



51A Middle Street Newburyport MA 01950
Phone: 800-588-7039 Fax: 877-902-4284
contact@bhfe.com www.bhfe.com

Course Information

Course Title: *Divorce Tax Planning #491017*

Recommended CPE credit hours for this course

In accordance with the standards of the CFP Board, the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

CFP®: **10** (All States)

CFP Board sponsor number: 1008. CFP Board Course ID# 195326

CPA: **14.5** (All States)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

EA/OTRP: 14 (All States) IRS: Qualified Sponsor number: *FWKKO*.

CDFA®: 14.5 (Certified Divorce Financial Analyst)

CLU, ChFC: 14 .5 (Professional Recertification)

EA/OTRP: 14 (All States) IRS: Qualified Sponsor number: *FWKKO*.

Course Description

This course will teach participants how to apply, implement, and evaluate the strategic tax aspects of marital dissolutions and living together arrangements. Current perspectives on property transfers, asset divisions, alimony, filing status, exemptions, and child support are examined with an emphasis on planning considerations. Property settlements, basis allocation, third party transfers, and purchases between spouses are explored and analyzed. Special attention is given to the division of business interests, retirement plans (including QDROs), insurance policies, and the family residence.

See page XII for the Table of Contents for the Course

Program Delivery Method: Self-Study (NASBA QAS Self-Study / Interactive)

Subject Codes/Field of Study:

NASBA (CPA), CFP Board of Standards, Inc.: Taxes.

IRS (EA, OTRP): Federal Tax Law.

NAPFA: Taxes

Course Level, Prerequisites, and Advance Preparation Requirements:

Program Level: CFP Board: Intermediate; NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

Course Content

Publication/Revision Date: 3/22/2017.

Author: Danny Santucci, J.D.

Final exam (online): One-hundred twenty questions (multiple-choice).

Instructions for taking this course

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following pages and at the beginning of each chapter, studying the chapter-text, then studying the review questions at the end of the chapter. Once you have completed each chapter and you are confident that the learning objectives have been met, answer the final exam questions for that chapter online (see exam question numbers for each learning objective on the following pages). As an alternative, you may complete the entire exam after studying the entire text.

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- CFP® and EA credits are reported weekly.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Assignments & Objectives

As a result of studying each assignment, you should be able to meet the objectives listed below each assignment.

ASSIGNMENT

SUBJECT

Chapter 1

Basic Marital Tax Matters

At the start of Chapter 1, participants should identify the following topics for study:

- * Marital status
- * Joint return
- * Separate returns
- * Head of household
- * Exemptions
- * Divorce costs
- * Withholding & estimated tax
- * Community property states
- * Ending the community
- * Living together

Learning Objectives

After reading Chapter 1, participants will be able to:

1. Specify multiple tax implications to consider when going through a divorce, and recognize the requirements and effects of filing as married or unmarried.
2. Identify the requirements of filing a joint return noting how to avoid being penalized.
3. Determine the key elements of filing separate returns including what items to report and identify whether or not married taxpayers should file separate returns.
4. Cite the requirements for filing as head of household and the tax advantages and disadvantages of this filing status.
5. Recognize the phaseout of exemptions noting its affects on taxpayers, identify when exemptions can be taken for spouses, and determine reporting requirements for dependent exemptions.
6. Identify the requirements for pre-2005 dependency particularly relationship, married person, citizen or resident and income and, specify the former regular and special method for determining support noting complications from back child support.
7. Determine the current “qualified child” standard using residency, relationship, age, and joint return prohibition, and identify requirements that must be met for parents to treat a child as a qualifying child of a non-custodial parent.

8. Identify deductible and nondeductible divorce expenditures noting which spouse is subject to tax imposed upon withheld wages, and specify the effects of making separate estimated tax payments or joint declarations of estimated tax.

9. Determine community property and the community property states, and identify the effects of conversion and commingling of property and how to avoid such marital property issues.

10. Identify community income earned by married couples for reporting purposes by:

a. Specifying reporting guidelines, recognizing the allocation of income earned and received into community property and separate property and what income and property belongs to which spouse when they have different residency statuses;

b. Recalling the requirements for the special community income allocation rules of §66(a), determining what constitutes community property termination and specifying the treatment of alimony payments; and

c. Recognizing the use of statements and records to provide estimates of a former spouse's income and identifying conditions for greater tax relief.

11. Identify the effect of living together on filing statuses and dependency, determine differences between the married tax rate and other tax rates, recognize the tax consequences of having a living together contract to avoid tax traps, and specify the results of *Marvin v. Marvin*.

After studying the materials in Chapter 1, answer the exam questions 1 to 30.

ASSIGNMENT	SUBJECT
-------------------	----------------

Chapter 2	Transfers Incident to Divorce
------------------	--------------------------------------

At the start of Chapter 2, participants should identify the following topics for study:

- * Property rights
- * Premarital agreements
- * Application of §1031
- * Incident to divorce
- * Property basis
- * Purchases of residence between spouses
- * Purchases of business interests between spouses
- * Selected asset divisions of residence & business interests
- * Real & personal property
- * Pension benefits

Learning Objectives

After reading Chapter 2, participants will be able to:

- 1.** Identify types of marital property and their likely division in marital property settlements and specify the legal principles used in dividing assets and providing support on divorce or separation.
- 2.** Determine the benefits of premarital agreements and the requirements and permissible provisions for a valid and comprehensive agreement under the Uniform Premarital Act.
- 3.** Specify the position of *U.S. v. Davis* on interspousal transfers noting the changes made by §1041, and identify the requirements of §1041 and the scope of its application.
- 4.** Select factors that determine whether a property transfer is incident to divorce and identify how to meet these factors or avoid §1041 altogether when desired.
- 5.** Determine the application of §1041 to transfers in trust under §1041(e) and to third party transfers on behalf of a spouse or former spouse.
- 6.** Recognize deferred tax liability by identifying property basis for the transferor spouse and transferee spouse under §1041 after a property settlement.
- 7.** Specify the application of §1041 to property transfers where the transferee assumes liabilities encumbering the property, and the holding period for an asset transferred between spouses or former spouses incident to divorce.
- 8.** Recognize the dangers of purchasing a former spouse's interest in property particularly a marital residence and its tendency to create deferred tax liability.
- 9.** Determine tax effects of purchasing an interest in personal or real property used in a business or held for investment, recognize potential recapture and identify the use of an exchange to dispose of low-basis property received in a §1041 transfer.
- 10.** Specify common disposition alternatives available on divorce and identify the home sale exclusion requirements and the tax treatment and use of installment obligations under §453 in divorce.
- 11.** Recognize sale, redemption, recapitalization, liquidation and third-party transfers as methods of dividing a business in a marital settlement citing unique provisions under §302, §736 and §754.
- 12.** Identify whether gain or loss on a sale of real or personal property is capital or ordinary and, recognize the tax treatment of such gain or loss and the role and tax treatment of life insurance in property settlements.
- 13.** Specify popular methods of dividing retirement benefits in a divorce or separation action identifying the requirements and tax consequences of a “qualified domestic relations order (QDRO).”
- 14.** Identify an overall tax and economic strategy for the division of pension benefits in a marital settlement by:
 - a.** Specifying the pros and cons of deferred, present, and alternate property division arguments;

- b.** Determining the treatment of IRAs at divorce considering the IRA deduction limit and rollovers;
- c.** Specifying strategies for retirement planning after divorce;
- d.** Recognizing the Social Security benefits, military pensions, civil service pensions, or railroad pensions that may be available to a former spouse; and
- e.** Identifying debts incurred during a divorce which are dischargeable in bankruptcy.

After studying the materials in Chapter 2, answer the exam questions 31 to 69.

ASSIGNMENT

SUBJECT

Chapter 3

Spousal & Child Support

At the start of Chapter 3, participants should identify the following topics for study:

- * Divorce or separation instrument
- * Alimony requirements of instruments executed after 1984
- * Alimony requirements of instruments executed before 1984
- * Deducting alimony paid & reporting alimony received
- * Recapture of alimony for type A & B agreements
- * Alimony substitution trusts & annuities
- * Alimony paid by estate
- * Child support
- * COBRA coverage
- * Qualified medical child support orders

Learning Objectives

After reading Chapter 3, participants will be able to:

- 1.** Determine “alimony” and “separate maintenance payments” under §71 noting their deduction or income treatment under §215.
- 2.** Specify types of §71 “divorce or separation instruments” and determine how having an invalid decree, an amended instrument, or a premarital agreement impacts such an instrument.
- 3.** Identify variables that impact whether a payment is alimony since 1984 and whether a cash payment is deemed made to or on behalf of a former spouse.
- 4.** Determine the tax treatment of housing costs for the family residence noting the impact of ownership by contrasting when the nonoccupying spouse owns the home with when the occupying spouse owns the home.
- 5.** Identify what rent or resident cost payments can be alimony when a family residence is jointly owned and occupied by a spouse or a taxpayer is required to make rent payments for a spouse.

6. Specify the tax treatment of life insurance premium payments, voluntary payments and payments to a remarried spouse noting advantages and disadvantages to each spouse.
7. Determine how to recharacterize otherwise deductible alimony payments as nondeductible, identify whether spouses are members of different households, and identify the alimony pitfall of being required to make payments after a former spouse's death.
8. Specify the differences between child support and alimony noting their tax treatment to avoid reporting errors.
9. Identify the alimony and child support tax provisions that currently apply from those that applied to instruments executed prior to 1985 by:
 - a. Specifying the pre-1985 alimony requirements, and determining periodic payments and whether certain payments would have qualified under these rules; and
 - b. Recognizing the marital or familial relationship and the similarities and differences in the treatment of child support under current law and previous law.
10. Identify the deduction of alimony paid and the reporting of alimony received on the proper forms noting required information.
11. Specify the alimony recapture rule for various marital agreements and its impact on the tax treatment of past payments.
12. Recognize the use of alimony trusts to realize tax advantage and security, determine the use of annuity contracts, and specify the proper tax treatment of alimony paid by an estate to a former spouse of a decedent.
13. Identify the tax treatment of child support and circumstances where a payment will be fixed as child support, and specify events that determine whether a contingency is clearly child-related noting how to rebut this presumption of child support.
14. Recognize the COBRA and qualified medical child support order rules by:
 - a. Identifying whether COBRA rules apply to different plans including notice & deadline requirements and specifying situations that may result in a termination of continuing coverage; and
 - b. Determining what constitutes "qualified medical child support orders" noting differences with other similar orders and identifying the procedures, requirements and jurisdiction of QMCSOs.

After studying the materials in Chapter 3, answer the exam questions 70 to 99.

ASSIGNMENT

SUBJECT

Chapter 4

Selected Marital Tax Issues Outside of Divorce

At the start of Chapter 4, participants should identify the following topics for study:

- * Marriage penalty

- * Spousal travel
- * Dower & curtesy
- * Joint interests and powers of appointment
- * Life insurance
- * Marital deduction
- * Tax basis for estate assets
- * Business interests upon death of a spouse
- * Gift taxes
- * Social Security survivors' benefits

Learning Objectives

After reading Chapter 4, participants will be able to:

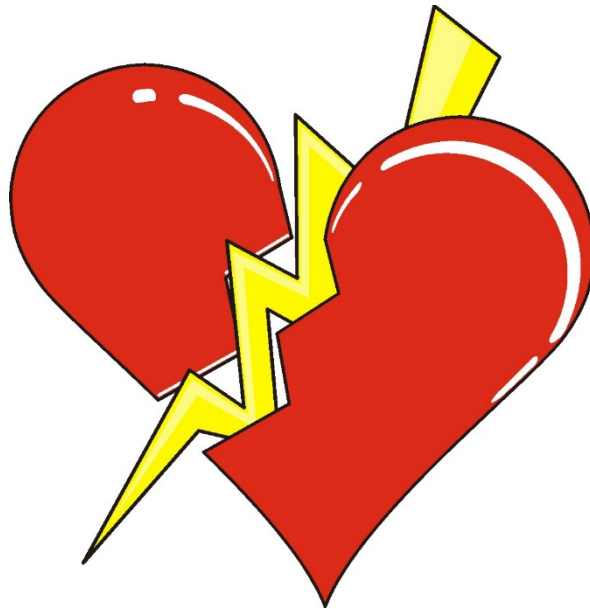
- 1.** Identify the marriage penalty and marriage bonus associated with filing a joint return by:
 - a.** Recognizing how standard deductions and bracket breakpoints for some filers follow certain customary ratios; and
 - b.** Recalling the effects the 2001 EGTRRA and HR2 had on the standard deductions and bracket breakpoint for married filing jointly.
- 2.** Determine the tax treatment of spousal travel including additional cost limitations and identify the benefits of husband and wife partnerships particularly with regards to Social Security qualification.
- 3.** Recognize the application of federal estate tax on couples and where estate planning may be necessary as a result of marital status including the unique application of dower and curtesy.
- 4.** Specify the treatment of co-tenancies with or without a right of survivorship noting qualified joint interests, recognize the impact on value of a general power of appointment, identify what insurance proceeds are included in the gross estate because of incidents of ownership and cite the community property issue involved with ownership of life insurance.
- 5.** Determine the impact of the marital deduction on the gross estate noting outright transfer methods and specify the use of a "marital deduction (QTIP) trust" and a "qualified terminable interest trust."
- 6.** Identify marital deduction variables including deduction limitations and specify the federal income tax treatment and gift tax treatment of non-citizen spouses.
- 7.** Recognize the effect common transactions and community property have on §1014 property basis and the benefits of a bypass trust noting its effect on the marital deduction.
- 8.** Determine the purposes of the federal gift tax noting its computational methods and applicable exclusions, specify the advantages of splitting gifts and the gift tax marital deduction noting warnings as to "excess" gifts and

terminable trusts and identify Social Security eligibility for family members of a system participant.

After studying the materials in Chapter 4, answer the exam questions 100 to 120.

Notice

This course and test have been adapted from materials and information contained in the above text and any supplemental material provided. This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.



Divorce Tax Planning

By

Danny C. Santucci

The author is not engaged by this text, any accompanying electronic media, or lecture in the rendering of legal, tax, accounting, or similar professional services. While the legal, tax, and accounting issues discussed in this material have been reviewed with sources believed to be reliable, concepts discussed can be affected by changes in the law or in the interpretation of such laws since this text was printed. For that reason the accuracy and completeness of this information and the author's opinions based thereon cannot be guaranteed. In addition, state or local tax laws and procedural rules may have a material impact on the general discussion. As a result, the strategies suggested may not be suitable for every individual. Before taking any action, all references and citations should be checked and updated accordingly.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert advice is required, the services of a competent professional person should be sought.

—From a Declaration of Principles jointly adopted by a committee of the American Bar Association and a Committee of Publishers and Associations.

Copyright March 2017

Danny Santucci

TABLE OF CONTENTS

Course Information	ii
Learning Assignments & Objectives	iv
Chapter 1 Basic Marital Tax Matters	1
Filing Status	1
Marital Status	1
Same-Sex Marriage	2
Unmarried	2
Abandoned Spouse Rule - §7703	3
Married	3
Joint Return	3
Citizenship	3
Liability	4
Innocent Spouse Exception	4
Refund Offset Program - §6402	5
Injured Spouse - Form 8379	5
Separate Returns	11
Itemized Deductions	11
Medical Expenses	11
Property Tax & Interest	11
State Income Taxes	11
Casualty Loss	11
Separate vs. Joint Dilemma	12
Disadvantages of a Separate Return	12
Advantages of a Separate Return	12
Joint Return after Separate Returns	13
Head of Household	16
Requirements	16
Considered Unmarried	16
Keeping Up a Home	17
Qualifying Person	17
Nonresident Alien Spouse	18
Exemptions	18
Phaseout of Exemptions	18
Personal Exemptions	19
Spouses	19
Former Spouse	19
Dependency Exemptions – Old & Current Rules	19
Five Pre-2005 Dependency Tests - The “Old Rules”	20
Test #1 - Relationship	20
Household Member	20
Test #2 - Income	20
Dependent Child Income Exception	21
Definition of a Child	21
Definition of a Student	21
Test #3 - Citizen or Resident	21

Test #4 – Married Person	21
Test #5 - Support	22
Regular Method	22
Joint Home Ownership	24
Special Support Method for Children of Divorced or Separated Parents	24
Custodial Parent	24
Noncustodial Parent	25
Back Child Support	25
Dependency Tests After 2004	27
Unified Definition of a Qualified Child	27
Four Dependency Tests	27
Test #1 - Residency (or Time) & Citizenship	28
Children of Divorced or Separated Parents	28
Test #2 - Relationship Test	30
Test #3 - Age Test	31
Test #4 - Joint Return Restriction	31
Medical Expenses	31
Child-Care Credit	31
Divorce Costs	33
Allocation of Costs & Fees	33
Tax Advice - §212(3)	33
Fees to Obtain Alimony or Protect Income - §212(1) & (2)	34
Fees to Obtain Property - §1012 & 1016	35
Nondeductible Expenses	35
Withholding & Estimated Tax	35
Joint Estimated Tax Payments	36
Refunds & Deficiencies	37
Nonresident Alien Spouse Withholding	37
Community Property	37
Community Property States	37
Transmutation	38
Commingling	39
Income Reporting	42
Spouses with Different Residency Statuses	42
Special Income Rules For Spouses Living Apart - §66(a) & §879	43
Mandatory Application	43
Earned Income	43
Trade or Business Income	44
Partnership Income or Loss	44
Separate Property Income	44
Social Security Benefits	44
Other Income	44
Denial of Community Property Reporting - §66(b)	45
Community Reporting Relief Provisions - §66(c)	46
Ending the Community	47
Annulment	47
Separation	47
Alimony vs. Community Income	49
Living Together	49
Married v. Unmarried Tax Rate Comparison	50
Sham Divorce	50
Dependency Exemptions	50

Attributable Income	50
Alimony & Property Divisions	51
Chapter 2 Transfers Incident to Divorce	55
Property Rights	55
Marital Property	56
Common Law Property	56
Community Property	56
Equitable Distribution	56
Separate Property	56
Asset Division Principles	57
Premarital Agreements	59
Uses & Benefits	60
Control & Scope	61
Limitations	61
Retirement Equity Act of 1984	62
Enforceability Requirements	62
Checklist	63
Uniform Premarital Act - The California Example	65
Permitted Items of Agreement	65
Unenforceable Items	65
Property Settlements	67
Section 1041	68
Application of §1041	69
Mandatory Scope	70
Property vs. Income	71
Savings Bonds	72
Receivables	73
Interest	73
Imputed Interest	73
Incident to Divorce	75
Related To Termination	75
Rebuttable Presumption	76
Divorce or Separation Instrument	76
Transfers in Trust	77
Third Party Transfers	77
Property Basis	80
Gift Variation	81
Passive Activity Loss Property	81
Property Transferred In Trust	83
Basis in U.S. Savings Bonds	83
Negotiated Property Divisions	83
Adjudicated Property Divisions	83
Caselaw	83
General Rule - Immediate & Specific	84
Liabilities	85
Holding Period	85
Notice & Record keeping	85
Purchases Between Spouses	88
Residence	88
Home Mortgage Interest	89
Deferral & Exclusion of Gain	89
Business & Investment Property	89

Recapture	89
Section 1031 Exchange	90
Asset Separation	91
Final Personal Property Regulations	91
General & Product Class	91
Multiple Asset Exchanges	91
Related Parties	91
Two-Year Restriction	92
Foreign Property	92
Form 8824	92
Spousal Transfers	92
Installment Sale of Assets	92
Selected Asset Divisions	95
Residence	95
Section 121 Home Sales	95
Two-Year Ownership & Use Requirements	96
Special Divorce Rules	96
Tacking of Prior Holding Period	96
Prorata Exception	96
Limitations on Exclusion	97
Installment Obligations	97
Business Interests	98
Corporate Stock	98
Cases & Rulings	99
PLR 9046004	99
Arnes Cases	101
Mrs. Arnes v. United States, 981 F.2d 456 (9th Cir. 1992)	101
Mr. Arnes v. Commissioner, 102 TC 522 (1994)	102
Blatt Case	102
Gaughan Case	103
Section 302 Stock Redemption	103
Recapitalization	104
Partnerships	104
Section 736(a) Payments	104
Effect on Recipient	104
Section 736(b) Payments	104
Effect	105
Exclusions From §736(b) Treatment	105
Liabilities	105
Series of Payments	106
Section 754 Election	106
Insurance Policies	108
Real & Personal Property	109
Classification of Assets	109
Character of Gain or Loss	110
Capital Assets - §1221	110
Long-Term or Short-Term	110
Installment Sale	111
Net Gain or Loss	111
Treatment of Net Capital Gains	112
Section 1231 Assets	112
Gains & Losses	113

Recapture Of Net Ordinary Losses	113
Ordinary Assets	113
Depreciable Property	113
Recapture on Personal Property	113
Section 1245 Property	114
Treatment of Gain	114
Recapture on Real Property	114
Section 1250 Property	115
Pension Benefits	115
Qualified Domestic Relations Order	116
Taxation of Distributions	117
Deferred v. Present Division of Benefits	118
Deferred Division Arguments	118
Present Division or Alternate Property Arguments	119
Individual Retirement Arrangements	119
IRA Deduction Limit	120
Rollovers	120
Divorce Distributions	120
Amounts Not Rolled Over	120
Retirement Planning After Divorce	121
Social Security Benefits	121
Divorced Spouse Benefits	121
Divorced Widow(er) Benefits	122
Military Pensions	122
Divorced Spouse Benefits	123
Jurisdiction Requirement	123
Disposable Pay	123
Direct Payment	124
Divorced Widow(er) Benefits	124
Social Security Offset	125
Civil Service Pensions	125
Divorced Spouse Benefit	125
Divorced Widow(er) Benefit	126
Railroad Pensions	127
Divorced Spouse Benefit	127
Divorced Widow(er) Benefit	128
Bankruptcy	128

Chapter 3 Alimony & Child Support 133

Spousal Support - aka Alimony	133
Divorce or Separation Instrument	134
Invalid Decree	135
Amended Instrument	135
Premarital Agreements	135
Instruments Executed After 1984	136
Alimony Requirements	136
Payment Must Be In Cash	137
Payments to a Third Party	137
Written Requests, Consents, or Ratifications	139
Payments for Family Residence	142
Taxpayer-Owned Home	142
Spouse-Owned Home	143
Jointly-Owned Home	143

Rent On Property Owned by a Third Party	144
Payments for Life Insurance	144
Contingent Interest	145
Voluntary Payments	145
Payments to Remarried Spouse	146
Designating Payments as Not Alimony	146
Members of Different Households	148
Exception	148
Termination at Death	148
Substitute Payments	149
Child Support	150
Past Due Child & Spousal Support Payments	150
Joint Return Prohibited	151
Minimum Term Rule for 1985 & 1986 Instruments	151
Exception	152
Instruments Executed Before 1985 - Prior Law	155
Alimony Requirements	155
Periodic Payments	155
Exception for Installment Payments	156
10 Years Or Less	156
More Than 10 Years	157
Mixed Payments	157
Marital or Family Relationship	158
Property Settlement	158
Child Support	158
Deducting Alimony Paid	160
Reporting Alimony Received	160
Alimony as Compensation	160
Recapture of Alimony for Type A & B Agreements	160
Exceptions to Recapture	161
Including the Recapture in Income	161
Deducting the Recapture	161
TRA '84 Recapture - 1985 & 1986 Instruments	161
TRA '86 Recapture - After 1986 Instruments	162
Exceptions	162
Computation	163
Alimony Substitution Trusts & Annuities	167
Advantages of Alimony Trust	168
Disadvantages of Alimony Trust	169
Annuities	169
Alimony Paid by Estate	169
Child Support	171
Contingency Relating To the Child	171
Clearly Associated With a Contingency	171
Heller Case	172
Rebuttable Presumptions	172
COBRA Coverage	173
Coverage Termination	174
Notice	174
Election	174
Choice of Coverage	174
Cost	175

Deductibles	175
Qualified Medical Child Support Orders	175
Definition	176
Procedures & Duties	176
Jurisdiction	177
Chapter 4 Selected Marital Tax Issues Outside Divorce	180
Federal Income Tax	180
Marriage Penalty	180
Standard Deduction Increased for MFJ	181
15% Bracket Amount Increased for MFJ	182
Will The Marriage Penalty Really Go Away?	183
Spousal Travel	184
Regulations - Spousal Travel	184
Additional Cost Rule	185
Husband-Wife Partnerships	186
Qualified Joint Venture Election	186
One Spouse Employed by the Other	186
Federal Estate Tax	189
Dower & Curtsey - §2034	189
Community Property Comparison	189
Joint Interests - §2040	189
Qualified Joint Interest	190
Powers of Appointment - §2041	190
Ascertainable Standard	190
5/5 Power	191
Life Insurance - §2042	192
Incidents of Ownership	192
Community Property Issue	193
Marital Deduction - §2056	195
Outright to Spouse	195
Marital Deduction (QTIP) Trust	196
Qualified Terminable Interest Trust	196
Requirements	196
Net Value Rule	197
Non-Citizen Spouse	197
Gifts to Non-Citizen Spouses	199
Tax Basis for Estate Assets - §1014	200
Community Property Cost Basis	200
Business Interests - Death of a Spouse	201
Bypass Trust	201
Gift Taxes - §2501 to §2524	203
Gift Tax Computation	204
Calculation Steps	204
Applicable Exclusion - §2505	204
Application - §2501	205
Entity Rule	205
Split Gifts - §2513	205
Community Property States	205
Annual Exclusion	205
Per Donee/Per Year	206
Gifts in Excess of the Annual Exclusion	206
Gift Tax Marital Deduction	207

Nondeductible Terminable Interests	207
Social Security Survivors Benefits	208
Appendix A Section 71 & Regs.	249
Appendix B Section 1041 & Regs.	269
Appendix C California Uniform Premarital Agreement Act	276
Glossary	278
Index of Keywords & Phrases	279