

(9) The running of any period of time specified in paragraphs (1) or (3) (other than the one-year period referred to in paragraph (3) (e)) shall be suspended during any time that the taxpayer (or his spouse if the old residence and the new residence are each used by the taxpayer and his spouse as their principal residence) serves on extended active duty with the Armed Forces of the United States after the date of the sale of the old residence, except that any such period as so suspended shall not extend beyond the date four years after the date of the sale of the old residence. For the purpose of this paragraph, the term "extended active duty" means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

(10) For purposes of this subdivision, the destruction, theft, seizure, requisition, or condemnation of property, or the sale or exchange of property under threat or imminence thereof

(a) if occurring after December 31, 1950, and before January 1, 1955, shall be treated as the sale of such property; and

(b) if occurring after December 31, 1954, shall not be treated as the sale of such property.

Approved May 25, 1971.

---

## CHAPTER 513—S.F.No.2425

[Coded in Part]

*An act relating to inheritance taxes; providing a deduction for state and federal income taxes on income in respect of a decedent; amending Minnesota Statutes 1969, Sections 291.07, Subdivisions 1 and 2, and 291.07, by adding a subdivision.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1969, Section 291.07, Subdivision 1, is amended to read:

**291.07 TAXATION; INHERITANCE TAX; DEDUCTIONS; COMPUTATION.** Subdivision 1. In determining the tax imposed by section 291.01, where the estate has been submitted to the jurisdiction of the probate court, the following deductions shall be allowed:

(1) funeral expenses

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(2) probate administration expenses, including but not limited to expenses incurred during administration in converting real and personal property held by the estate into cash

(3) expenses of last illness unpaid at death

(4) claims against the decedent which have been properly filed and allowed as such by the probate court and duly paid

(5) family maintenance to the extent provided by section 291.10

(6) value of personal property to the extent of the amount allowed under the provisions of section 525.15

(7) federal estate taxes determined as follows:

(a) the value of the net estate taxable in Minnesota reduced by the deduction allowable for transfer for public, charitable and religious use as prescribed by Internal Revenue Code, Section 2055 and by the marital deduction as prescribed by Internal Revenue Code, Section 2056, shall be the numerator of a fraction;

(b) the denominator of the fraction shall be the value of the net estate everywhere reduced by the same class of deductions allowable in subparagraph (a) above;

(c) the ratio of the fraction so derived shall be multiplied by the federal estate tax due and payable to the United States Treasury.

(d) for purposes of this clause, the net estate is defined as the gross value of the estate on the applicable valuation date reduced by any unpaid mortgages on, or any indebtedness in respect of, property where the decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate.

(8) other taxes which have accrued and are a lien on property in the estate at the time of death.

(9) reasonable fees for legal or fiduciary services incident to non-probate assets;

(10) Minnesota and federal income taxes on "income in respect of a decedent," as computed under section 3 of this act.

Sec. 2. Minnesota Statutes 1969, Section 291.07, Subdivision 2, is amended to read:

Subd. 2. In determining the tax imposed by Minnesota Statutes, Section 291.01, where an estate has not been submitted to the jurisdiction of the probate court, the following deductions shall be allowed:

**Changes or additions indicated by underline, deletions by ~~strikeout~~.**

- (1) funeral expenses,
- (2) expenses of last illness unpaid at death,
- (3) federal estate taxes determined as follows:

(a) the value of the net estate taxable in Minnesota reduced by the deduction allowable for transfer for public, charitable and religious use as prescribed by Internal Revenue Code, Section 2055 and by the marital deduction as prescribed by Internal Revenue Code, Section 2056, shall be the numerator of a fraction;

(b) the denominator of the fraction shall be the value of the net estate everywhere reduced by the same class of deductions allowable in subparagraph (a) above;

(c) the ratio of the fraction so derived shall be multiplied by the federal estate tax due and payable to the United States Treasury;

(d) for purposes of this clause, the net estate is defined as the gross value of the estate on the applicable valuation date reduced by any unpaid mortgages on, or any indebtedness in respect of, property where the decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate;

(e) apportionment of the federal estate tax to the individual transferees shall be subject to the provisions of Minnesota Statutes, Section 525.521, 525.522, 525.523 and 525.524.

(4) value of personal property to the extent of the amount allowed under the provisions of Minnesota Statutes 1965, Section 525.15. A formal order of the probate court is not necessary before these deductions may be taken in the computation of the tax,

(5) other taxes which have accrued and are a lien on property in the estate at the time of death,

(6) reasonable fees for legal or fiduciary services incident to non-probate assets,

(7) Minnesota and federal income taxes on "income in respect of a decedent," as computed under section 3 of this act.

Where an estate has not been submitted to the probate court, deductions under (1), (2), (3) and (6) heretofore shall be allowed only to the persons actually having disbursed moneys for payments, and shall not exceed the net amount of such disbursements after giving credit for death benefits, medical and hospitalization insurance payments.

No deduction shall be allowed unless the person claiming the deduction when requested by the probate court or the commissioner,

**Changes or additions indicated by underline, deletions by ~~strikeout~~.**

furnishes the court or the commissioner with information sufficient to enable the court or commissioner to determine the validity or correctness thereof.

Sec. 3. Minnesota Statutes 1969, Section 291.07, is amended by adding a subdivision to read:

Subd. 3. (a) The Minnesota and federal income tax allowed as deductions under section 291.07, subdivision 1, clause (10) and section 291.07, subdivision 2, clause (7) of this section shall be computed as follows:

The table of rates required to be used by single taxpayers who itemize their allowable deductions shall be applied to the "income in respect of a decedent" as though such "income in respect of a decedent" constituted the entire income of the decedent taxable after giving effect to all allowable deductions. The amount of Minnesota or federal income tax as so computed shall not be diminished by any credits allowable by Minnesota or federal income tax laws.

(b) The deductions allowed herein shall be the only deductions allowed under this chapter for "income in respect of a decedent," without regard to the actual liability for income taxes that may be due and payable subsequently with respect to such "income in respect of a decedent."

Sec. 4. The provisions of this act shall be effective for all deaths occurring after June 30, 1970.

Approved May 25, 1971.

---

#### CHAPTER 514—S.F.No.2420

*An act relating to taxes on and measured by net income; revising the requirements for the withholding of tax and the furnishing of information relative thereto; amending Minnesota Statutes 1969, Section 290.92, Subdivision 6.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1969, Section 290.92, Subdivision 6, is amended to read:

**Changes or additions indicated by underline, deletions by ~~strikeout~~.**