposed by this act, and then the balance, if any, to the tax.

Sec. 15. Apportionment required.

New, D.C. Cod  
sec. 47-3714  
(1987 supp.)

(a) Except as may be otherwise provided in the decedent's will, whenever it appears upon any settlement of accounts or in any other appropriate action or proceeding that a person acting in a fiduciary capacity has paid an estate tax levied or assessed under the provisions of the estate tax law of the District or the United States upon or with respect to any property required to be included in the gross estate of a decedent under the provisions of either law, the amount of the tax so paid shall be prorated among the persons interested in the estate to whom the property is or may be transferred or to whom any benefit accrues. Apportionment shall be made in the proportion that the value of the property, interest, or benefit of each person bears to the total value of the property, interests, and benefits received by all persons interested in the estate, except that in making proration each person shall have the benefit of any exemptions, deductions, and exclusions allowed by law in respect of the persons or the property passing to him or her.

(b) Notwithstanding subsection (a) of this section, in cases in which a trust is created or other provisions made in which any person is given an interest in income, an estate for years, an estate for life, or other temporary interest or estate in any property or fund, the tax on the temporary interest or estate shall be charged against and paid out of the corpus of that property or fund without apportionment between temporary interests or estates and remainders.

Sec. 16. Monthly report of Register of Wills.

New, D.C. Co  
sec. 47-3715  
(1987 supp.)

The Register of Wills shall report to the Mayor on every order appointing a personal representative in the District for the estate of any decedent. The report shall be in a form prepared by the Register of Wills, shall be filed with the Mayor at least once every month, and shall contain the name of the decedent, the date of his or her death, the name and address of the personal representative, and the value of the estate, as shown by the petition for probate.

Sec. 17. Final account.

New, D.C. Co  
sec. 47-3716  
(1987 supp.)

No final account in any probate proceeding of a personal representative who is required to file a federal estate tax return shall be approved by the court unless the court finds that the tax imposed on the property by this act, including applicable interest, has been paid in full or

that no tax is due.

Sec. 18. Authority of Mayor to determine tax; deficiencies in tax.

New, D.C. Code  
sec. 47-3717  
(1987 supp.)

(a) The Mayor shall have the authority to determine, redetermine, assess, or reassess any tax due under this act. If a deficiency in tax is determined by the Mayor, the person liable for the deficiency shall be notified of the determination of a deficiency by certified mail directed to the person's last known address. The notice shall state that a protest may be filed with the Mayor not more than 30 days after the date that the notice is certified as having been mailed, and the notice shall explain that the protest will be an opportunity to show cause why the deficiency should not be paid. If no protest is filed within the 30 day period, the deficiency as determined by the Mayor shall be final. If a protest is filed within the 30 day period, the Mayor shall provide an opportunity for a hearing concerning the matter and shall send notice of a final decision, together with a statement of taxes finally determined to be due, by certified mail to the last known address of the person liable for the payment of the deficiency.

(b) Any deficiency in tax that has become final under subsection (a) of this section shall, if no protest is filed, be due and payable within 10 days after the end of

the 30 day period described in subsection (a) of this section. If a protest is filed, the deficiency shall be due and payable within 10 days after notice of the Mayor's final decision concerning the protest is mailed to the person liable for the deficiency.

(c) Any person aggrieved by an assessment of a deficiency in tax finally determined by the Mayor under the provisions of this section may appeal to the Superior Court of the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, and 11 of Title IX of the District of Columbia Revenue Act of 1937, approved July 26, 1939 (53 Stat. 1108; D.C. Code, secs. 47-3303, 47-3304, & 47-3308).

Sec. 19. Penalties.

New, D.C. Co  
sec. 47-3718  
(1987 supp.)

(a) If any return required to be filed by this act is not filed within the time prescribed by this act, a penalty in an amount equal to 5% of the tax found to be due per month, not to exceed 25% of the tax found to be due, shall be assessed against the estate.

(b) If any personal representative knowingly files a false or fraudulent return, he or she shall become liable in his or her own person and estate to the District in an amount equal to 50% of the tax found to be due.

(c) Any personal representative required by this act to pay the tax, make a return, keep any records, or supply

any information for the purposes of computation, assessment, or collection of the tax, who willfully fails to pay the tax, make the return, keep the records, or supply the information at the time or times required by law shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction, shall be fined not more than \$1,000, imprisoned for not more than 1 year, or both.

(d) Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in any return filed under this act, who shall refuse to permit the examination by the Mayor or any person designated by the Mayor of the books, papers, records, or memoranda, or who shall obstruct or hinder the Mayor or any person designated by the Mayor in the examination of any books, papers, records, or memoranda, shall be guilty of a misdemeanor and shall, upon conviction, be fined not more than \$1,000.

(e) All prosecutions under this section shall be brought in the Superior Court of the District of Columbia on information by the Corporation Counsel of the District of Columbia or any of his or her assistants in the name of the District of Columbia.

Sec. 20. Secrecy of returns.

(a) Except as may be necessary for the enforcement of this act, it shall be unlawful for any officer or employee,



or any former officer or employee, of the District to divulge or make known in any manner any particulars set forth or disclosed in any return required to be filed under this act, and neither the original nor a copy of any return desired for use in litigation in court shall be furnished where neither the District nor the United States is interested in the result of the litigation, whether or not the request is contained in an order of the court.

(b) Nothing contained in this section shall be construed to prevent the furnishing to a taxpayer of a copy of his or her return upon the payment of a fee as the Mayor may prescribe by rule.

(c) The provisions of this section shall also be applicable to any federal, state, or local inheritance or estate tax returns or copies and to any other federal, state, or local inheritance or estate tax information either submitted by the taxpayer or otherwise obtained.

(d) Notwithstanding the provisions of subsection (a) of this section, any tax returns or other tax information required by this act may be disclosed to any official of the District having a right to the information in his or her official capacity or to a contractor to the extent necessary for the processing, storage, transmission, or reproduction of tax information or for the programming, maintenance, repair, testing, and procurement of equipment for purposes

of tax administration. The provisions of subsections (a) and (f) of this section shall be applicable to all contractors and former contractors and to their officers and employees.

(e) The Mayor may permit the proper officer of the United States or of any state imposing a similar tax to inspect the tax returns filed with the Mayor pursuant to this act or may furnish the officer or representative a copy of the tax returns if the United States or the state grants substantially similar privileges to the Mayor.

(f) Any violation of the provisions of this section shall be a misdemeanor and, upon conviction, shall be punishable by a fine not to exceed \$1,000, imprisonment for not more than 1 year, or both. All prosecutions under this section shall be brought in the Superior Court of the District of Columbia on information by the Corporation Counsel of the District of Columbia or his or her assistants in the name of the District of Columbia.

**Sec. 21. Rules.**

The Mayor shall issue rules necessary to carry out the provisions of this act and to provide for the granting of extensions of time within which to perform the duties imposed by this act, in accordance with title 1 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1203; D.C. Code, sec. 1-1501 et

New, D.C. Code  
sec. 47-3720  
(1987 supp.)

seq.).

Sec. 22. Report by Mayor concerning amendment, repeal, or replacement of Internal Revenue Code of 1954. New, D.C. Cod sec. 47-3721 (1987 supp.)

Within 90 days after any amendment, repeal, or replacement of the Internal Revenue Code of 1954, the Mayor shall report to the Council concerning the amendment, repeal, or replacement. The reports shall include, but not be limited to, an analysis of the impact of conformity to the amendment, repeal, or replacement on District taxpayers, and on District of Columbia government revenues over the next 5 year period, and a recommendation as to whether any change in District law should be made as a result of the amendment, repeal, or replacement.

Sec. 23. Effect of repealers.

New, D.C. Co: sec. 47-3722 (1987 supp.)

(a) The repeal by this act of any provision of law shall not affect any act done or any right accrued or accruing under the provision of law before the effective date of this act or any suit or proceeding had or commenced before the effective date of this act, but all rights and liabilities under prior law shall continue and may be enforced in the same manner and to the same extent as if the repeal had not been made.

(b) All offenses committed, and all penalties incurred prior to the effective date of this act under any provisions of law repealed, may be prosecuted and punished in the same

manner and with the same effect as if this act had not been enacted.

Sec. 24.. Repealer.

Title V of the District of Columbia Revenue Act of 1937, approved July 26, 1939 (53 Stat. 1111; D.C. Code, sec. 47-1901 et seq.), is repealed.

New, D.C. Code  
sec. 47-3723  
(1987 supp.)  
Note, D.C. Code  
secs. 47-1901  
through 47-1909  
(1987 supp.)

Sec. 25. Applicability.

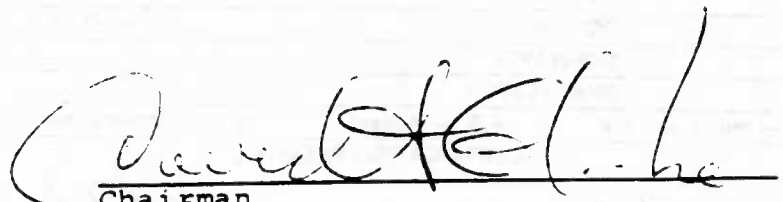
The tax imposed by this act shall apply to the estates of decedents dying after March 31, 1987.

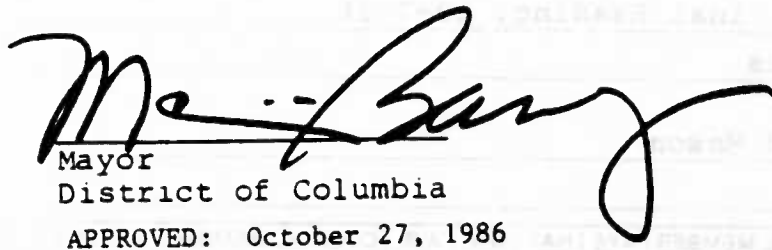
Note, D.C. Code  
secs. 47-3701  
through 47-3709  
(1987 supp.)

Sec. 26. Effective Date.

This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act,

approved December 24, 1973 (87 Stat. 813; D.C. Code, sec. 1-233(c)(1)).

  
Chairman  
Council of the District of Columbia

  
Mayor  
District of Columbia  
APPROVED: October 27, 1986



**COUNCIL OF THE DISTRICT OF COLUMBIA**  
Council Period Six — Second Session

**RECORD OF OFFICIAL COUNCIL VOTE**

DOCKET NO: B 6-372

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 9-23-86

VOICE VOTE: Unanimous

Recorded vote on request

Absent: all present

ROLL CALL VOTE: — RESULT \_\_\_\_\_

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					SPAULDING				
SMITH, JR.					RAY					WILSON				
CRAWFORD					ROLARK					WINTER				
JARVIS					SCHWARTZ									
KANE					SHACKLETON									

X — Indicates Vote      A.B. — Absent      N.V. — Present, not voting

**CERTIFICATION RECORD**

[Signature]  
Secretary to the Council

10/9/86  
Date

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 10-7-86

VOICE VOTE: Unanimous

Recorded vote on request

Absent: Kane and Mason

ROLL CALL VOTE: — RESULT \_\_\_\_\_

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					SPAULDING				
SMITH, JR.					RAY					WILSON				
CRAWFORD					ROLARK					WINTER				
JARVIS					SCHWARTZ									
KANE					SHACKLETON									

X — Indicates Vote      A.B. — Absent      N.V. — Present, not voting

**CERTIFICATION RECORD**

[Signature]  
Secretary to the Council

10/9/86  
Date

Item on Consent Calendar

ACTION & DATE: \_\_\_\_\_

VOICE VOTE: \_\_\_\_\_

Recorded vote on request

Absent: \_\_\_\_\_

ROLL CALL VOTE: — RESULT \_\_\_\_\_

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					SPAULDING				
SMITH, JR.					RAY					WILSON				
CRAWFORD					ROLARK					WINTER				
JARVIS					SCHWARTZ									
KANE					SHACKLETON									

X — Indicates Vote      A.B. — Absent      N.V. — Present, not voting

**CERTIFICATION RECORD**