



12101 Woodcrest Executive Dr., Ste. 300  
St. Louis, MO 63141-5047  
Tel: 314-205-2510  
Fax: 314-205-2505  
www.connerash.com

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## **NEW BASIS RULES FOR INHERITED PROPERTY**

### **BY: HOWARD M. ROSEN, CPA, JD AEP**

The recently enacted Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (commonly called the “Highway Bill”) contains a number of new tax provisions. What surface transportation has to do with tax provisions I’ll leave for another day.

One of the key tax provisions has to deal with the basis of inherited property. To save estate tax many estate professionals have created techniques that reduce the fair market value of assets owned by the decedent. Think family limited partnerships, minority interest discounts and so forth. Some people who inherited property that was discounted on an estate tax return claimed a higher cost or basis when they sold the property. They claimed they were not bound by the discount taken in the estate tax return.

The Highway Bill now requires that sales of inherited property use the same tax basis as claimed in the estate tax return. And to make sure this happens there is now (effective January, 2016) a requirement that the estate fiduciary inform the beneficiary of the tax basis of the property he or she is inheriting.