



## Estate Tax Basics

Minnesota Business Tax Education Program

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This presentation is based on the facts and circumstances being discussed and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or Revenue Notices.

If you have any questions, contact us:

- Phone: 651-556-3075 or 1-800-657-3666
- Email: [businessincome.tax@state.mn.us](mailto:businessincome.tax@state.mn.us)

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## Housekeeping

- Phone lines muted
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- Presentation is not recorded



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## Agenda

Today, we will cover:

- Definitions
- Forms
- What is Estate Tax?
- Filing requirements and due dates
- Penalties and interest
- Death certificate and supporting documentation

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## Decedent

Refers to a deceased person



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## Beneficiary

Designated to receive assets or property from a person's estate or trust.



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## Personal Representative or Executor

Responsible for handling the estate.



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## Trustee

Responsible for holding and managing the trust property.



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## Fiduciary

Executes or administers a deceased person's estate or hold assets in a trust.



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## Gross Estate



The total value of an individual's assets.

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## Taxable Estate

The portion of assets and property that is subject to estate tax.



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## Minnesota Tax Returns



- Form M706, Estate Tax Return
- Form M706Q, Election to Claim the Qualified Small Business and Farm Property Deduction
- Form M2, Income Tax Return for Estates and Trusts

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## Federal Tax Returns

- Form 706, Estate Tax Return
- Form 706-NA, Estate Tax Return for Nonresident Alien
- Form 1041, Fiduciary Income Tax Return
- Form 709, Gift Tax Return



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## What is Estate Tax?



- A death tax on decedent's estate
- Imposed against all assets owned at time of death
- Estate is like a balance sheet

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## What Estate Tax is Not

- Inheritance Tax
- Gift Tax
- Fiduciary Income Tax



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## Estate Tax vs. Estate Income Tax



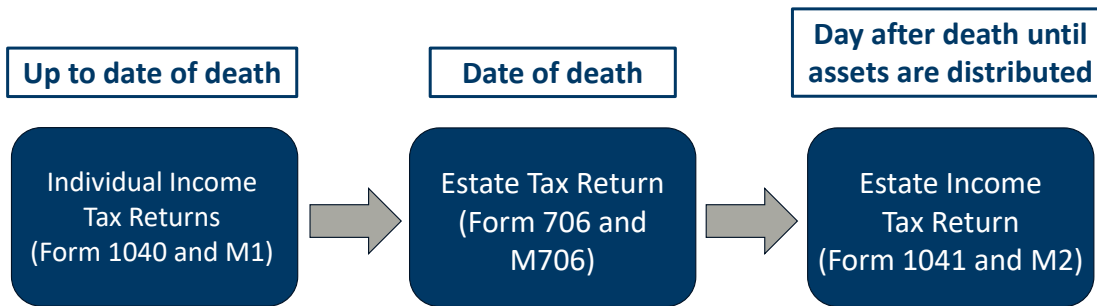
ESTATE TAX



ESTATE INCOME TAX

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## Timeline of Decedent's Tax Returns



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## Resident Filing Requirements

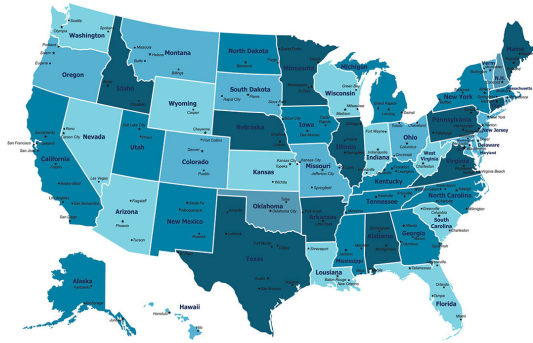
File Form M706 if either:

- Federal gross estate and federal adjusted taxable gifts exceed Minnesota's exemption amount of \$3 million.
- A federal estate tax return is required to be filed.
  - The federal exemption amount for 2025 is \$13,990,000.



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## Non-Resident Filing Requirements



File Form M706 if the decedent owned property with situs in Minnesota at the time of death and either:

- Federal gross estate and federal adjusted taxable gifts exceed Minnesota's exemption amount of \$3 million.
- A federal estate tax return is required to be filed.

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## Due Dates

- **Original due date:** Nine months after date of death
- **Extended due date:** 15 months after date of death
- **Six-month extension to pay:** Request through Minnesota Revenue
- **Approved federal extensions:** Granted (for both filing and paying)

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## Penalties

- Late Payment: 6%
- Additional Late Payment: 5%
- Late Filing: 5%
- Substantial Understatement: 20%
- Negligence: 10%
- Failure to Report Federal Audit Changes: 10%

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## Abatement Requests

- Made in writing
- Received within 60 days

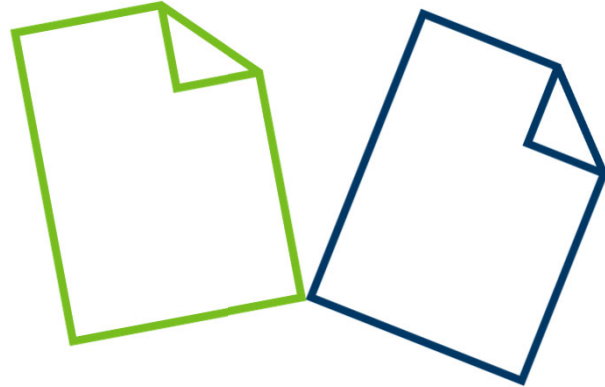


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## Supporting Documentation

- Form M706Q, if applicable
- Federal form 709
- Federal form 706 + all schedules
- Verifying balances
- Payment voucher



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## Questions



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## Contact Us

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