

## CHAPTER 72

## ESTATE TAX

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**72.005 Purpose.** The purpose of this chapter is to obtain for Wisconsin the benefit of the maximum credit allowable upon the United States estate tax, to the full extent that this state may be entitled, by imposing this tax. This chapter is to be liberally construed to effect this purpose.

**History:** 1971 c. 310; 1987 a. 27 s. 1538m; Stats. 1987 s. 72.005.

**72.01 Definitions.** In this chapter, unless otherwise specified:

(1) “Administration” means any proceeding relating to a decedent’s estate whether decedent died testate or intestate.

(4) “Circuit court” means the circuit court which has jurisdiction under s. 72.27.

(6) “Death tax” is a tax imposed by a state, territory or district, because of a death or gift in contemplation of death, on property or a transfer of property, and includes estate, inheritance, succession, legacy and transfer taxes.

(7) “Decedent” means the deceased person.

(8) “Department” means the department of revenue.

(9) “Distributee” means any person to whom property is transferred by reason of a death or in contemplation of death other than in payment of a claim.

(9m) “District attorney” means the district attorney of the county whose circuit court has jurisdiction under s. 72.27.

(11) “Estate” means all property of a decedent transferred by reason of the decedent’s death.

(13) “The intestate laws of this state” include statutory rights and allowances to a child and to a surviving spouse and any other rights of a surviving spouse acquired by contract in lieu of any statutory rights.

(16) “Personal representative” means any person to whom letters to administer a decedent’s estate have been granted by the court but does not include a special administrator.

(19) “Property” means any interest, legal or equitable, present or future, in real or personal property, or income therefrom, in possession and enjoyment, trust or otherwise, within or without this state.

(21) “Transfer” means the passing of property.

**History:** 1971 c. 310; 1973 c. 90; 1977 c. 187 s. 135; 1977 c. 418; 1977 c. 449 ss. 181, 497; 1981 c. 20, 317; 1983 a. 27, 186, 189, 212; 1985 a. 29, 261; 1987 a. 27.

**72.02 Estate tax imposed.** An estate tax is imposed upon the transfer of all property that is subject to a federal estate tax and that has a taxable situs in this state. The tax imposed is equal to the credit allowed for state death taxes against the federal estate tax as finally determined. If only a portion of a decedent’s property has a taxable situs in this state, the tax imposed is the amount obtained by multiplying the federal credit allowed for state death taxes by a fraction the numerator of which is the value of the decedent’s estate that has a taxable situs in this state and the denominator of which is the total value of the property in the estate that qualifies for the federal credit allowed for state death taxes.

**History:** 1987 a. 27.

**72.03 Notice.** Unless otherwise provided, where “notice” is required in this chapter it shall be given in the manner prescribed by s. 879.05.

**History:** 1971 c. 310.

**72.045 Timely filing.** Documents and payments required or permitted by this chapter are furnished, reported, filed or made on time if they are mailed in a properly addressed envelope, if the postage is paid, if the envelope is postmarked before midnight of the due date and if the department receives them no later than 5 days after the due date.

**History:** 1991 a. 39.

**72.06 Confidentiality of tax returns.** Sections 71.78 (1) and (4) to (9) and 71.83 (2) (a) 3. apply to any information obtained from any person by the department on a death tax return, report, schedule, exhibit or other document or from an audit report pertaining to the tax return.

**History:** 1979 c. 139, 221; 1987 a. 27; 1987 a. 312 s. 17.

**72.11 Subjects liable. (1) RESIDENTS AND NONRESIDENTS.** A tax is imposed upon any transfer of property to any distributee in the following cases:

(a) When the transfer is from a person who dies while a resident of this state.

(b) When the transfer is of property within the jurisdiction of this state and the decedent was not a resident of this state at the time of the decedent’s death.

(2) EXCEPTION; RECIPROCITY AS TO NONRESIDENT DECEDENTS. A transfer, which is made taxable under this chapter and is of a nonresident decedent’s intangible personal property is not subject to the tax imposed by this chapter if a like exemption is allowed at the time of the death of the decedent by the laws of the state, territory or district of the decedent’s residence in favor of residents of this state. This subsection does not apply unless a tax is imposed on the transfer of the decedent’s property by the laws of the state, territory or district of the decedent’s residence.

**History:** 1971 c. 307, 310; 1973 c. 90; 1987 a. 27 s. 3200 (47); 1991 a. 316.

**72.21 Personal liability. (1)** Each personal representative, special administrator, and trustee of a trust in existence and containing property on the date of the decedent’s death, is severally liable for the tax imposed by this chapter, with interest, to the extent of the clear market value of all property under the control of that personal representative, special administrator or trustee, the transfer of which is subject to this tax. This liability extends to all taxes due under this chapter on all transfers to a distributee, and is not limited to the value of transfers of property in the control of the personal representative, special administrator or trustee.

(2) A trustee of a trust which comes into existence after the decedent’s death and a distributee are liable for the tax imposed by this chapter, with interest, only to the extent of the clear market value of property transferred to the trustee or distributee.

**History:** 1971 c. 310; 1979 c. 1; 1987 a. 27 ss. 1504m, 3200 (47); 1991 a. 316.

Absent a direction to the contrary, the estate residue is responsible for the estate tax. *Firststar Trust Co. v. First National Bank of Kenosha*, 197 W (2d) 484, 541 NW (2d) 467 (1995).

**72.22 Payment. (1)** WHEN PAYABLE. Except as provided in s. 72.225, the tax imposed by this chapter is due and payable on the date 9 months after the decedent's death.

**(2) ADVANCE PAYMENT.** Anyone personally liable for a tax under this chapter may pay an estimated tax before the tax is determined.

**(3) PAYMENT.** Payments must be made to the department. Except as provided in s. 72.225, full payment shall accompany the estate tax return. If a prepayment was made, any additional tax shown owing on the return, as filed, shall accompany the return.

**History:** 1971 c. 310; 1973 c. 90; 1979 c. 1, 34, 221; 1981 c. 20, 317; 1983 a. 27, 212, 248; 1985 a. 29, 261; 1987 a. 27 s. 1505m to 1507m, 3200 (47); 1995 a. 27.

**72.225 Instalment payments; closely held businesses. (1)** If a percentage of the federal tax on an estate may be paid in instalments under section 6166 of the internal revenue code, the same percentage of the taxes under this chapter may be paid under the same instalment schedule if written notice of the election to pay in instalments is given to the department within 9 months after the decedent's death. The provisions on acceleration under section 6166 (g) of the internal revenue code apply to payments under this section. The interest rate on payments is 12% and is calculated from the date of death.

**(2)** Upon the filing of a notice under sub. (1), distributees of real estate shall provide the department a certified copy of a lien for unpaid taxes and interest on the property to secure payment, and shall record the lien in the office of the register of deeds of the county in which the property is located. Distributees of personal property, upon the filing of a notice under sub. (1), shall either provide a lien or provide the department a financial guarantee bond equal to the estimated tax and interest elected to be paid under sub. (1) to secure payment if the tax has not been determined. Upon determination of the tax, distributees of personal property shall provide a lien or provide a financial guarantee bond sufficient to secure payment of the tax and interest or pay the department the excess over the amount of tax and interest secured by the bond. The department may accept a lien affecting only part of the property if there is sufficient security to secure payment of the tax. Any distributee who fails to provide the security required under this subsection or who disposes of one-third or more of the property on which the tax is secured under this subsection, shall pay the tax in full.

**History:** 1995 a. 27.

**72.23 Acceleration and interest.** If the tax imposed by this chapter is not paid when it is due under s. 72.22, interest is due and payable at the rate of 12% per year from date of death. In computing time under this section, the day of death is excluded. If any payment of tax or interest under s. 72.225 is not paid when due, the unpaid portion of the tax and interest shall be paid upon notice by the department.

**History:** 1971 c. 310; 1973 c. 90; 1977 c. 29; 1977 c. 449 s. 497; 1981 c. 20; 1987 a. 27; 1995 a. 27.

**72.235 Failure to file.** Any person who fails to file a return by the date under s. 72.30 (1) is subject to a penalty of 5% of the tax due under s. 72.02 but not less than \$25 nor more than \$500.

**History:** 1991 a. 39.

**72.24 Refunding.** Whenever any amount has been paid in excess of the tax determined, the state treasurer, upon certification by the department or circuit court, shall refund the excess to the payor or other person entitled thereto.

**History:** 1971 c. 310; 1973 c. 90; 1977 c. 449 s. 497.

**72.27 Jurisdiction of circuit court. (1)** RESIDENTS. The circuit court for the county of which the decedent died a resident has jurisdiction to hear and determine all questions arising under this chapter and to do any act authorized by a circuit court in other

matters or proceedings coming within its jurisdiction. If 2 or more courts are entitled to exercise jurisdiction, the court first acquiring it retains exclusive jurisdiction.

**(2) NONRESIDENTS.** The circuit court of Dane county has jurisdiction to hear and determine all questions relating to the determination and adjustment of the tax imposed by this chapter, if a tax appears due because of the death of a nonresident decedent and in which it does not otherwise appear necessary for regular administration. If a nonresident dies possessed of real or tangible personal property located within this state, the circuit court of the county in which the property is located shall have concurrent jurisdiction with the circuit court for Dane county.

**History:** 1971 c. 310; 1973 c. 90; 1977 c. 449; 1987 a. 27 s. 3200 (47).

**72.30 Determination of tax. (1)** FILING REQUIREMENTS. If a federal estate tax return is required, the personal representative, special administrator, trustee, distributee or other person interested shall prepare the return for the tax under this chapter, compute the tax due under this chapter and on or before the due date, as extended, of the federal estate tax return file with the department the return for tax under this chapter, a copy of the federal estate tax return and a copy of all documents submitted with the federal estate tax return.

**(3) CERTIFICATE OF TAX.** Upon receipt of the return and payment of the tax, the department shall issue a dated certificate showing the amount of tax and any interest.

**(4) HEARING IN CIRCUIT COURT.** The attorney general, department, district attorney or any person dissatisfied with the appraisal, assessment or determination of the tax due under this chapter may apply for a hearing before the circuit court within 6 months from the date the certificate in sub. (3) is issued. The applicant must file a written notice with the court stating the grounds of the application. No statute of limitations shall run against the department in cases of fraud or collusion or where property is not disclosed in the return.

**(7) COLLECTION.** In addition to its powers to collect taxes due under this chapter, the department may proceed in the manner provided in ss. 71.91 (5) and (7). All payments under this chapter after their due date shall be applied first in discharging costs and interest and the balance applied on the tax principal.

**History:** 1971 c. 310; 1973 c. 90; 1975 c. 41 s. 52; 1975 c. 331; 1977 c. 449 s. 497; 1979 c. 1; 1985 a. 278; 1987 a. 27; 1987 a. 312 s. 17; 1991 a. 39.

Sub. (4) did not bar court review of tax dispute which arose more than 6 months after tax certificate was issued. Department must issue certificate under (3) (c) each time tax determination is made on amended return. In *Matter of Estate of Halsted*, 116 W (2d) 23, 341 NW (2d) 389 (1983).

**72.33 Adjustments. (2)** If the amount of the federal estate tax initially paid is subsequently increased or decreased the person entitled to the refund or liable for the additional tax under this chapter shall, within 30 days:

(a) Submit to the department copies of any additional papers or supporting documents required to be filed with the federal government.

(b) Compute the amount of any refund or additional tax and report the same to the department, together with any additional tax due.

**(3)** Any refund which the department finds due shall be made within 30 days after receipt of the report under sub. (2) (b).

**History:** 1971 c. 310; 1975 c. 41 s. 52; 1975 c. 331; 1979 c. 1; 1985 a. 278; 1987 a. 27; 1991 a. 39.

**72.34 Notice of obligations.** Every person liable for paying benefits to the estate or a beneficiary of a deceased employe or former employe in the form of an annuity, bonus, pension or other benefit under a retirement, deferred compensation or profit-sharing plan taxable under this chapter, directly or through a trust or fund created by the employer for such purpose, shall give notice of such obligation to the department within 30 days following the date of payment, or the date of the initial payment if more than one

payment is forthcoming, to the estate or any beneficiary of such employe or former employe.

**History:** 1971 c. 310; 1973 c. 90; 1977 c. 29, 449; 1987 a. 27.

**72.35 Interstate arbitration of death taxes.** (1) **ARBITRATION AGREEMENT.** When the department and the taxing authority of another state each claim that a decedent was a resident of its state on the date of the decedent's death, the department may make a written agreement with the other taxing authority and with the personal representative, special administrator or trustee, to settle the dispute or submit the controversy to a panel consisting of any uneven number of arbitrators. Parties to the agreement shall select the arbitrators.

(2) **POWERS OF THE PANEL.** The panel may administer oaths, take testimony and subpoena witnesses and the production of books, papers and documents. Subpoenas may be issued by any panel member. When a person fails to obey a subpoena, any court of record of this state, upon application by the panel, may order compliance with the subpoena and may punish further failure to obey as contempt.

(3) **HEARINGS.** The panel shall hold hearings at such times and places as it may determine, upon reasonable notice to the parties to the agreement, all of whom may be heard, present evidence and examine and cross-examine witnesses.

(4) **MAJORITY VOTE.** Except when issuing subpoenas, all questions arising in the course of the proceedings shall be determined by majority vote of the panel.

(5) **DETERMINATION OF RESIDENCE.** The panel, by majority vote, shall determine the residence of the decedent on the date of the decedent's death. This determination shall be final only for purposes of imposing and collecting death taxes.

(6) **FILING OF DOCUMENTS.** The panel shall file with each party to the agreement in sub. (1) and with the circuit court having jurisdiction under s. 72.27 a certified copy of:

- (a) The agreement;
- (b) The record of the panel's proceedings; and
- (c) The panel's determination.

(7) **COMPROMISE BY PARTIES.** The department may at any time enter into a written agreement to settle the controversy made under sub. (1) fixing the amounts to be accepted by the parties in full satisfaction of death taxes.

(8) **COMPENSATION AND EXPENSES.** Compensation and expenses of members of the panel and its employes shall be agreed upon among the members and the personal representative, special administrator or trustee. If they cannot agree, compensation and expenses shall be fixed by the court which has or would have probate jurisdiction in the state determined by the board to be the residence of decedent. The amounts agreed upon or fixed shall be an administration expense and shall be payable out of property transferred.

(9) **DEFINITION.** In this section, "state" means any state, territory, district or possession of the United States.

**History:** 1971 c. 310; 1977 c. 449 s. 497; 1987 a. 403; 1995 a. 225.