

INHERITANCES, DEVISES, BEQUESTS 291.005

**290.982 Claimant**

Claimant means a person who has filed a claim under sections 290.981 to 290.992, who was domiciled in this state during the entire calendar year preceding the year in which he files claim for relief, who resided in a rented or leased unit on which ad valorem taxes are accrued, for not less than six months of the calendar year covered by the claim. When a unit is occupied by two or more individuals and more than one such individual is able to qualify as a claimant, such individuals may determine between them as to who the claimant shall be, and all amounts paid for the unit during the selected claimant's occupancy shall be considered as paid by him. If they are unable to agree, the matter shall be referred to the commissioner of taxation and his decision shall be final.

[1973 c 650 art IX s 1]

(NOTE: The provisions of this section shall be effective for all years beginning after December 31, 1972.)

**290.983 Amount of credit; offset against tax**

Subdivision 1. The credit allowed by section 290.981 shall be 10 percent of the total amount paid by the claimant during the taxable year as rent for the occupancy of real property used as the place of residence of his household. The credit shall not exceed \$120 in any taxable year. For purposes of sections 290.981 to 290.992 "rent" does not include payments attributable to heat, light, or other utilities.

[1973 c 650 art IX s 2]

(NOTE: The provisions of this subdivision shall be effective for all years beginning after December 31, 1972.)

Subd. 2. The commissioner of taxation, within the applicable period of limitations, may offset the amount of the credit provided by sections 290.981 to 290.992 against any liability for income tax on the part of the individual claiming the credit and shall pay the balance due, if any, to such individual. Interest shall be allowed as provided in section 290.92, subdivision 13. All payments pursuant to sections 290.981 to 290.992 shall be from the general fund.

[1973 c 44 s 2]

(NOTE: This subdivision is in effect for the taxable years beginning after December 31, 1972.)

**290.99 No relief allowed in certain cases**

No claim for relief under sections 290.981 to 290.992 shall be allowed to any person who is a recipient of public funds for the payment of rent during the period for which the claim is filed.

[1973 c 650 art IX s 3]

(NOTE: The provisions of this section shall be effective for all years beginning after December 31, 1972.)

**CHAPTER 291. INHERITANCES, DEVISES, BEQUESTS**

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**291.005 Definitions**

Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Representative" means and includes all executors of the will of a decedent and all administrators of any description, whether general or special, of

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a decedent's estate to whom letters are issued by a probate court of this state.

(2) "Probate Assets" means and includes all property of a decedent required by chapter 525 to be listed on a representative's inventory in a case where administration is to be had in a probate court of this state.

(3) "Non-Probate Assets" means and includes all property of every kind transferred from a decedent or at or by reason of the decedent's death which is subject to the inheritance tax imposed by this chapter (without regard to deductions or exemptions) and which does not consist of probate assets.

(4) "Commissioner" means and refers to the Commissioner of Taxation of this state or any person or body within the state Department of Taxation to whom he may have delegated his functions under this chapter.

(5) "Dependent child" means a natural child of the decedent or a child adopted by the decedent who is incapable of furnishing his own support by reason of a physical or mental ailment, illness or deformity. The commissioner may request verification of the physical or mental condition of the child before allowing the exemptions and rates applicable to a dependent child under this chapter.

(6) "Stepchild" means a child who is not the decedent's natural or adopted child but is the natural or adopted child of the decedent's surviving or deceased spouse.

[1973 c 185 s 1]

(NOTE: This section shall be effective for all gifts made on or after January 1, 1973.)

**291.03 Rates**

When the property or any beneficial interest therein passes by any such transfer where the amount of the property shall exceed in value the exemption or exemptions hereinafter specified, where applicable, the tax hereby imposed shall be:

(1) Where the person entitled to any beneficial interest in such property shall be the widow, minor or dependent child of the decedent, or any minor or dependent legally adopted child at the following prescribed rates:

1½ percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

2 percent on the next \$25,000 or part thereof.

3 percent on the next \$50,000 or part thereof.

4 percent on the next \$50,000 or part thereof.

5 percent on the next \$50,000 or part thereof.

6 percent on the next \$100,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

8 percent on the next \$100,000 or part thereof.

9 percent on the next \$500,000 or part thereof.

10 percent on the excess over \$1,000,000.

(2) Where the person or persons entitled to any beneficial interest in such property shall be the husband, adult child or other lineal descendant of the decedent, adult legally adopted child or issue, lineal ancestor of the decedent, stepchild as defined in section 291.005, or any child to whom such decedent for not less than ten years prior to such transfer stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday and was continuous for said ten years thereafter, or any lineal issue of such mutually acknowledged child, at the following prescribed rates:

2 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

4 percent on the next \$25,000 or part thereof.

6 percent on the next \$50,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

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8 percent on the next \$200,000 or part thereof.

9 percent on the next \$600,000 or part thereof.

10 percent on the excess over \$1,000,000.

(3) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or the husband of a daughter of the decedent, at the following prescribed rates:

6 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

8 percent on the next \$25,000 or part thereof.

10 percent on the next \$50,000 or part thereof.

12 percent on the next \$50,000 or part thereof.

14 percent on the next \$50,000 or part thereof.

16 percent on the next \$100,000 or part thereof.

18 percent on the next \$100,000 or part thereof.

20 percent on the next \$100,000 or part thereof.

22 percent on the next \$500,000 or part thereof.

25 percent on the excess over \$1,000,000.

(4) Where the person or persons entitled to any beneficial interest in such property shall be in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate, at the following prescribed rates:

8 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

10 percent on the next \$25,000 or part thereof.

12 percent on the next \$50,000 or part thereof.

14 percent on the next \$50,000 or part thereof.

16 percent on the next \$50,000 or part thereof.

18 percent on the next \$100,000 or part thereof.

20 percent on the next \$100,000 or part thereof.

22 percent on the next \$100,000 or part thereof.

26 percent on the next \$500,000 or part thereof.

30 percent on the excess over \$1,000,000.

[1973 c 185 s 2]

(NOTE: This section shall be effective for all gifts made on or after January 1, 1973.)

### 291.05 Exemptions

The following exemptions from the tax are hereby allowed:

(1) Any devise, bequest, gift, or transfer to or for the use of the United States of America or any state or any political subdivision thereof for public purposes exclusively, and any devise, bequest, gift, or transfer to or for the use of any corporation, fund, foundation, trust, or association operated within this state for religious, charitable, scientific, literary, education or public cemetery purposes exclusively, including the encouragement of art and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or individual, and any bequest or transfer to a trustee or trustees exclusively for such purposes, shall be exempt. Any devise, bequest, gift, or transfer, not to exceed \$1,000 made to a clergyman, the proceeds of which are to be used for religious purposes or rites designated by the testator, shall be exempt. Any devise, bequest, gift, or transfer to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, education, or public cemetery purposes exclusively, including the encouragement of art, and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or any individual, and any bequest or transfer to a trustee or trustees exclusively for such purposes, shall be exempt, if, at the date of

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the decedent's death, the laws of the state under the laws of which the transferee was organized or existing, either (1) did not impose a death tax of any character, in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contained a reciprocal provision under which transfers to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of another state were exempted from death taxes of every character if such other state allowed a similar exemption to a similar corporation, fund, foundation, trust, or association, organized under the laws of such state.

(2) The homestead of a decedent, and the proceeds thereof if sold during administration, transferred to the spouse or to any minor or dependent child of the decedent, or to any minor or dependent legally adopted child of the decedent, shall be exempt to the extent of \$30,000 of the appraised value thereof.

Proceeds of any insurance policy issued by the United States and generally known as war risk insurance, United States government life insurance or national service life insurance payable upon the death of any person dying on or after June 24, 1950, shall be exempt.

Proceeds of life insurance issued pursuant to Public Law 89-214 and generally known as servicemen's group life insurance payable upon the death of any person on or after September 1, 1965, shall be exempt. Claims for refunds of inheritance tax paid on such proceeds shall be accepted by the commissioner if filed with him by December 31, 1970, or within 18 months after such payment, whichever is later.

Proceeds of payments from the United States railroad retirement fund; or from the United States as social security benefit, shall be exempt.

(3) (i) Property or any beneficial interest therein of the clear value of \$30,000 transferred to the widow, shall be exempt.

(ii) Provided, where the amount of family maintenance allowed by the probate court is less than the maximum deductible under the provisions of section 291.10, or if no such maintenance is allowed, there shall be allowed to the widow an additional exemption equal in amount to the difference between the maximum deduction as provided by section 291.10 and the amount of such family maintenance allowed by the probate court. Further provided, where no probate proceedings are had there shall be allowed to the widow an additional exemption equal to the maximum deduction allowed for family maintenance under the provisions of section 291.10.

(4) (i) Property or any beneficial interest therein of the clear value of \$15,000 transferred to each minor or dependent child of the decedent, or any minor or dependent legally adopted child of the decedent, shall be exempt.

(ii) Provided, where the decedent left no widow entitled to the exemption allowed by clause (3) of this section the exemption allowed by subparagraph (ii) of clause (3) shall be allowed to beneficiaries entitled to exemption under the provisions of this clause (4). In no event shall the aggregate amount of exemption so allowed be in excess of the additional amount that would have been allowed under subparagraph (ii) of clause (3) had such paragraph been applicable.

(5) Property or any beneficial interest therein of the clear value of \$6,000 transferred to the husband, any adult child or other lineal descendant of the decedent, any adult legally adopted child, stepchild as defined in section 291.005, or any child to whom the decedent, for not less than ten years prior to his death, stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday, and was continuous for ten years thereafter, or any lineal issue of such adopted or mutually acknowledged child, or any lineal ancestor of the decedent, shall be exempt.

(6) Property or any beneficial interest therein of the clear value of \$1,500 transferred to any brother or sister or a descendant of a brother or sister of

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the decedent, a wife or widow of a son, or the husband of a daughter of the decedent, shall be exempt.

(7) Property or any beneficial interest therein of the clear value of \$500 transferred to any person in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate not exempt under this chapter, shall be exempt.

[1973 c 185 s 3]

(NOTE: This section shall be effective for all gifts made on or after January 1, 1973.)

**291.08 Nonresident estates; allowance of deductions and exemptions**

(a) Where any tax is due on the transfer of any property or interest therein owned by a nonresident, the deductions and exemptions shall be allowed as provided in clauses (b) and (c) below:

(b) Deductions.

(1) Funeral expenses to the extent incurred in Minnesota;

(2) Minnesota probate administration expense;

(3) Family maintenance to the extent provided by section 291.10, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;

(4) Value of personal property to the extent of the amount allowed under section 525.15, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;

(5) Federal estate taxes subject to the limitations imposed by section 291.07;

(6) Other taxes which have accrued or are a lien on Minnesota property at the time of death, or which are owed to Minnesota in respect of taxable income;

(7) Reasonable fees for legal or fiduciary services incident to nonprobate assets taxable in Minnesota.

(c) Exemptions. The exemptions applicable to the person entitled to a beneficial interest shall be allowed as in the case of residents under section 291.05, reduced by the maximum exemption allowed or allowable under the laws of the state of residence of the decedent.

[1973 c 275 s 1]

(NOTE: This section shall be effective for decedents dying on or after January 1, 1973.)

**291.09 Determination of tax**

Subdivision 1. (a) Every representative at the time of filing with the probate court a verified inventory and appraisal of the probate assets of the decedent as prescribed in chapter 525 shall submit to the court a true and complete schedule of non-probate assets, on a form prescribed by the commissioner.

(b) Every representative shall file with the commissioner, on a form prescribed by the commissioner, an inheritance tax return showing the values contained in the inventory and appraisal and schedule of non-probate assets and deductions and exemptions claimed by the representative, and containing a computation of the inheritance tax due under the provisions of this chapter. The representative shall file a true copy of such return with the probate court.

(c) Except as hereinafter provided, such inheritance tax return shall be conclusive as to the valuation of both probate and non-probate assets, to all other matters relating to the taxability of probate assets, and to the computation of the tax, unless, within 90 days after such filing, the commissioner, the

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representative or any other person from whom any portion of such tax is due has filed with the probate court written objections to any such matter reflected in such return. Upon the filing of such objections, the probate court shall fix the time and place of a hearing thereon and shall give 30 days mailed notice thereof to the commissioner, to the representative and to each person from whom any portion of such tax is due. At such hearing the court shall hear such objections and shall make its order determining the matter so objected to.

(d) If the probate court upon a hearing on a representative's account allows a deduction different in amount than that used in the determination of the inheritance tax return as provided in the preceding subparagraph (b), or if the probate court in its decree assigning the property:

(i) assigns such property to a person or persons other than the person or persons reported on the inheritance tax return; or

(ii) distributes such property to the person or persons reported on the inheritance tax return in amounts or shares different than those reported thereon; or

(iii) determines the relationship between the decedent and any person to whom property is assigned as other than the relationship reported on the inheritance tax return,

the commissioner not later than 90 days after receipt of a copy of the court's order or decree adjusting, settling or allowing the account or assigning the property may issue an order adjusting the computation of the inheritance tax due in accordance therewith.

(e) The probate court may waive the filing of any inheritance tax return required by subparagraph (b) where it appears that no inheritance tax is due, but such waiver shall not limit the right of the commissioner to file a return pursuant to subdivision 3 hereof.

[1973 c 184 s 1]

(NOTE: The provisions of this subdivision shall be effective for all inheritance tax returns filed on and after July 1, 1973.)

[For text of subds. 2 to 5, see M.S.1971]

Subd. 6. Except as otherwise provided, the tax as determined and adjusted by the commissioner under the provisions of this chapter shall be the tax legally due and imposed thereunder.

[1973 c 184 s 2]

(NOTE: The provisions of this subdivision shall be effective for all inheritance tax returns filed on and after July 1, 1973.)

**291.18 Overpayment of tax; refunds; appropriation**

When any tax, and accrued interest thereon, imposed by this chapter shall have been paid or collected, in excess of the amount legally due, the person or corporation paying the same shall be entitled to a refundment of the amount of such taxes and interest overpaid, together with interest thereon at the rate of four percent per annum from the date of payment, or from the date beginning 12 months after death of the decedent, whichever date occurs later, in the manner provided by section 291.32; provided that all applications for such refundment shall be made within two years from the date of final determination or adjustment of any part of such tax by the taxpayer and the commissioner, the probate court or the tax court, as the case may be.

There is hereby appropriated to the persons entitled to such refund, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

[1973 c 186 s 1]

**291.33 Payments to counties***[For text of subd. 1, see M.S.1971]*

Subd. 2. Ten percent of the amount as determined under the provisions of subdivision 1 shall be paid to each of such counties.

Said payments shall be transmitted to the county auditor of each county, to be placed to the credit of the county revenue fund. It shall be the duty of the state treasurer to pay warrants therefor out of any funds in the state treasury not otherwise appropriated. The moneys necessary to pay such warrants are hereby appropriated out of any moneys in the state treasury not otherwise appropriated.

*[1973 c 650 art. XIX s 1]*

(NOTE: After November 1, 1973, no adjustments shall be made to the distributions resulting from the commissioner's November 1, 1973 determination or to the distributions required to have been made in prior years pursuant to section 291.33. Any amounts appropri-

ated for this purpose shall lapse after November 1, 1973 and shall revert to the general fund.)

(NOTE: The provisions of this subdivision shall be effective for all payments required to be made in 1974 and years thereafter.)

**CHAPTER 292. GIFT TAXES**

Sec.  
292.04 Exemptions.  
292.05 Specific exemptions.

Sec.  
292.07 Rates of tax.  
292.105 Compounding of taxes.

**292.04 Exemptions**

The following transfers by gift shall be exempt from and excluded in computing the tax imposed by this chapter:

(1) Gifts to or for the use of the United States of America or any state or any political subdivision thereof for exclusively public purposes;

(2) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated within this state for religious, charitable, scientific, literary, or educational purposes exclusively, including the promotion of the arts, or the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual. Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation, fund, foundation, trust, or association organized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state;

(3) Gifts to a fraternal society, order, or association operating under the lodge system, but only if such gifts are to be used exclusively for the purposes designated in clause (2);

(4) Gifts to or for the use of posts or organizations of war veterans, or auxiliary units or societies of any such posts or organized within the state of Minnesota and if such gifts are to be used exclusively for the purposes designated in clause (2);

(5) All property transferred, money, service, or other thing of value, paid, furnished, or delivered by any person, corporation, organization, or association to his or its employees, or to any organization of his or its employees, directly or indirectly, or to any person, firm, or corporation for them or it, including payments to cover insurance, sickness, and death benefits, pensions,