

MICHIGAN ESTATE TAX ACT (EXCERPT)
Act 188 of 1899

205.202a Additional estate tax; purpose and construction of section; tax on generation-skipping transfers; "federal estate tax" defined.

Sec. 2a. (1) If the total of inheritance taxes levied and imposed by this act upon the inheritance or transfers of property of a resident or nonresident decedent does not equal or exceed the maximum credit for state death taxes allowable to the estate of the decedent against the federal estate tax imposed with respect thereto, there is levied and imposed an additional estate tax that is equal to the differences between the maximum credit allowed and the tax otherwise imposed by this act.

(2) A proper reduction of the amount of tax levied under subsection (1) shall be made on account of any real and tangible personal property located outside this state that is a part of the gross transfers of a resident decedent.

(3) The tax levied under subsection (1) upon the transfers of nonresident decedents shall be that proportion of the total tax as the gross property within this state bears to the gross property of the decedent wherever located.

(4) The purpose of this section is to obtain the maximum benefit of the credit allowed under the provisions of the federal estate tax and it shall be liberally construed to effect this purpose.

(5) The additional tax shall be levied and assessed upon the transfers and against the interests of beneficiaries liable for inheritance taxes, who would be liable to pay the federal estate tax before deducting the credit. The person required to file the federal estate tax return shall file a duplicate of the federal return and all adjustments, corrections, and the final determination of that return with the probate court. Upon the final determination of the federal estate tax and the maximum credit allowable, appropriate adjustment shall be made to any partial or interim inheritance tax determinations or orders.

(6) A tax is imposed upon every generation-skipping transfer in which the original transferor is a resident of this state at the date of the transfer by the original transferor. The tax is equal to the maximum allowable federal credit under the internal revenue code for state generation-skipping transfer taxes paid to the states. This tax shall be reduced by the amount of all generation-skipping taxes paid to states other than this state, which amount shall not exceed an amount equal to the proportional share of that maximum allowable federal credit that the gross value of all transferred real and tangible personal property subject to generation-skipping transfer taxes located in states other than this state bears to the gross value of all transferred property subject to generation-skipping taxes wherever located. A tax is imposed upon every generation-skipping transfer in which the original transferor is not a resident of this state at the date of the transfer by the original transferor but in which the property transferred includes real or tangible personal property located in this state. The tax is an amount equal to the proportional share of the maximum allowable federal credit under the internal revenue code for state generation-skipping transfer taxes paid to the states that the gross value of all transferred real and tangible personal property subject to generation-skipping transfer taxes located in this state bears to the gross value of all transferred property subject to generation-skipping transfer taxes wherever located. The time for the filing of the return and the due date of the taxes under this subsection are the same as the filing of the return date and due date of the federal generation-skipping transfer tax provided for in the internal revenue code.

(7) "Federal estate tax" means the tax levied and imposed under the provisions of the internal revenue code, in effect on the date of death of the decedent.

History: Add. 1971, Act 55, Imd. Eff. July 6, 1971;—Am. 1992, Act 65, Imd. Eff. May 28, 1992;—Am. 1993, Act 54, Imd. Eff. June 3, 1993.

Compiler's note: For applicability of section, see MCL 205.223(a).

Popular name: Inheritance Tax