



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**ESTATE TAX PROCEDURES
FOR DECEDENTS**

ET-903

(Rev. 5/22/02)

3222

The following information has been provided as a guide to help the personal representative or applicant determine what information or returns are required by the South Carolina Department of Revenue upon a decedent's death.

INVENTORY AND APPRAISEMENT

The inventory and appraisal must be completed by the applicant or personal representative within sixty days of appointment reflecting the fair market value of **ALL** in-state and out-of-state assets owned by the decedent at the date of death.

The inventory and appraisal form is patterned after the estate tax return. All assets in which the decedent had any incidence of ownership should be listed at its fair market value. Generally, South Carolina follows the federal government as to what should be included as part of the gross estate. All real estate, stocks and bonds, dividends, cash, bank accounts (including interest up to date of death), life insurance, jointly owned property with rights of survivorship, and gifts of life insurance within three (3) years of the date of death must be disclosed. Also, annuities, IRA's, household goods, refunds, jewelry, automobiles, etc., must be disclosed.

Life insurance--Life insurance whether payable to the estate or a specific named beneficiary must be disclosed on the inventory and appraisal.

Jointly owned property with rights of survivorship--All jointly owned property must be disclosed on the inventory and appraisal. In case of a husband and wife, you must include one half. In all other cases (mother/son, etc.) you must include that part of the jointly owned property contributed by the decedent.

Gifts or transfers by the decedent--The estate can be liable for any gifts which exceed the annual exclusion made since January 1, 1969 that remain unreported. The personal representative must review the past history of the decedent to determine if any gifts or transfers remain unreported. Gifts or transfers within three (3) years of death (except those of life insurance) are not included on the inventory and appraisal; however, all unreported gifts or transfers must be reported to the Department of Revenue. Gifts or transfers of life insurance within (3) years of death must be included on the inventory and appraisal. Gifts or transfers where the decedent retained a life estate must be included on the inventory and appraisal.

The above items are provided not to be all inclusive but only to give an idea as to some assets listed. All instructions for each schedule on the inventory and appraisal form should be followed closely to determine what should be disclosed.

The probate judge is required to forward to the South Carolina Department of Revenue copies of all inventories and appraisements that exceed the applicable filing requirement. Upon receipt of this information, the Department of Revenue will provide to the personal representative the forms necessary to be completed. Failure to receive these forms does not relieve the personal representative from liability to file an estate tax return.

FILING REQUIREMENTS

An estate tax return is required to be filed in all cases where the total **gross estate** exceeds the allowable specific exemption for the date of death, as stated below. The total gross estate must include all property owned by the decedent, whether located in or outside of South Carolina. The filing requirement is the same for resident and nonresident decedents.

The allowable exemption is as follows:

DATE OF DEATH	FILING REQUIREMENT/SPECIFIC EXEMPTION
January 1, 1979 - June 30, 1988	\$120,000
July 1, 1988 - June 30, 1989	\$140,000
July 1, 1989 - June 30, 1990	\$170,000
July 1, 1990 - June 30, 1991	\$320,000
July 1, 1991 - Thereafter	same as Federal

*As of July 1, 1991, only those estates required to file a federal estate tax return will be required to file a South Carolina estate tax return.

DUE DATE OF RETURN

Returns are required to be filed within nine (9) months after the date of the decedent's death. The tax imposed is due and payable to the Department of Revenue at its Columbia Office at that time. It is the responsibility of the personal representative to file the estate tax return within (9) months after the date of death.

EXTENSION

An extension to file and/or pay for up to one year may be obtained by completing and filing form SC4768 prior to the due date.

A hardship extension to pay can be obtained only in those cases where payment would result in an undue hardship to the estate. The Department of Revenue may extend the time for payment for a reasonable period not in excess of five years. Contact the Department of Revenue prior to the original due date of the return to allow the personal representative ample time to adhere to Department of Revenue guidelines on hardship extensions.

WAIVER REQUIREMENTS

Real Estate--If the personal representative desires to sell or transfer real estate prior to the closing of an estate, form SC 4422 should be submitted to the Department of Revenue with a legal description and/or a copy of the contract. Approval of real estate waivers depends upon the particular circumstances of the estate.

AUDIT PROCEDURES/CLOSING LETTERS

A) South Carolina Return Required and No Federal Return Required (Resident and Nonresident):

In those cases where the personal representative must file a South Carolina estate tax return but not a federal estate tax return, the Division will determine, as soon as possible, if an audit is necessary. If the return is accepted as filed, a closing letter will be mailed to the probate judge having jurisdiction, with a copy to the personal representative or his designee. All files selected for a South Carolina audit are referred to the Field Services Division for their review. A closing letter will be issued upon completion of the audit.

B) South Carolina and Federal Return Required:

1) Resident--In those cases where the personal representative must file both a South Carolina and a federal estate tax return for a resident decedent, the Division will place this file into our joint audit classification program with the Internal Revenue Service. The Internal Revenue Service or the Department of Revenue will determine if an audit is necessary.

The purpose of this joint program is to avoid duplication of audits. If the return is accepted as filed by both the Internal Revenue Service and the Department of Revenue, a closing letter will be issued. If audited, a closing letter will be issued upon completion of the audit.

2) Nonresident-- In those cases where the personal representative must file both a South Carolina and a federal estate tax return for a nonresident decedent, the Division will not issue a South Carolina closing letter until a copy of the federal closing letter is received by the Department of Revenue. Form ET-101, Nonresident South Carolina Preliminary Estate Tax Notice to Probate Judge, is required to be filed with the Department of Revenue and the probate court for **ALL** nonresident decedents.

GENERAL INFORMATION

A closing letter will be issued by the Department of Revenue in all cases where a South Carolina estate tax return is filed. The closing letter will be required before the probate judge can release the personal representative.

PRIMARY FORMS USED

FORM NUMBER

SC706C

SC4768

ET-4422

ET-101

DESCRIPTION

Resident/Nonresident Estate Tax Return
(copy of federal return attached)

Estate Tax Extension Request

Waiver of Objection to Transfer Real Property

Nonresident S. C. Preliminary Estate Tax Notice to Probate Judge

FOR FURTHER INFORMATION CONTACT:

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Estate Section
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