

SUMMARY OF TESTIMONY ON
ACCELERATION IN GIFT AND ESTATE
TAX PAYMENTS

AT

PUBLIC HEARINGS, SEPTEMBER 9 TO SEPTEMBER 17, 1970

HELD BY THE

COMMITTEE ON WAYS AND MEANS

PREPARED BY THE STAFF

OF THE

JOINT COMMITTEE ON INTERNAL
REVENUE TAXATION



SEPTEMBER 24, 1970

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1970

JCS-10-70

10

11

12

13

5

6

7

8

9

ACCELERATION IN GIFT AND ESTATE TAX PAYMENTS

GIFT TAX

Under present law, the gift tax is due and must be paid by the donor taxpayer on or before April 15 following the close of the calendar year in which the gifts were made. For example, if an individual makes taxable gifts in January and April of 1970, the tax with respect to those gifts must be paid by April 15, 1971.

The Administration's proposal calls for the filing of gift tax returns on a quarterly rather than on an annual basis. The gift tax return and the payment of the gift tax liability would be due on or before the last day of the first month following the end of the calendar quarter in which the gift was made. Thus, under the proposal, the gift tax return and payment for a gift made on February 1, 1971, would be due on or before April 30, 1971.

The Administration's proposal would be effective with respect to transfers made after December 31, 1970.

(a) *Comments of witnesses in favor of Treasury proposal to accelerate gift tax payments*

Andrew J. Biemiller, director, Department of Legislation, AFL-CIO (September 14—first witness): Does not object to legislation requiring faster payment of gift taxes.

Samuel J. Foosaner, attorney, Newark, New Jersey (September 15—fourth witness): States that such a modification in the gift tax laws appears to be both practical and meritorious.

(b) *Comments of witnesses opposing the Treasury proposal to accelerate gift tax payments*

Walker Winter, chairman, Tax Committee, Chamber of Commerce (September 14—second witness): Opposes acceleration; would subject taxpayer to additional expenses, complexities and inconvenience for only a one-time revenue increase for fiscal 1971. For the small amount of revenue involved (\$100 million) existing procedure should not be altered. Also, likely that donors would simply postpone gift until end of year not necessarily increasing revenue.

John C. Davidson, president, The Tax Council (September 14—second witness): States that questions relating to payment, etc., should be considered as part of the comprehensive review of estate and gift taxation scheduled for next year.

Edwin R. MacKethan, president, Trust Division, American Bankers Association (September 15—first witness): Since gifts are a voluntary act, does not find concept of acceleration objectionable; nevertheless, questions the advisability of making change which would significantly increase administrative burden for small revenue change.

Sherwin T. McDowell, chairman, Section of Taxation, American Bar Association (September 15—second witness): Indicates that most donors review gift programs annually at the end of the year; those who

would make gifts during first quarter of the calendar year would defer gifts to obtain interest-free postponement of tax payment. Thus, proposal is unlikely to produce any substantial acceleration of revenue.

William T. Barnes, chairman, Division of Federal Taxation, American Institute of CPA's (September 15—third witness): States that the increased administrative and compliance burden on Government and taxpayer does not seem warranted by relatively small one-time increase in revenue that would result. Believes that deferral of gifts could render revenue change illusory.

William P. Sutter, vice President, Illinois Bar Association (September 15—fifth witness): Since gifts are a voluntary act, does not strenuously oppose acceleration; but proposal will greatly multiply the number of returns in years to come and produce only a one-time revenue change. Believes it is best to postpone consideration until estate and gift tax reform is considered.

Hewitt A. Conway, Tax Section, New York State Bar Association (September 15—sixth witness): States that proposal will achieve little gain in revenue at the expense of substantial complication in complying with and administering this minor tax.

Harold J. McComas, attorney, Milwaukee, Wisconsin (September 15—seventh witness): Believes it is inappropriate to consider acceleration prior to consideration of entire estate and gift tax revision proposals. States that acceleration constitutes, in effect, a permanent increase in gift tax rates.

Louis R. Deadrich, attorney, Bakersfield, California (written statement): States that quarterly gift tax returns unnecessarily create an expenditure of time and effort in the case of donors who make multiple gifts during the year.

The following individuals, on behalf of schools, colleges, universities, hospitals, and foundations, have submitted written statements opposing gift tax acceleration for the reason that quarterly filing would discourage gift giving generally and alter the systematic gift giving upon which many charitable organizations depend. Many of those listed below suggest, at the very least, the exemption of charitable gifts from the quarterly filing requirement.

Paul M. McCain, vice president for development, Agnes Scott College, Decatur, Georgia.

Dean Beguhl, director of development, Allendale School for Boys, Lake Villa, Illinois.

Robert A. Clinger, director of development, Alfred University, New York.

Alfred G. Wardley, director of development, Alta Bates Hospital, Webster at Regent, Berkeley, California.

L. Earle Shipley, director of development, American Baptist Home of the West, Oakland, California.

John H. Curtis, comptroller, American Friends Service Committee, Inc., Philadelphia, Pennsylvania.

J. Alfred Guest, secretary, Amherst College, Alumni Council, Amherst, Massachusetts.

J. Milo Anderson, executive vice president and director, Philadelphia, Pennsylvania.

Robert H. Reardon, president, Anderson College, Anderson, Indiana.

John V. Stevens, president, Arizona Conference of Seventh-Day Adventists, Phoenix, Arizona.

Robert B. Larsen, director of development, Asher Student Foundation, E. Lansing, Michigan.

Clarence Meyers, Azusa Pacific College, Azusa, California.

Charles E. Hummel, president, Barrington College, Barrington, Rhode Island.

M. D. Bogan, secretary, Trustee Board, Benedict College, Columbia, South Carolina.

Paul M. Winship, vice president, Bennett College, Millbrook, New York.

Irving W. Rabb, president, Board of Trustees, Beth Israel Hospital, Boston, Massachusetts.

Merle G. Bender, director of development, Bethel College, North Newton, Kansas.

Hollis A. Moore, Jr., president, Bowling Green State University, Bowling Green, Ohio.

Sister Joan Marie Lechner, President, Brescia College, Owensboro, Kentucky.

Wayne F. Geisert, President, Bridgewater College, Bridgewater, Virginia.

David L. Holl, Director of Development, Bridgewater College, Bridgewater, Virginia.

Charles H. Watts, President, Bucknell University, Lewisburg, Pennsylvania.

Raymond M. Olson, President, California Lutheran College, Thousand Oaks, California.

Louis deBoer, Executive Director, Chicago Heart Association, Chicago, Illinois.

Herbert C. Barnard, Vice President, Christian Church Foundation, Indianapolis, Indiana.

George W. van Tubergen, Director of Estate Planning, Claremont Men's College, Claremont, California.

Glenn W. Ferguson, president, Clark University, Worcester, Massachusetts.

H. Preston Hoskin, Stewardship Secretary, Colorado Conference of Seventh-Day Adventists, Denver, Colorado.

Mr. Alva R. Appel, Executive Secretary, Columbia Union Conference Association of Seventh-Day Adventists, Takoma Park, D.C.

R. E. Terwillegar, Assistant Treasurer, H. G. Gravelling, Investment Bookkeeper, R. E. Luce, Secretary, Cornell University, Ithaca, New York.

Durham Counts, Phar. B., Columbia, South Carolina.

Rev. James A. Benson, S.J., Rector/Headmaster, Cranwell School, Lenox, Massachusetts.

David E. Cromwell, Greenville, South Carolina.

Louis R. Deadrich, Deadrich, Bates & Lund, Bakersfield, California.

Howard L. Rubendall, President, Dickinson College, Carlisle, Pennsylvania.

Sanford S. Atwood, President, Emory University, Atlanta, Georgia.

J. Milo Anderson, executive vice president and director, Episcopal Hospital, Philadelphia, Pennsylvania.

Darrel D. Stark, *Executive Secretary, Evangelical Free Church of America, Minneapolis, Minnesota.*

Wm. R. Lawson, *business manager, Faith for Today, The Family Religious Telecast, Carle Place, N.Y.*

Lowell O. Ryan, *Pastor, First United Methodist Church, Harlingen, Texas.*

John B. Beam, *Director of Development, Gardner-Webb College, Boiling Springs, North Carolina.*

Arthur G. Hansen, *President, Georgia Institute of Technology, Atlanta, Georgia.*

Reverend Carl Boehler, *Treasurer, Glenmary Home Missioners, Cincinnati, Ohio.*

Don Fry, *Director of Development, Good Samaritan Hospital & Medical Center, Portland, Oregon.*

Donald L. Hicks, *Director of Development, Goodwill Industries, Santa Ana, California.*

J. E. Dollar, *Resident Director, Green Lake American Baptist Assembly, Green Lake, Wisconsin.*

J. C. Self, Jr., *Greenwood Mills, Greenwood, South Carolina.*

Max R. Gaulke, *President, Gulf Coast Bible College, Houston, Texas.*

Wally Wikoff, *Vice President for Institutional Relations, Hamlin University, St. Paul, Minnesota.*

Billy Ray Cox, *Vice President, Director of American Studies Programs, Harding College, Searcy, Arkansas.*

Norman Harvey, *Topeka, Kansas.*

William W. Ring, *Association Secretary, Idaho Conference of Seventh-Day Adventists, Boise, Idaho.*

Dwight Sherburne, *Executive Secretary, Indiana Masonic Home Foundation, Indianapolis, Indiana.*

Gordon F. Rodda, *President, Inter-Community Hospital Foundation, Covina, California.*

Darrell A. Wyrick, *Executive Director, University of Iowa Foundation, Iowa City, Iowa.*

Rev. Emmet J. Norton, S.J., *Director, Jesuit Seminary & Mission Bureau, New York, New York.*

William D. Fissinger, *Vice President for Development, John Carroll University, Cleveland, Ohio.*

Foster G. Ulrich, Jr., *Executive Director of Development, Juniata College, Huntingdon, Pennsylvania.*

R. E. Gibson, *Association Secretary, Kansas Seventh-Day Adventists Conference Association, Topeka, Kansas.*

Earl R. Hudson, *President, Kennedy Sinclair, Inc., Wayne, New Jersey.*

Norman J. Puhek, *Director of Development and Community Relations, Kenosha Memorial Hospital, Kenosha, Wisconsin.*

J. P. Rogers, *Secretary-Treasurer, Kentucky-Tennessee Conference of Seventh-Day Adventists, Madison, Tennessee.*

Walter Knott, *Knott's Berry Farm, Buena Park, California.*

Sharvy G. Umbeck, *president, Knox College, Galesburg, Illinois.*

Allan P. Christiansen, *Director of Deferred Gifts, Knox College, Galesburg, Illinois.*

Gary A. Evans, *Vice President for Development, La Fayette College, Easton, Pennsylvania.*

L. S. Albrecht, associate director, Lankenau (Philadelphia) Hospital, Philadelphia, Pennsylvania.

Harold D. Fasnacht, President Emeritus, La Verne College, La Verne, California.

H. Spenser Minnich, Counselor Regarding Planned Giving, La Verne College, La Verne, California.

Glenn E. Irwin, Director, Stewardship and Development, Lancaster School of the Bible, Lancaster, Pennsylvania.

J. A. Lloyd, Lt. Col., USAF (Ret.), Anaheim, California.

Howard B. Weeks, Vice President for Public Relations and Development, Loma Linda University, Loma Linda, California.

Herschel C. Pettus, Executive Director, Louisiana Baptist Foundation, Alexandria, Louisiana.

Fred L. Precht, Executive Director, Lutheran Church-Missouri Synod Foundation, St. Louis, Missouri.

R. M. Thomas, Director of Development, Marylhurst College, Marylhurst, Oregon.

Benjamin E. Mays, Atlanta, Georgia.

D. Ray Hostetter, president, Messiah College, Grantham, Pennsylvania.

Burt Sanders, Director of Deferred Gifts, Methodist Youthville, Newton, Kansas.

Edwin W. Crewson, Treasurer, Missionary Church, Fort Wayne, Indiana.

Herman E. Collier, Jr., Moravian College, Bethlehem, Pennsylvania.

Orval D. Peterson, President, National Benevolent Association of the Christian Church, St. Louis, Missouri.

Edison B. Allen, Fund Raising Counsel to the National Symphony Orchestra, National Symphony Orchestra, Washington, D.C.

George M. Woodruff, assistant secretary, New Jersey Conference of Seventh-Day Adventists, Trenton, New Jersey.

W. Noel Hudson, Vice President, Development and Relations, Niagara University, Niagara University, New York.

Charles G. McClure, Jr., Trust Officer, North Carolina National Bank, Charlotte, North Carolina.

LeRoy M. Johnson, Director of Development, North Park College & Theological Seminary, Chicago, Illinois.

Earl S. Walker, Director, Oklahoma Methodist Foundation, Oklahoma City, Oklahoma.

Robert D. Erwin, Director, Oklahoma State University Development Foundation, Stillwater, Oklahoma.

James W. Dunn, Executive Secretary, Oregon State University Foundation, Corvallis, Oregon.

Francis C. Pray, Frantzreb & Pray Associates, New York.

Frank H. Caldwell, Executive Director, Presbyterian Foundation, Charlotte, North Carolina.

Kenneth C. Parker, Director of Development, Reaching for Tomorrow's Horizons, Boston, Massachusetts.

Eugene E. Dawson, President, University of Redlands, Redlands, California.

David F. Thornton, vice president, Development, Roanoke College, Salem, Virginia.

T. Trip Russell, Russell-Melton-Associates, Shenandoah, Branch, Miami, Florida.

Brigadier Frank Moody, Assistant Legal Secretary, Salvation Army, New York.

Lorin Griset, Mayor, Santa Ana, California,

Elliott A. Paulson, Vice President for Development, Seattle University, Seattle, Washington.

Ronald G. Nash, director of development, Second Century Committee, Tucson, Arizona.

Norman A. Dunham, Regional Director, Region 4, Shriners Hospitals for Crippled Children, Denver, Colorado.

B. E. Martin, Assistant Secretary, Southeastern California Association of Seventh-Day Adventists, Riverside, California.

J. W. Flaming, Vice President for Development, Southwestern College, Winfield, Kansas.

Harold A. Stevens, presiding justice, Supreme Court Appellate Division, New York.

R. Patrick Spangler, Shelby, North Carolina.

Duncan M. Laidlaw, director, Support Activities, Saint John Hospital, Detroit, Michigan.

Colman J. Barry, O.S.B., St. John's University, Collegeville, Minnesota.

John Stephenson, Director of Development, St. Mark's School of Texas, Dallas, Texas.

Sidney A. Rand, President, St. Olaf College, Northfield, Minnesota.

C. E. Bayliss, Griggs, St. Paul, Minnesota.

Anne G. Pannell, Sweet Briar College, Sweet Briar, Virginia.

Joseph E. Johnson, Vice President, University of Tennessee, Knoxville, Tennessee.

Robert B. Gronlund, vice president for development and public relations, University of Tampa, Tampa, Florida.

J. M. Moudy, chancellor, Texas Christian University, Fort Worth, Texas.

T. D. Collins, Secretary-Treasurer, Texico Conference of Seventh-Day Adventists, Amarillo, Texas.

Robert G. Torrence, Development Counselling, Hamden, Connecticut.

George W. Keitel, Jr., Assistant Treasurer, United Church Board for World Ministries, New York.

Michael D. Hermes, Executive Director, United Fund of Ventura County, Ventura, California.

E. J. Royer, secretary, Upper Columbia Mission Society of Seventh-Day Adventists, Spokane, Washington.

Albert C. Lewis, Director of Development, Upper Iowa College, Fayette, Iowa.

William F. Wilkes, Director, Up With People, Inc., Tucson, Arizona.

H. Hadley Grimm, director, Deferred Giving Program, Washington University, St. Louis, Missouri.

Howard J. Burnett, Washington and Jefferson College, Washington, Pennsylvania.

Farris P. Hotchkiss, Director, Washington and Lee University, Lexington, Virginia.

Brewster Terry, Director of Development, Washington Hospital Center, Washington, D.C.

Father Thomas Scheets, O.S.C., Principal, Wawasee Preparatory, Syracuse, Indiana.

Joseph M. Hobbs, Assistant Director for Resources, Wellesley College, Wellesley, Massachusetts.

James E. Lansdowne, II, Director of Development, Wesley Medical Center, Wichita, Kansas.

Roger C. Jeffries, Development Officer for Deferred Giving, West Virginia University Foundation, Morgantown, West Virginia.

Ashton A. Almand, Vice President for Financial Affairs, West Virginia Wesleyan College, Buckhannon, West Virginia.

Eugene S. Farley, Chancellor, Wilkes College, Wilkes-Barre, Pennsylvania.

G. Kenneth Andeen, president, Wittenberg University, Springfield, Ohio.

Lester S. Crowl, Director of Development, Wittenberg University, Springfield, Ohio.

Charles M. Palmer, Administrator, Warren L. Conner, Associate Administrator, Woodhaven Learning Center, Columbia, Missouri.

W. E. McAlister, Executive Vice President, World Literature Crusade, Studio City, California.

Donald B. Yarbrough, Austin, Texas.

John Carter, Director of Development, Young Life Campaign, Colorado Springs, Colorado.

Russell Urquhart, admin. director, YMCA of Philadelphia.

Victor L. Peterson, Executive Director, Young Men's Christian Ass'n. of Hammond Area, Hammond, Indiana.

C. Loyd Ryan, Assistant Executive Director, Young Men's Christian Ass'n. of Lansing, Lansing, Michigan.

Phil Brain, Director, Financial Development, Young Men's Christian Ass'n. of Metropolitan Minneapolis, Minneapolis, Minn.

C. K. Prettyman, Assistant Metropolitan Executive, Young Men's Christian Ass'n. of Phoenix, Phoenix, Arizona.

Roland C. Matthies, Chairman, The 501(c)(3) Group, Washington, D.C.

ESTATE TAX

Present law provides for the filing of the estate tax return and payment of the estate tax due within 15 months of the date of the decedent's death. For example, if an individual dies on February 20, 1971, his estate tax return and tax payment must be made on or before May 20, 1972.

Originally, the Administration proposed the payment of an estimated estate tax which would have been due seven months after the date of the decedent's death. The estimated estate tax, under this proposal, would have been required only in situations where the gross estate, based upon the value at the date of the decedent's death, exceeded \$150,000. So as not to impose a hardship upon an estate which consisted chiefly of nonliquid assets, the original proposal provided that the amount of estimated tax paid was not to exceed the value of the "net liquid assets" of the estate six months after the date of the decedent's death.

On September 9, 1970, Secretary Kennedy indicated that his Department had concluded that an alternative proposal, made by the American Bankers Association and the American Bar Association, was preferable to the Administration's original proposal for an estimated estate tax. Accordingly, Secretary Kennedy recommended the adoption of the alternative proposal.

Under the alternative proposal the time for filing the estate tax return and the payment of the estate tax would be shortened from 15 months to 9 months after the date of the decedent's death. Further, the alternate valuation date would be changed from one year after the decedent's death to 6 months after that date.

The alternative proposal as recommended by the Treasury, would also change the holding period rules so that any property included in the decedent's gross estate, which is sold within 6 months after death, will be treated as held for more than 6 months and thus potentially eligible for long-term capital gains treatment.

Also, the proposal would enable a fiduciary other than an executor to secure a discharge from personal liability for estate tax.

The proposal would require, in the case of estates of decedents dying after March 31, 1970, and before October 1, 1970, that estate tax returns be filed on or before June 15, 1971, or within 9 months after the decedent's death, if later. It would otherwise be effective for decedents dying after September 30, 1970.

- (a) *Comments of witnesses in favor of Treasury's proposal to shorten the time for the filing of the estate tax return and payment of the tax to 9 months after death (from 15 months) and to change the alternate valuation date to 6 months after death (from 12 months)*

William T. Barnes, chairman, Division of Federal Taxation, American Institute of CPA's (September 15—third witness): Supports the Administration's present proposal as far better than original proposal. Indicates that the proposal is relatively uncomplicated and will allow the expeditious closing of many relatively uncomplicated estates. Indicates that his support is conditioned on liberalization of rules regarding extensions of time for payment of estate tax.

William P. Sutter, vice president, Illinois Bar Association (September 15—fifth witness): States that if acceleration of payment must be achieved at this session of Congress, supports the present administrative proposal as far better than original estimated estate tax proposal.

- (b) *Comments of witnesses in opposition of Treasury's proposal to shorten the time for the filing of the estate tax return and payment of the tax to 9 months after death (from 15 months) and to change the alternate valuation date to 6 months after death (from 12 months)*

Andrew J. Biemiller, director, Department of Legislation, AFL-CIO (September 14—first witness): Does not object to faster payment of taxes; but states that proposal goes overboard in assuring that estate will not be unduly burdened, e.g., allowing long-term capital gains for property sold by estate within 6 months after death.

Walker Winter, chairman, Tax Committee, Chamber of Commerce (September 14—second witness): States that most of the problems inherent in the Administration's original estimated estate tax proposal exist under the 9 month filing requirement. Indicates that claims will not have been filed and other actions and decisions will not have been finalized.

John C. Davidson, president, The Tax Council (September 14—second witness): States that since the total burden of tax on individual estates would be materially affected by proposal, entire problem of time of payment and valuation should be considered as part of comprehensive review of estate tax scheduled for next year.

Edwin R. MacKethan, president, Trust Division, American Bankers Association (September 15—first witness): Indicates that despite commendable change of position by Administration, continues to oppose estate tax acceleration. States that it should not be taken up separately but as part of contemplated general review of estate tax area.

Sherwin T. McDowell, chairman, Section of Taxation, American Bar Association (September 15—second witness): States that it will unduly increase the burden upon fiduciary in effecting an orderly marshaling and liquidation of decedent's assets. Indicates that acceleration proposal results in estate tax increase at a time when recent studies of estate tax area recommend rate reduction. States that he could support proposal, if increase in revenue for fiscal 1971 is an overriding consideration, only if statute of limitations for assessment of estate tax is shortened and rules for extensions of time for payment of estate tax are liberalized.

Samuel J. Foosaner, attorney, Newark, New Jersey (September 15—fourth witness): Recommends that payment of estate tax be made pursuant to a schedule based upon the type of assets comprising the estate.

Hewitt A. Conway, Tax Section, New York State Bar Association (September 15—fifth witness): States that acceleration will decrease the liquidation period available to fiduciary by a minimum of 40 percent and probably 50 percent or more if delay in probate or granting of letters of administration are taken into account. Indicates that this will prevent fiduciary from giving meaningful advice on a long-term investment oriented basis. Believes that six month alternative valuation date is too close in time to date of death to prevent excessive tax in a period of steep economic decline.

Harrold J. McComas, attorney, Milwaukee, Wisconsin (September 15—seventh witness): States that acceleration constitutes a permanent increase in the estate tax rates. Indicates that it would unreasonably shorten the time required for liquidation of assets needed for estate tax payment. Asserts that the six month alternate valuation date is too close to the date of death; the present one year valuation date works well and should be retained.

Bruce L. Balch, attorney, Rock Island, Illinois (written statement): Opposes Administration's original estimated estate tax proposal.

Rolla D. Campbell, Huntington, West Virginia (written statement): States that it would impose great burden on estates for one-time revenue increase.

Cleveland Davis, attorney, Angleton, Texas (written statement): Indicates that accelerated estate tax collection will result in forced sale of assets of decedent.

Louis R. Deadrich, attorney, Bakersfield, California (written statement): States that acceleration would compel forced liquidation to procure funds necessary to pay tax.

David K. Diebold, attorney, Buffalo, N.Y. (written statement): Indicates that acceleration would render a fiduciary's performance difficult and even arbitrary.

A. R. Kimbrough, attorney, Los Angeles, California (written statement): States that acceleration creates significant problems respecting claims, valuation of assets, etc., for which the present 15 months period is too short.

National Association of Manufacturers (written statement): States that acceleration would result in compounding the already difficult problems of liquidity and valuation.

John C. Davis, III, National Association of Wholesalers-Distributors (written statement): States that acceleration very inopportune in time of inflation.

W. G. Lake, Western Oilfields Supply Co., Bakersfield, California (written statement): States that to have to raise estate taxes within short time would be disastrous for estate consisting of small business.

Ward H. Oehmann, attorney, Washington, D.C. (written statement): Opposes Administration's original estimated estate tax proposal.

Edwin M. Schaeffer, attorney, St. Louis, Missouri (written statement): Believes that acceleration would compel an estate to sell assets in a forced sale context.

R. W. Shade, Tulsa, Oklahoma (written statement): Opposes Administration's original estimated estate tax proposal.

H. Parker Sharp, Pittsburgh, Pennsylvania (written statement): Opposes Administration's original estimated estate tax proposal.

Frederick R. Van Vechten, chairman, Committee on Trusts, Estates, and Surrogate's Courts, Association of the Bar of the City of New York (written statement): Would hamper orderly administration of estates.

James A. Velde, president, Chicago Bar Association (written statement): Opposes Administration's original estimated estate tax proposal.

Julius Weiss, attorney, New York, New York (written statement): Opposes Administration's original estimated estate tax proposal.

(c) *Comments of witnesses concerning change in provision dealing with discharge of executor from personal liability*

Edwin R. MacKethan, president, Trust Division, American Bankers Association (September 15—first witness): Suggests changing the one-year rule for discharge of an executor to nine months and expand discharge to cover decedent's income and gift taxes.

William P. Sutter, vice president, Illinois Bar Association (September 15—fifth witness): Suggests that the discharge provision should be expanded to cover the decedent's income and gift tax liabilities as well as estate tax.

(d) *Comments of witnesses concerning liberalization of provisions dealing with extensions of time for the payment of estate tax*

Edwin R. MacKethan, president, Trust Division, American Bankers Association (September 15—first witness): Suggests that the rules regarding extensions should be clarified to indicate that an extension will be granted when the funds available to the executor are not sufficient to pay the entire tax or for other good cause. Urges that the word "undue" should be deleted from the present statutory phrase which requires "undue hardship to the estate" as a prerequisite to extension.

Sherwin T. McDowell, chairman, Section of Taxation, American Bar Association (September 15—second witness): States that total or partial postponement should be granted liberally (although with interest). Indicates that the committee reports should spell out the ground rules for administrative guidance. Rules should include such factors as illiquidity, post-death shrinkage of asset values, financial hardship of income beneficiaries, potential liabilities, etc.

William P. Sutter, vice president, Illinois Bar Association (September 15—fifth witness): Suggests that for at least the 6-month acceleration period, newer and broader relief with respect to extensions of time for payment of tax should be available.

Note: During the course of the testimony the Administration indicated a willingness to take up with the Committee the possibility of making some liberalization in the rules relating to extensions of time for the payment of the tax.

(e) *Comments of witnesses concerning a shortening of the period during which the estate tax may be assessed*

Sherwin T. McDowell, chairman, Section of Taxation, American Bar Association (September 15—second witness): Suggests that statutory period for assessment of additional estate tax should be reduced from three years after due date of return to one year after such date. Believes that fairness requires that there be a correlative acceleration of the period within which the Commissioner must move to settle the tax.

William P. Sutter, vice president, Illinois Bar Association (September 15—fifth witness): States that three-year period of assessment is too long; should be shortened to a period of 18 months or 2 years.

Edwin R. MacKethan, president, Trust Division, American Bankers Association (September 15—first witness): Opposes change in period for assessment. States that one-year period would likely be too short and increase the number of unagreed cases. Prefers retention of present three year period.

William T. Barnes, Division of Federal Taxation, American Institute of C.P.A.'s (September 15—third witness): Recommends that rules for waiving the normal three-year statute of limitations (applicable to income taxes) should also be applied to estate tax returns to prevent needless litigation.

10

11

12

13

6

6

7

8

9