

# New user fee proposed for estate tax closing letters

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The Internal Revenue Service (IRS) issued [proposed regulations](#) establishing a new user fee of \$67 for authorized persons who wish to request the issuance of an estate closing letter. This will apply to requests received by the IRS 30 days after the regulations become final.

An estate closing letter informs the authorized person of the acceptance of the Form 706 estate tax return and also contains other tax information including the amount of the net estate tax, the state death tax credit or deduction, and any generation skipping transfer tax. An authorized person refers to a person properly authorized under section 6103 of the Internal Revenue Code (Code) to receive and request an estate closing letter with respect to the estate, which includes, but is not limited to, the executor, personal representative or authorized party under an executed Form 2848, Power of Attorney and Declaration of Representative. The executor is responsible for addressing unpaid estate liabilities including estate taxes and can be held personally liable for the payment of tax under certain circumstances. The estate tax closing letter explains that the IRS will not reopen or examine the estate tax return to determine the estate tax liability of a decedent's estate unless the estate notifies the IRS of changes to the estate tax return or if there is (1) evidence of fraud, malfeasance, collusion, concealment or misrepresentation of a material fact, (2) a clearly defined substantial error based upon an established IRS position or (3) a serious administrative omission. The closing letter does not indicate whether estate tax has been paid but it provides the executor with information regarding the estate tax liability so that assets may be divided, distributed and the estate may be closed.

The estate tax closing letter is not required by the Code but has been a practice offered to aid in estate administration. The IRS issued an estate closing letter for every estate tax return filed until June 2015 when the IRS issued this letter on request by an authorized person. An alternative method was provided by obtaining an account transcript in lieu of the previously issued estate closing letter that included Transaction Code 421 which indicated the return was accepted as filed or the examination is complete.

The IRS estimates the number of estate tax returns filed in 2018 to be 30,500 with a large number of these filings electing portability of the DSUE amount for the surviving spouse. Since the closing letter is viewed by the IRS to be a

convenience offered to the estate, it has been determined that a user fee would be appropriate to assist in recovering the costs incurred to provide this service. The IRS has proposed implementing a web-based system to request the estate closing letter and collect the user fee using the existing [www.pay.gov](http://www.pay.gov) website. This new “one-step, web-based procedure” is expected to improve efficiencies for both the estate and the IRS.

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