

Section J

Estate Tax and Generation-Skipping Transfer Tax

BASIC PROVISIONS AND TAX BASE OF THE NEBRASKA TAX LAWS

The amount of estate tax due the state of Nebraska is the Nebraska taxable estate (federal taxable estate, as determined under Chapter 11 of the Internal Revenue Code, minus one million dollars). The tax is levied and imposed upon the transfer of the estate of every resident decedent, and upon the value of any interest in Nebraska real estate and tangible personal property situated in Nebraska of a nonresident decedent.

A deduction is allowed for the total amount of Nebraska inheritance tax paid and an allowance is made for the percentage of the gross value of the transferred property located outside Nebraska over the gross value of all the transferred property multiplied by the tax calculated on the entire Nebraska transfer tax before credits.

Rates on the Nebraska taxable estate range from 5.6 percent to 16.8 percent depending on the size of the estate.

The generation-skipping transfer tax is imposed for any generation-skipping transfer or distribution of property of every Nebraska resident or any nonresident transferring Nebraska real estate or tangible property situated in Nebraska with respect to a taxable transfer that gives rise to federal generation-skipping transfer tax liability under Chapter 13 of the Internal Revenue Code.

A deduction is allowed for the total amount of Nebraska inheritance tax paid and an allowance is made for the percentage of the gross value of the transferred property located outside Nebraska over the gross value of all the transferred property multiplied by the tax calculated on the entire Nebraska transfer tax before credits.

The rate for the generation-skipping transfer tax is 16.0 percent of the amount by which the federal taxable transfer exceeds one million dollars.

The funds raised by these taxes are deposited in the State General Fund.

TRANSFER TAXES

Statutory Reference and Description	Estimated Tax Expenditure Cost NA = Not Available
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DEDUCTION

Section 77-2101.01 A deduction is allowed against the Nebraska transfer taxes for the total amount of Nebraska inheritance tax paid and an allowance is made for the percentage of the gross value of the transferred property not situated in Nebraska over the gross value of the transferred property multiplied by the tax calculated on the entire Nebraska transfer tax before credits.	\$27,360,000
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CREDIT OR REFUND

Section 77-2106.01 A refund is allowed for any overpayment of transfer tax in excess of that legally due when a proper claim is submitted to the State Tax Commissioner within the applicable statute of limitations.	\$570,840
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RECOMMENDATIONS

The Nebraska Department of Revenue has no recommendations.