

SUBTITLE B. ESTATE AND GIFT TAXES
CHAPTER 11. ESTATE TAX
SUBCHAPTER A. ESTATES OF CITIZENS OR RESIDENTS
PART II. CREDITS AGAINST TAX

IRC Sec. 2014

Sec. 2014. Credit for foreign death taxes [Caution: See prospective amendment note below.].

(a) In general. The tax imposed by section 2001 [[26 USCS § 2001](#)] shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any foreign country in respect of any property situated within such foreign country and included in the gross estate (not including any such taxes paid with respect to the estate of a person other than the decedent). The determination of the country within which property is situated shall be made in accordance with the rules applicable under subchapter B (sec. 2101 and following) in determining whether property is situated within or without the United States.

(b) Limitations on credit. The credit provided in this section with respect to such taxes paid to any foreign country--

(1) shall not, with respect to any such tax, exceed an amount which bears the same ratio to the amount of such tax actually paid to such foreign country as the value of property which is--

- (A) situated within such foreign country,
- (B) subjected to such tax, and
- (C) included in the gross estate

bears to the value of all property subjected to such tax; and

(2) shall not, with respect to all such taxes, exceed an amount which bears the same ratio to the tax imposed by section 2001 [[26 USCS § 2001](#)] (after deducting from such tax the credits provided by sections 2010 and 2012 [[26 USCS §§ 2010](#) and [2012](#)]) as the value of property which is--

- (A) situated within such foreign country,
- (B) subjected to the taxes of such foreign country, and
- (C) included in the gross estate

bears to the value of the entire gross estate reduced by the aggregate amount of the deductions allowed under sections 2055 and 2056 [[26 USCS §§ 2055](#) and [2056](#)].

(c) Valuation of property.

(1) The values referred to in the ratio stated in subsection (b)(1) are the values determined for purposes of the tax imposed by such foreign country.

(2) The values referred to in the ratio stated in subsection (b)(2) are the values determined under this chapter [[26 USCS §§ 2001](#) et seq.]; but, in applying such ratio, the value of any property described in subparagraphs (A), (B), and (C) thereof shall be reduced by such amount as will properly reflect, in accordance with regulations prescribed by the Secretary, the deductions allowed in respect of such property under sections 2055 and 2056 [[26 USCS §§ 2055](#) and [2056](#)] (relating to charitable and marital deductions).

(d) Proof of credit. The credit provided in this section shall be allowed only if the taxpayer establishes to the satisfaction of the Secretary--

- (1) the amount of taxes actually paid to the foreign country,
- (2) the amount and date of each payment thereof,

(3) the description and value of the property in respect of which such taxes are imposed, and

(4) all other information necessary for the verification and computation of the credit.

(e) Period of limitation. The credit provided in this section shall be allowed only for such taxes as were actually paid and credit therefor claimed within 4 years after the filing of the return required by section 6018 [26 USCS § 6018], except that--

(1) If a petition for redetermination of a deficiency has been filed with the Tax Court within the time prescribed in section 6213(a) [26 USCS § 6213(a)], then within such 4-year period or before the expiration of 60 days after the decision of the Tax Court becomes final.

(2) If, under section 6161 [26 USCS § 6161], an extension of time has been granted for payment of the tax shown on the return, or of a deficiency, then within such 4-year period or before the date of the expiration of the period of the extension.

Refund based on such credit may (despite the provisions of sections 6511 and 6512 [26 USCS §§ 6511 and 6512]) be made if claim therefor is filed within the period above provided. Any such refund shall be made without interest.

(f) Additional limitation in cases involving a deduction under section 2053(d). In any case where a deduction is allowed under section 2053(d) [26 USCS § 2053(d)] for an estate, succession, legacy, or inheritance tax imposed by and actually paid to any foreign country upon a transfer by the decedent for public, charitable, or religious uses described in section 2055 [26 USCS § 2055], the property described in subparagraphs (A), (B), and (C) of paragraphs (1) and (2) of subsection (b) of this section shall not include any property in respect of which such deduction is allowed under section 2053(d) [26 USCS § 2053(d)].

(g) Possession of United States deemed a foreign country. For purposes of the credits authorized by this section, each possession of the United States shall be deemed to be a foreign country.

(h) Similar credit required for certain alien residents. Whenever the President finds that--

(1) a foreign country, in imposing estate, inheritance, legacy, or succession taxes, does not allow to citizens of the United States resident in such foreign country at the time of death a credit similar to the credit allowed under subsection (a),

(2) such foreign country, when requested by the United States to do so has not acted to provide such a similar credit in the case of citizens of the United States resident in such foreign country at the time of death, and

(3) it is in the public interest to allow the credit under subsection (a) in the case of citizens or subjects of such foreign country only if it allows such a similar credit in the case of citizens of the United States resident in such foreign country at the time of death,

the President shall proclaim that, in the case of citizens or subjects of such foreign country dying while the proclamation remains in effect, the credit under subsection (a) shall be allowed only if such foreign country allows such a similar credit in the case of citizens of the United States resident in such foreign country at the time of death.