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(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain instructions from a manufacturer, the instructions must be accomplished using a method approved by the Manager, International Validation Branch, FAA; or Transport Canada; or Bombardier, Inc.'s Transport Canada Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(i) Additional Information

For more information about this AD, contact Steven Dzierzynski, Aviation Safety Engineer, FAA, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516-228-7300; email 9-avs-nyaco-cos@faa.gov.

(j) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference of the material listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this material as applicable to do the actions required by this AD, unless this AD specifies otherwise.

(i) Bombardier Service Bulletin 100-27-22, dated December 29, 2022.

(ii) Bombardier Service Bulletin 350-27-012, dated December 29, 2022.

(3) For Bombardier material identified in this AD, contact Bombardier Business Aircraft Customer Response Center, 400 Côte-Vertu Road West, Dorval, Québec H4S 1Y9, Canada; phone 514-855-2999; email ac.yul@aero.bombardier.com; website bombardier.com.

(4) You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195.

(5) You may view this material at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, visit www.archives.gov/federal-register/cfr/ibr-locations or email fr.inspection@nara.gov.

Issued on August 12, 2024.

Victor Wicklund,

Deputy Director, Compliance & Airworthiness Division, Aircraft Certification Service.

[FR Doc. 2024-18478 Filed 8-20-24; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 20

[REG-119683-22]

RIN 1545-BQ88

Revising Qualified Domestic Trust Regulations Under Section 2056A To Update Outdated References and Procedures

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed amendments to the Federal estate tax regulations applicable to estates of decedents passing property to or for the benefit of a noncitizen spouse in a domestic trust for which the executor of the decedent's estate has made an election to be a qualified domestic trust and the trust satisfies all of the requirements for such treatment under applicable Federal tax law and regulations. The proposed regulations would modify those regulations to update outdated references, information, and procedures. The proposed regulations primarily would affect the estates of decedents passing property to or for the benefit of a noncitizen spouse in such a trust pursuant to applicable Federal tax law.

DATES: Written or electronic comments as well as requests for a public hearing must be received by October 21, 2024.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-119683-22) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "Comments and Requests for a Public Hearing" section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comment submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (REG-119683-22), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Donna Douglas, (202) 317-6859 (not a toll-free number); concerning the submission of comments and/or requests for a public hearing, Vivian

Hayes by email at publichearings@irs.gov or by phone at (202) 317-6901 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains proposed amendments to the Estate Tax Regulations (26 CFR part 20) under section 2056A of the Internal Revenue Code (Code).

I. Statutory Overview

Although section 2056(d)(1) of the Code generally disallows a marital deduction for the value of property passing to a noncitizen spouse of a decedent or donor, section 2056(d)(2)(A) allows a marital deduction for such property passing to the decedent's surviving spouse in a qualified domestic trust (QDOT), as defined in section 2056A. Section 2056A of the Code was added by the Technical and Miscellaneous Revenue Act of 1988 (Pub. L. 100-647) and further amended by the Revenue Reconciliation Act of 1989 (Pub. L. 101-239), the Revenue Reconciliation Act of 1990 (Pub. L. 101-508), the Taxpayer Relief Act of 1997 (Pub. L. 105-34), and the Economic Growth and Tax Relief Reconciliation Act of 2001 (Pub. L. 107-16).

Generally, for purposes of sections 2056 and 2056A, section 2056A(a) defines the term "qualified domestic trust," with respect to any decedent, as any trust if (1) its trust instrument meets certain requirements regarding the identity and powers of the trustee, (2) such trust meets such requirements as the Secretary of the Treasury or her delegate (Secretary) may by regulations prescribe to ensure the collection of any tax imposed by section 2056A(b), and (3) an election under section 2056A by the executor of the decedent's estate applies to such trust. Section 2056A(b) generally prescribes rules relating to a deferred estate tax on distributions of corpus from the QDOT during the spouse's lifetime and on the balance of the corpus held in the QDOT on the date of the spouse's death (section 2056A estate tax). Section 2056A(c) provides definitions of certain relevant terms, and section 2056A(d) provides rules regarding the section 2056A election. Finally, section 2056A(e) directs the Secretary to prescribe regulations as may be necessary or appropriate to carry out the purposes of section 2056A.

II. Regulatory Overview

Regulations addressing the application of sections 2056(d) and 2056A were published in the **Federal Register** (58 FR 305) as proposed

regulations on January 5, 1993 (1993 proposed regulations). The 1993 proposed regulations included proposed rules under §§ 20.2056A-1 through 20.2056A-13. Relevant to these proposed regulations, § 20.2056A-2 of the 1993 proposed regulations sets forth the proposed qualification requirements for a QDOT; § 20.2056A-4 of the 1993 proposed regulations sets forth the proposed procedures for conforming marital trust and nontrust marital transfers to the requirements of a QDOT; and § 20.2056A-11 of the 1993 proposed regulations sets forth the proposed rules relating to filing requirements and payment of the section 2056A estate tax.

On August 22, 1995, after consideration of all written comments and public hearing testimony, the 1993 proposed regulations were adopted as final regulations by the publication of TD 8612 in the **Federal Register** (60 FR 43531), with one exception: section 20.2056A-2(d) of the 1993 proposed regulations, which had proposed additional requirements to ensure collection of the section 2056A estate tax, was not finalized. On the same date, the Treasury Department and the IRS published TD 8613 in the **Federal Register** (60 FR 43554), which included temporary regulations under § 20.2056A-2T(d) (1995 temporary regulations). The text of the 1995 temporary regulations also served, by cross-reference, as the text of reissued proposed regulations published on the same date in the **Federal Register** (60 FR 43574) to address and solicit further commentary on the additional requirements necessary to ensure collection of the section 2056A estate tax (1995 proposed regulations). On November 29, 1996, the Treasury Department and the IRS published TD 8686 in the **Federal Register** (61 FR 60551) to adopt § 20.2056A-2(d) of the 1995 proposed regulations as final regulations (1996 final regulations). In an apparent oversight, the 1996 final regulations did not update the references to § 20.2056A-2T(d) found in §§ 20.2056A-2, 20.2056A-4, and 20.2056A-11.

Explanation of Provisions

The Treasury Department and the IRS have determined that an update of §§ 20.2056A-2, 20.2056A-4, and 20.2056A-11 of the Estate Tax Regulations is required to remove outdated references to § 20.2056A-2T(d). An update of § 20.2056A-2 is also required to correct outdated references to a publication, to IRS officials and offices, and to procedures and addresses to be used by certain

trustees to provide a security instrument to satisfy the requirements of a QDOT. In addition, an update to the definition of “finally determined” in § 20.2056A-2(d)(1)(iii) is needed because the current definition of that term includes an outdated reference to the issuance of an estate tax closing letter. An update of §§ 20.2056A-4 and 20.2056A-11 is required to properly identify the titles of IRS officials authorized to enter into agreements with respect to the section 2056A estate tax and to grant extensions of time to file a Form 706-QDT, *U.S. Estate Tax Return for Qualified Domestic Trusts*, or to pay any section 2056A estate tax.

The Treasury Department and the IRS are aware that other matters in the current regulations under section 2056A may be outdated, but these matters do not cause the current regulations to be substantively inaccurate. For instance, the examples in § 20.2056A-6 use outdated figures but accurately illustrate the application of the rules of the regulations. Modifications to update information that does not impede the ability of taxpayers and their representatives to comply with the regulations, or the ability of the IRS to process information provided by taxpayers or their representatives, are outside the scope of these proposed regulations.

I. Section 20.2056A-2—Qualification Requirements for QDOT

A. Updating References to the 1995 Temporary Regulations in § 20.2056A-2(a) and (b)

Current § 20.2056A-2(a) and (b)(2) and (3) refer to § 20.2056A-2T(d) in describing certain qualification requirements for QDOTs. Because the 1995 proposed regulations have been finalized, the Treasury Department and the IRS propose to update these paragraphs to reference § 20.2056A-2(d) instead of § 20.2056A-2T(d).

B. Updating the Definition of Finally Determined in § 20.2056A-2(d)(1)(iii)

Current § 20.2056A-2(d)(1)(i) and (ii) provide alternate additional requirements, one of which will apply to a QDOT depending upon the fair market value, as finally determined for Federal estate tax purposes, of the assets passing to the QDOT. Current § 20.2056A-2(d)(1)(iii) provides the definition of “finally determined” for purposes of § 20.2056A-2(d)(1)(i) and (ii). This definition relies in part on the issuance by the IRS of an estate tax closing letter, an IRS practice that was routine prior to June 1, 2015, for every Federal estate tax return filed. Estate tax

closing letters are no longer routinely issued by the IRS. The Treasury Department and the IRS propose to update § 20.2056A-2(d)(1)(iii) to conform to current IRS procedures for establishing the final value of an asset for Federal estate tax purposes.

C. Updating the Name of Offices, Addresses, Titles of Officials, Reference to the Uniform Customs and Practice for Documentary Credits, and Procedure for Filing Required Security Instruments Set Forth in § 20.2056A-2(d)(1)(i)(B) and (C)

Current § 20.2056A-2(d)(1)(i) requires that QDOTs with assets whose value exceeds \$2 million must satisfy one of three alternative security arrangements to secure the payment of the section 2056A estate tax. Paragraphs (B) and (C) of § 20.2056A-2(d)(1)(i), respectively, describe the requirements and form of the bond and the letter of credit that may be used as the required security arrangement. Both the provisions describing the requirements for each type of security, and the forms themselves, detail the notifications that must be given to the IRS of a decision not to renew the security arrangement and of the establishment of a replacement arrangement, if any. Precise addresses and IRS officials are identified in these paragraphs as the recipients of these notices but, as a result of changes in the titles of various IRS officials and the identification and location of the IRS offices responsible for the functions relevant to these security arrangements, this information is no longer accurate. Specifically, with respect to decedents who are residents of the United States, the required forms refer to the District Director of the District Office for Estate and Gift Tax Examination Group at the address of the District Office of the IRS that has examination jurisdiction over the decedent’s estate. With respect to decedents who are nonresident noncitizens and U.S. citizens who die domiciled outside the United States, the current regulations direct these notices to the Estate Tax Group, Assistant Commissioner (International) at 950 L’Enfant Plaza, CP:IN:D:C:EX:HQ:1114, Washington, DC 20241. Neither of these tax examination groups currently exists, and the examination of estate and gift tax returns is now part of a specialty examination group that keeps a national inventory. The Estate Tax Advisory Group currently is the collection advisory office of the IRS tasked with monitoring the bond or letter of credit until there is a taxable disposition of the QDOT’s assets or until the IRS determines that no tax will be owed (for

example, when a noncitizen spouse becomes a citizen and the requirements of section 2056A(b)(12) are met). Accordingly, to correct the outdated references and to avoid future obsolescence if an office is moved, renamed, or eliminated, the Treasury Department and the IRS propose to update § 20.2056A–2(d)(1)(i)(B)(1) and (2), and § 20.2056A–2(d)(1)(i)(C)(1) and (2) to direct trustees, taxpayers, and their representatives to IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the notices required in these sections of the regulations.

The text required by current § 20.2056A–2(d)(1)(i)(C)(2) and (3) to be included in certain documents includes a reference to the *Uniform Customs and Practice for Documentary Credits*, 1993 Revision, ICC Publication No. 500 (Publication 500), which is published by the International Chamber of Commerce. The 1993 revision of Publication 500 is no longer the most recent edition of that publication. Accordingly, to correct the outdated references and to avoid any future obsolete references, the Treasury Department and the IRS propose to update these regulations to include language directing trustees, taxpayers, and their representatives to the most recent revision of Publication 500, which can be found on www.iccwbo.org.

Current § 20.2056A–2(d)(1)(i)(B)(4) and (C)(5), respectively, provide that the bond or letter of credit is to be filed with the decedent's Federal estate tax return (Form 706, *United States Estate (and Generation-Skipping Transfer) Tax Return*, or Form 706–NA, *United States Estate (and Generation-Skipping Transfer) Tax Return, Estate of nonresident not a citizen of the United States*). Security instruments attached to a decedent's Federal estate tax return are not easily identified, which hinders prompt forwarding to the Estate Tax Advisory Group. Accordingly, the Treasury Department and the IRS propose to update these paragraphs to provide that a security instrument provided in compliance with § 20.2056A–2(d) is not to be attached to the decedent's Federal estate tax return (Form 706 or Form 706–NA), but instead is to be filed by submitting it directly to the Estate Tax Advisory Group. In addition, the Treasury Department and the IRS propose to update these paragraphs to direct trustees, taxpayers, and their representatives to IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in

IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address that must be used to submit a security instrument provided in compliance with § 20.2056A–2(d).

II. Section 20.2056A–4—Procedures for Conforming Marital Trusts and Nontrust Marital Transfers to the Requirements of a QDOT

A. Updating References to the 1995 Temporary Regulations in § 20.2056A–4(a)(1), (2), and (c)(1)

Current § 20.2056A–4(a)(1) applies the requirements of § 20.2056A–2T(d) in setting out the procedures for conforming marital trusts and nontrust marital transfers to the requirements of a QDOT. Current § 20.2056A–4(a)(2) refers to § 20.2056A–2T(d)(1) in describing the consequences of failing to comply with applicable requirements in the case of a judicial reformation, and to § 20.2056A–2T(d)(3) with regard to the required annual statement. Current § 20.2056A–4(c)(1) refers to § 20.2056A–2T(d) in describing the circumstances under which property passing to a surviving spouse under a plan, annuity, or other arrangement which is not assignable or transferable (or is treated as such) can be treated as passing to the surviving spouse in the form of a QDOT. The Treasury Department and the IRS propose to update current § 20.2056A–4(a)(1), (2), and (c)(1) to reference § 20.2056A–2(d) instead of § 20.2056A–2T(d) to reflect the publication of the 1996 final regulations.

B. Updating Titles of Officials in § 20.2056A–4(c)(6) and (7)

Current § 20.2056A–4(c)(2) and (3) describe alternative procedures the executor may use to cause a plan, annuity, or other arrangement which is not assignable or transferable (or is treated as such) to be treated as passing to the surviving spouse in the form of a QDOT. To conform a nonassignable annuity or other payment under current § 20.2056A–4(c)(2) or (3), current § 20.2056A–4(c)(6) requires the executor to file with the Federal estate tax return an *Agreement to Pay Section 2056A Estate Tax*, whose required language is included in this paragraph. Alternatively, current § 20.2056A–4(c)(7) requires an *Agreement to Roll Over Annuity Payments*, whose required language is included in that paragraph. The required agreement under current § 20.2056A–4(c)(6) refers to the District Director, and the required agreement under current § 20.2056A–4(c)(7) refers to the Assistant Commissioner (International).

As discussed in part I.C. of this Explanation of Provisions, the examination of estate and gift tax returns is now handled by a specialty examination group that keeps a national inventory, and the Estate Tax Advisory Group is tasked with monitoring the bond or letter of credit until there is a taxable disposition of the QDOT's assets or until the IRS determines that no tax will be owed (for example, when a noncitizen spouse becomes a citizen and the requirements of section 2056A(b)(12) are met). Accordingly, the Treasury Department and the IRS propose to update current § 20.2056A–4(c)(6) and (7) by replacing each reference to the District Director and Assistant Commissioner (International) with a reference to the Chief Tax Compliance Officer, IRS (or their delegate or designee or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>).

III. Section 20.2056A–11—Filing Requirements and Payment of the Section 2056A Estate Tax

A. Updating References to the 1995 Temporary Regulations in § 20.2056A–11(a)

Current § 20.2056A–11(a) provides guidance on the due date of the section 2056A estate tax and on obtaining an extension of time for filing a Form 706–QDT. That paragraph also directs the reader to § 20.2056A–2T(d)(3) regarding the requirements for filing Form 706–QDT in the case of the required annual statement. The Treasury Department and the IRS propose to update current § 20.2056A–11(a) to reference § 20.2056A–2(d)(3) instead of § 20.2056A–2T(d)(3) to reflect the publication of the 1996 final regulations.

B. Updating Titles of Officials in § 20.2056A–11(c)(1) and (2)

Current § 20.2056A–11(c)(1) and (2) provide guidance on obtaining an extension of time for paying the section 2056A estate tax, and states that an extension may be granted by the District Director or the Director of the service center where the Form 706–QDT is filed. The Treasury Department and the IRS propose to update current § 20.2056A–11(c)(1) and (2) by replacing each reference to “the district director or director of the service center where the Form 706–QDT is filed” with a reference to “the Advisory Group Managers (or their delegate or designee or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>).”

IV. Section 20.2056A-13—Applicability Dates

Current § 20.2056A-13 provides the effective dates for all of the provisions of § 20.2056A. Because these regulations propose applicability dates that are specific to the sections in which changes are being proposed, the Treasury Department and the IRS propose to make a coordinating change to § 20.2056A-13 to reflect these specific exceptions.

Proposed Applicability Date

The regulations are proposed to apply with respect to estates of decedents dying on or after the date of publication of final regulations in the **Federal Register**. For dates of applicability, see proposed §§ 20.2056A-2(e), 20.2056A-4(e), 20.2056A-11(e), and 20.2056A-13.

Special Analyses

I. Regulatory Planning and Review

Pursuant to the Memorandum of Agreement, Review of Treasury Regulations under Executive Order 12866 (June 9, 2023), tax regulatory actions issued by the IRS are not subject to the requirements of section 6 of Executive Order 12866, as amended. Therefore, a regulatory impact assessment is not required.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. A Federal agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The proposed regulations would update the current regulations under section 2056A by modifying and replacing outdated references, information, and procedures, such as references to IRS officials, offices, and addresses that no longer exist and references to temporary regulations. The collections of information within these proposed regulations include reporting and third-party disclosure requirements imposed by the IRS to ensure that the IRS has been provided with adequate security for the collection of the section 2056A estate tax, to allow marital trusts and nontrust marital transfers to be conformed to the requirements of a QDOT, and to provide extensions of

time for the payment of section 2056A estate tax.

The proposed regulations include third-party disclosure and reporting requirements under proposed § 20.2056A-2(d)(1)(i) for surety and banks to notify trustees and the IRS of the failure to renew a bond or letter of credit. These collection requirements are already approved by OMB under 1545-1443 for all filers. These proposed regulations would not change the already approved collection requirements, and only would modify the location of where to file. An update to the filing location does not change the already approved burden.

The proposed regulations include reporting requirements related to a security instrument used to meet the qualifications of a QDOT and filed at the time the executor of an estate files a Form 706 or 706-NA. The proposed regulations also include reporting requirements related to Form 706-QDT used to calculate and report the section 2056A estate tax due or to notify the IRS that the trust is exempt from future filing because a noncitizen spouse has become a citizen. These reporting requirements are already approved by OMB under 1545-1443 for all filers. These proposed regulations would not substantively change the collection requirements, and only would modify the location of where to file the security instruments and arrangements. An update to the filing location does not change the already approved burden.

The proposed regulations include reporting requirements related to requesting extensions using Form 4768 to file Form 706-QDT, Form 706, and Form 706-NA. These reporting requirements are already approved by OMB under 1545-0181 for all filers. These proposed regulations would not substantively change the collection requirements, and only would modify the location of where to file the extension. An update to the filing location does not change the already approved burden.

Books and records relating to a collection of information must be retained as long as their contents might become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by section 6103 of the Code.

III. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that the proposed regulations would not have a significant economic impact on a substantial number of small entities. This rule primarily affects

individuals (or their estates) and trusts, which are not small entities for purposes of the Regulatory Flexibility Act. Although it is anticipated that there may be an incremental economic impact on executors that are small entities, including entities that provide tax and legal services that assist individuals in preparing tax returns, any impact would not be significant and would not affect a substantial number of small entities. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required.

IV. Section 7805(f)

Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

V. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. This rule does not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

VI. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments and is not required by statute, or preempts State law unless the agency meets the consultation and funding requirements of section 6 of the executive order. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the executive order.

Comments and Requests for Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** heading. In addition to requesting comments on all

aspects of the proposed regulations, the Treasury Department and the IRS request comments on whether other rules in the current regulations under section 2056A require revision or removal to update information that is outdated (e.g., as a result of amendments to the Code, regulations, or local laws made after such rules were promulgated). All commenters are strongly encouraged to submit comments electronically. The Treasury Department and the IRS will publish for public availability any comment submitted electronically or on paper to its public docket at <https://www.regulations.gov>.

A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing are encouraged to be made electronically. If a public hearing is scheduled, a notice of the date and time for the public hearing will be published in the **Federal Register**.

Drafting Information

The principal author of these proposed regulations is Donna Douglas of the Office of Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 20

Estate taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 20 as follows:

PART 20—ESTATE TAX; ESTATES OF DECEDENTS DYING AFTER AUGUST 16, 1954

■ **Paragraph 1.** The authority citation for part 20 continues to read in part as follows:

Authority: 26 U.S.C. 7805.

* * * * *
■ **Par. 2.** Section 20.2056A-0 is amended by:

- 1. Revising the entry for paragraph (d)(6) of § 20.2056A-2;
- 2. Adding an entry for paragraph (e) of § 20.2056A-2;
- 3. Adding an entry for paragraph (e) of § 20.2056A-4; and
- 4. Adding an entry for paragraph (e) of § 20.2056A-11.

The revision and additions read as follows:

§ 20.2056A-0 Table of contents.

* * * * *

§ 20.2056A-2 Requirements for qualified domestic trust.

- * * * * *
- (d) * * *
- (6) Special rules.
- (e) Applicability date.
- * * * * *

§ 20.2056A-4 Procedures for conforming marital trusts and nontrust marital transfers to the requirements of a qualified domestic trust.

- * * * * *
- (e) Applicability date.
- * * * * *

§ 20.2056A-11 Filing requirements and payment of the section 2056A estate tax.

- * * * * *
- (e) Applicability date.
- * * * * *

■ **Par. 3.** Section 20.2056A-2 is amended by:

- 1. Revising the first sentence of paragraph (a);
- 2. Revising paragraph (b)(2);
- 3. Revising the first sentence of paragraph (b)(3);
- 4. Removing the fourth sentence of paragraph (d)(1)(i)(B)(1) and adding in its place two new sentences;
- 5. Revising the ninth and tenth sentences of paragraph (d)(1)(i)(B)(2);
- 6. Revising the first sentence of paragraph (d)(1)(i)(B)(4), and adding a new sentence at the end of the paragraph;
- 7. Removing the fourth sentence of paragraph (d)(1)(i)(C)(1) and adding in its place two new sentences;
- 8. Revising the first, fourteenth, and fifteenth sentences of paragraph (d)(1)(i)(C)(2);
- 9. Revising the first, tenth, and eleventh sentences of paragraph (d)(1)(i)(C)(3);
- 10. Revising the first sentence of paragraph (d)(1)(i)(C)(5), and adding a new sentence at the end of the paragraph;
- 11. Revising paragraph (d)(1)(iii);
- 12. Revising the paragraph heading of paragraph (d)(6);
- 13. Deleting paragraph (d)(6)(i);
- 14. Redesignating paragraphs (d)(6)(ii) and (iii) as paragraphs (d)(6)(i) and (ii) respectively; and
- 15. Adding paragraph (e).

The revisions and addition read as follows:

§ 20.2056A-2 Requirements for qualified domestic trust.

(a) *In general.* To qualify as a qualified domestic trust (QDOT), the requirements of paragraphs (b) through (d) of this section must be satisfied.

- * * *
- (b) * * *

(2) *Property passing outright to spouse.* If property does not pass from a decedent to a QDOT, but passes to a noncitizen surviving spouse in a form that meets the requirements for a marital deduction without regard to section 2056(d)(1)(A), and that is not described in paragraph (b)(1) of this section, the surviving spouse must either actually transfer the property, or irrevocably assign the property, to a trust (whether created by the decedent, by the decedent's executor, or by the surviving spouse) that meets the requirements of paragraphs (c) and (d) of this section (pertaining, respectively, to statutory requirements and regulatory requirements imposed to ensure collection of tax) prior to the filing of the estate tax return for the decedent's estate and on or before the last date prescribed by law that the QDOT election may be made (see § 20.2056A-3(a)).

(3) * * * If property does not pass from a decedent to a QDOT, but passes under a plan or other arrangement that meets the requirements for a marital deduction without regard to section 2056(d)(1)(A) and whose payments are not assignable or transferable (see § 20.2056A-4(c)), the property is treated as meeting the requirements of this section, and the requirements of § 20.2056A-2(d), if the requirements of § 20.2056A-4(c) are satisfied. * * *

- * * * * *
- (d) * * *
- (1) * * *
- (i) * * *
- (B) * * *
- (1) * * * Any notice of failure to renew is required to be sent to the Estate Tax Advisory Group of the Internal Revenue Service. See IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the required documentation.
- * * *

(2) * * * All notices required to be sent to the Internal Revenue Service under this instrument should be sent to the Estate Tax Advisory Group of the Internal Revenue Service. See IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the required documentation. * * *

(4) * * * The bond is to be filed (separately from the decedent's Federal estate tax return) by submitting it

directly to the Estate Tax Advisory Group of the Internal Revenue Service on or before the later of the filing date or due date of the decedent's Federal estate tax return (Form 706 or 706-NA) unless an extension for filing the bond is granted under § 301.9100 of this chapter. * * * See IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the required documentation.

(C) * * *

(1) * * * Any notice of failure to renew or closure of a U.S. branch of a foreign bank required to be sent to the Internal Revenue Service must be sent to the Estate Tax Advisory Group of the Internal Revenue Service. See IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in the IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the required documentation. * * *

(2) * * * The letter of credit must be made in the following form (or in the form that is the same as the following form in all material respects), or an alternative form that the Commissioner prescribes by guidance published in the Internal Revenue Bulletin (see § 601.601(d)(2) of this chapter):
[Issue Date]

To: Internal Revenue Service

Attention: Estate Tax Advisory Group. (See IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the required documentation). * * *

Except where otherwise stated herein, this Letter of Credit is subject to the most recent revision of the Uniform Customs and Practice for Documentary Credits published by the International Chamber of Commerce (ICC), which can be found on <https://www.iccwbo.org>. If we notify you of our election not to consider this Letter of Credit renewed and the expiration date occurs during an interruption of business described in the most recent revision of that publication, unless you had consented to cancellation prior to the expiration date, the bank hereby specifically agrees to effect payment if this Letter of Credit is drawn against within 30 days after the resumption of business. * * *

(3) *Form of confirmation.* If the requirements of this paragraph (d)(1)(i)(C) are satisfied by the issuance of a letter of credit by a foreign bank

with confirmation by a bank as defined in section 581, the confirmation must be made in the following form (or in a form that is the same as the following form in all material respects), or an alternative form that the Commissioner prescribes by guidance published in the Internal Revenue Bulletin (see § 601.601(d)(2) of this chapter):

[Issue Date]

To: Internal Revenue Service

Attention: Estate Tax Advisory Group. (See IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the required documentation). * * *

Except where otherwise stated herein, this Confirmation is subject to the most recent version of the *Uniform Customs and Practice for Documentary Credits* published by the International Chamber of Commerce (ICC), which can be found on <https://www.iccwbo.org>. If we notify you of our election not to consider this Confirmation renewed and the expiration date occurs during an interruption of business described in the most recent version of that publication, unless you had consented to cancellation prior to the expiration date, the bank hereby specifically agrees to effect payment if this Confirmation is drawn against within 30 days after the resumption of business. * * *

* * * * *

(5) *Procedure.* The letter of credit (and confirmation, if applicable) is to be filed separately from the decedent's Federal estate tax return (Form 706 or Form 706-NA) by submitting it directly to the Estate Tax Advisory Group of the Internal Revenue Service on or before the later of the filing date or the due date of the decedent's Federal estate tax return (unless an extension for filing the letter of credit is granted under § 301.9100 of this chapter). * * * See IRS Publication 4235, *Collection Advisory Offices Contact Information*, or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>, to determine the correct address to use when submitting the required documentation.

* * * * *

(iii) *Definition of finally determined—*
(A) *In general.* For purposes of § 20.2056A-2(d)(1)(i) and (ii), the fair market value of assets is the fair market value of those assets as finally determined for Federal estate tax purposes. That value is—

(1) The value reported on an estate tax return filed with the Internal Revenue Service, once the period of limitations

on assessment (see section 6501) of estate tax has expired without that value having been timely adjusted by the Internal Revenue Service;

(2) The value determined or specified by the Internal Revenue Service for unreported property, or for reported property where the value determined or specified by the Internal Revenue Service differs from the value reported on an estate tax return filed with the Internal Revenue Service, once the period of limitations on assessment applicable to the estate tax has expired without that value having been timely contested by the executor;

(3) The value determined in a written agreement with the Internal Revenue Service (whether entered into during the course of the administrative proceedings between the estate and the Internal Revenue Service or after the commencement of litigation) once that written agreement has been executed by both the executor and the Internal Revenue Service and is binding on all parties (including, but not limited to, the executor, the Internal Revenue Service, and the beneficiaries); or

(4) The value determined by a court for the purpose of determining the estate tax liability of the estate, once the court's determination no longer can be appealed to any court.

(B) *Contested and Executor defined.*

For purposes of this paragraph (d)(1)(iii), the term *contested* means to put at issue the value of property in a written communication to the Internal Revenue Service that identifies the specific property, states that the executor does not accept as correct the value of that property as determined or specified by the Internal Revenue Service, and provides the executor's claimed value for that property as determined in accordance with the requirements of section 2031, the corresponding regulations, and other applicable guidance. An issue cannot be contested by a general protective statement or written communication that does not include each of these specified elements. For purposes of this paragraph (d)(1)(iii), the term *executor* includes any person described in section 2203, as expanded to include all persons required under section 6018(b) to file an estate tax return.

* * * * *

(6) *Special rules.*

* * * * *

(e) *Applicability date.* This section applies with respect to estates of decedents dying on or after [the date of publication of final regulations in the **Federal Register**].

- **Par. 4.** Section 20.2056A–4 is amended by:
- 1. Revising the second sentence of paragraph (a)(1).
- 2. Revising the fifth and sixth sentences of paragraph (a)(2).
- 3. Revising the sixth sentence of paragraph (c)(1).
- 4. Revising the final sentence of (c)(6)(ii).
- 5. Revising the final sentence of (c)(7)(ii).
- 6. Revising paragraph (e).

The revisions read as follows:

§ 20.2056A–4 Procedures for conforming marital trusts and nontrust marital transfers to the requirements of a qualified domestic trust.

(a) * * *
 (1) * * * For this purpose, the requirements of a QDOT include all of the applicable requirements set forth in § 20.2056A–2. * * *

(2) * * * Thus, the trustee of the trust is responsible for filing the Form 706–QDT, paying any section 2056A estate tax that becomes due, and filing the annual statement required under § 20.2056A–2(d)(3), if applicable. Failure to comply with these requirements may cause the trust to be subject to the anti-abuse rule under § 20.2056A–2(d)(1)(v). * * *

(c) * * *
 (1) * * * In the case of a plan, annuity, or other arrangement which is not assignable or transferable (or is treated as such), the property passing under the plan from the decedent is treated as meeting the requirements of § 20.2056A–2 (pertaining to the general requirements, qualified marital interest requirements, statutory requirements, and requirements to ensure collection of the tax) if the requirements of either paragraph (c)(2) or (3) of this section are satisfied. * * *

* * * * *

(6) * * *
 (ii) * * * I agree, at the request of the Chief Tax Compliance Officer, IRS (or their delegate or designee or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>), to enter into a security agreement to secure my undertakings under this agreement.

(7) * * *
 (ii) * * * I agree, at the request of the Chief Tax Compliance Officer, IRS (or their delegate or designee or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>), to enter into a security agreement to secure my undertakings under this agreement.

* * * * *

(e) *Applicability date.* This section applies with respect to estates of decedents dying on or after [the date of publication of the final regulations in the **Federal Register**].

■ **Par. 5.** Section 20.2056A–11 is amended by:

- 1. Revising the final sentence of paragraph (a);
- 2. Revising the final sentence of paragraph (c)(1);
- 3. Revising paragraph (c)(2); and
- 4. Adding paragraph (e).

The revisions and addition read as follows:

§ 20.2056A–11 Filing requirements and payment of the section 2056A estate tax.

(a) * * * See also § 20.2056A–5(c)(1) regarding the requirements for filing a Form 706–QDT in the case of a distribution to the surviving spouse on account of hardship, and § 20.2056A–2(d)(3) regarding the requirements for filing Form 706–QDT in the case of the required annual statement.

* * * * *

(c) * * *
 (1) * * * Such extension may be granted by the Advisory Group

Managers (or their delegate or designee or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>).

(2) *Extension of time for paying tax under section 6161(a)(1).* An extension of time beyond the due date to pay any part of the estate tax imposed on lifetime distributions under section 2056A(b)(1)(A), or imposed at the death of the surviving spouse under section 2056A(b)(1)(B), or imposed at the termination of the QDOT (such as on the death or resignation of the U.S. trustee), may be granted for a reasonable period of time, not to exceed 6 months (12 months in the case of the estate tax imposed under section 2056A(b)(1)(B) at the surviving spouse’s death), by the Advisory Group Managers (or their delegate or designee or as otherwise provided in IRS forms and instructions or on <https://www.irs.gov>).

* * * * *

(e) *Applicability date.* This section applies with respect to estates of decedents dying on or after [the date of publication of the final regulations in the **Federal Register**].

■ **Par. 6.** Section 20.2056A–13 is amended by revising the section heading and the first sentence to read as follows:

§ 20.2056A–13 Applicability dates.

Except as provided in this section and in §§ 20.2056A–2(e), 20.2056A–4(e), and 20.2056A–11(e), the provisions of §§ 20.5056A–1 through 20.2056A–12 are applicable with respect to estates of decedents dying on or after August 22, 1995. * * *

Douglas W. O’Donnell,
Deputy Commissioner.

[FR Doc. 2024–18437 Filed 8–20–24; 8:45 am]

BILLING CODE 4830–01–P