

# Instructions for REV-1647 Schedule M

## Future Interest Compromise

REV-1647 EX (02-15)

### GENERAL INFORMATION

#### PURPOSE OF SCHEDULE

Use REV-1647 Schedule M to report all future interests where the rate of tax which will be applicable when the future interest vests in possession and enjoyment cannot be established with certainty.

### FORM INSTRUCTIONS

#### Estate of

Enter the complete name of the estate as shown on REV-1500, Pennsylvania Inheritance Tax Return.

#### File Number

Enter the file number of the estate assigned by the Register of Wills as shown on REV-1500, Pennsylvania Inheritance Tax Return.

### GENERAL INSTRUCTIONS

 **IMPORTANT:** This schedule is appropriate only for estates of decedent dying on or after Dec. 13, 1982.

#### I. Beneficiaries

List the name, relationship, date of birth and age to nearest birthday of each beneficiary indicated in the instrument which created the future interest compromise.

#### II. Right of Withdrawal

For decedents dying on or after July 1, 1994, if a surviving spouse exercised or intends to exercise a right of withdrawal within nine months of the decedent's death, check the appropriate block.

#### III. Explanation of Compromise Offer

Section 9116(e) of the Inheritance and Estate Tax Act of 1991 [72 P.S. § 9116(e)] effective Oct. 3, 1991 authorizes the Department of Revenue to compromise the amount of tax payable on a future interest when the rate of tax cannot be established with certainty.



**NOTE:** This schedule is applicable only if a contingency makes it impossible on the date of death of a decedent to determine the rate of tax which will apply when a future interest vests in possession and enjoyment. A compromise request is not necessary if all potential beneficiaries are taxable at the same rate, and the only uncertainty is the identity of the ultimate beneficiary of a future interest.

REV-1647, Schedule M must accompany the return if a compromise determination is requested. All information having a direct or indirect effect on the compromise portion of the estate should be presented with the return.

The estate is encouraged to provide any information that is deemed to have an impact on the possible future benefit to the respective beneficiaries so that the department may make informed judgments. This may include, but would not be limited to: the health and lifestyle of the respective beneficiaries, individual wealth of the beneficiary, average expenses, expected income, etc. The estate's compromise offer should be supported by as much factual data and explanatory information as possible.

The Department of Revenue will review the information presented to deter-

mine if a compromise determination is appropriate and to evaluate the suggested compromise tax amount submitted by the taxpayer. The department's review may be based on actuarial computation, subjective analysis, or a combination of both. If the facts presented on REV-1647, Schedule M do not reveal any extraordinary circumstances, the determination of the department will be made by an actuarial formula without any subjective review.



**NOTE:** If a contingency makes it impossible on the date of death to determine the rate of tax which will apply when a future interest vests and a compromise determination is not requested by the taxpayer, the department will assess tax at the highest rates which would apply at all points of uncertainty in the chain of distribution.



**NOTE:** To request a compromise determination, the person responsible for filing the return must fill in oval 5 "Future Interest Compromise" of REV-1500.

The Inheritance Tax Division, upon written request, will provide the probability factor in the case of an actual decedent prior to the filing of the tax return. Inquiries should be addressed to:

PA DEPARTMENT OF REVENUE  
BUREAU OF INDIVIDUAL TAXES  
INHERITANCE TAX DIVISION  
PO BOX 280601  
HARRISBURG, PA 17128-0601

The request for a probability factor must identify the estate, date of death, file number, and must be accompanied by a copy of any relevant instrument.