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The 2010 Tax Relief Act—Impact on Estates of Decedents  
Dying in 2010 with an Estate of Less Than \$5,000,000

As you may know, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (the “2010 Tax Act”), which was signed into law by President Obama on December 17, 2010, includes certain provisions that pertain to the estates of decedents who died during 2010.

If you were the executor or if you were involved in the administration of an estate of the Decedent, who died in 2010 with an estate of less than \$5,000,000 please read on. If the Decedent's estate was more than \$5,000,000, please stop reading this memo and contact us as soon as possible as different rules may apply to the Decedent's estate.

Since the Decedent's estate was less than \$5,000,000, under the 2010 Tax Act, there will be no estate tax payable. The 2010 Tax Act is also advantageous because the assets of the estate receive an automatic step-up in basis for assets that have appreciated in value. The assets of the estate also receive a step-down in basis for assets that were worth less at the Decedent's death than the cost basis for such assets.

Although it appears that no IRS forms need to be filed if the Decedent's estate was less than \$5,000,000, it is possible that the estate may have to file an IRS Form 8939. You should consult with your accountant to determine whether any IRS forms need to be filed for the Decedent's estate.

As always we appreciate the opportunity to be of service and please feel free to call us at any time with your questions or concerns.

Very truly yours,  
*Freed & Shepherd, P.C.*

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**REQUIRED IRS CIRCULAR 230 NOTICE:** Any U.S. federal tax advice contained in this letter (including any enclosures) is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code or promoting, marketing or recommending to another party any transaction or matter addressed herein.