

Nonresident Alien Estates, 1990

Data Release

There were 143 nonresident alien estate tax returns filed for decedents who died in 1990. U.S. "gross estate" reported on these returns totaled \$80.7 million. Of these returns, 10 reported U.S. gross estates of \$1.0 million or more, a slight increase over the 7 returns for 1986, the last prior year for which statistics are available [1]. These large returns reported over 64 percent of the total U.S. gross estate for 1990, while for 1986 they represented only 37 percent of the total. For all returns, total deductions more than doubled from \$8.1 million for 1986 to \$17.7 million for 1990. However, U.S. estate tax before credits more than tripled from 1986 to 1990, from \$8.1 million to \$27.2 million, respectively. Returns with U.S. gross estate of \$1.0 million or more made up nearly 66 percent of the \$62.8 million of total U.S. "taxable estate" (the tax base), placing most of the taxable estate in the highest tax bracket. This helped produce the large increase in the estate tax before credits from 1986 to 1990. Total tax credits and U.S. estate tax after credits also more than tripled. The tax rose from \$6.5 million to \$20.5 million.

Figure A presents the composition of U.S. gross estate by the size of the estate. U.S. gross estate included the following types of property: cash, corporate stocks and bonds, real estate, mortgages and notes receivable, and "other property." This last group of property included Government securities and interests in limited partnerships, as well as automobiles, furniture, antiques and jewelry. For 1990, real estate totaled \$29.0 million, comprising the greatest part (36 percent) of the total U.S. gross estate. "Other property" and corporate stocks and bonds ran a close second and third at 31 percent and 24 percent of the total U.S. gross estate, respectively. By comparison, corporate stocks and bonds accounted for the largest part of the 1986 U.S. gross estate, with 45 percent of the total.

Table 1 displays the U.S. and worldwide gross estate, deductions, taxable estate, estate tax and credits by the country of domicile of the decedent, as well as by the size of the U.S. gross estate. For 1990, decedents from Venezuela had the largest U.S. gross estate, valued at \$20.0 million, or 24.7 percent of the total. Estates of Japanese decedents reported over 22.5 percent of the U.S. gross estate total, a substantial increase from 1986. A large difference in the country detail of U.S. gross estate for 1990 compared to 1986 was due to United Kingdom (U.K.) decedents. U.K. estate reported only \$0.7 million for 1990, a decrease of over 66.6 percent from the 1986

amount of \$2.2 million. On the other hand, estates of Canadian decedents remained relatively steady in terms of the U.S. gross estate reported, with only a slight decrease of 5.4 percent, from \$11.2 million to \$10.6 million.

Data Sources and Limitations

Form 706NA, *United States Estate (and Generation-Skipping Transfer) Tax Return, Estate of Nonresident Not a Citizen of the United States*, is used to report the estate and generation-skipping transfer tax liability for nonresident alien decedents. However, for the 1990 statistics the generation-skipping transfer tax liability was not claimed on any of the returns. The filing threshold is \$60,000 of U.S. gross estate, as opposed to the \$600,000 base for resident decedents. The data for this release are based on all Forms 706NA filed at the Internal Revenue Service Philadelphia Service Center for decedents whose year of death was 1990 [2]. Because all returns were used for the statistics, the data are not subject to sampling error. However, foreign and worldwide gross estate may be understated, since only 81 returns reported these amounts. The foreign gross estate amount is required to be reported only if the estate takes deductions for funeral expenses; administration expenses; decedent's debts, mortgages and liens; and losses during administration [3]. Where foreign and worldwide gross estates were not reported, worldwide gross estate was assumed to equal U.S. gross estate for purposes of the statistics.

Definitions of Selected Terms

Credit for tax on prior transfers.—A tax credit is allowed for Federal estate tax paid on property received by the decedent or the estate from a transferor, who died within a period of 10 years before or 2 years after the decedent. If the decedent was the transferor's surviving spouse, no credit is allowed for property received from the transferor to the extent that a marital deduction was allowed to the transferor's estate for the property.

Funeral and other expenses.—For each return, the deduction for expenses is calculated by multiplying total funeral and other expenses by the ratio of U.S. gross estate to worldwide gross estate.

Marital deduction.—For nonresident alien estates, the marital deduction is authorized for certain property interests that pass from the decedent to the surviving spouse only if the spouse is a U.S. citizen. The deduction may be claimed only for property interests that are included in the decedent's U.S. gross estate.

Nonresident alien decedent.—A nonresident alien decedent is a decedent who is neither domiciled in, nor a citizen of, the United States at the time of death. For

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Figure A

Composition of U.S. Gross Estate by Size, 1990



purposes of Form 706NA, citizens of Puerto Rico, Virgin Islands and U.S. possessions are not U.S. citizens.

Unified credit.—The unified credit (so-called because it is used for both estate and gift tax purposes) is applied as a dollar-for-dollar reduction of the estate tax and represents the amount of tax on that part of gross estate which is below the filing requirement. It is allowed for the lesser of the estate tax before credits or the maximum unified credit, which is \$13,000 for all decedents dying after November 10, 1988, and for all U.S. expatriates regardless of date of death. The credit can be used to offset gift taxes on lifetime transfers made after 1976. However, to the extent it is so used, the amount of credit available at death is reduced.

U.S. gross estate.—U.S. gross estate is that part of the decedent's gross estate which at the time of his or her death is situated in the United States. Shares of stock owned and held by the decedent are deemed property within the United States only if issued by a domestic corporation.

Notes and References

- [1] See Long, DeWitt, "Nonresident Alien Estates, 1986," *Statistics of Income Bulletin*, Spring 1992, Volume 11, Number 4, 1992. The article is also found in the *Statistics of Income Compendium of Studies of International Income and Taxes, 1984-1988*, September 1991. The article describes in detail the estate tax provisions as they relate to nonresident alien decedents.
- [2] The data contained in the 1986 study were also derived from all returns received in the Philadelphia Service Center reporting 1986 as the year of death.
- [3] Losses during administration include those from theft, fire, storm, shipwreck or other casualties that occurred during the settlement of the estate. Deductions could be taken only for the amount not reimbursed by insurance.

Nonresident Alien Estates, 1990

Table 1.—Worldwide and U.S. Gross Estates, Deductions, Taxable Estate, Estate Tax and Credits, by Selected Country of Domicile of Decedent and Size of U.S. Gross Estate

[Money amounts are in full U.S. dollars]

Selected country and size of U.S. gross estate	Number of returns	Gross estate					
		Worldwide estate ¹	Estate outside the United States	Total	Estate in the United States		
					Cash	Types of U.S. property	
						Corporate stocks and bonds	Real estate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
All countries, total.....	143	291,789,318	211,101,902	80,687,416	4,021,714	19,604,525	28,976,822
\$60,000 under \$100,000.....	33	46,919,193	44,261,048	2,658,145	128	894,395	1,387,522
\$100,000 under \$250,000.....	68	68,598,532	57,473,977	11,124,555	347,433	2,851,650	6,709,648
\$250,000 under \$500,000.....	21	23,721,315	16,255,857	7,465,458	320,545	3,096,149	3,289,652
\$500,000 under \$1,000,000.....	11	20,682,440	12,812,250	7,870,190	314,155	3,120,257	2,875,000
\$1,000,000 or more.....	10	131,867,838	80,298,770	51,569,068	3,039,453	9,642,074	14,715,000
Canada, total.....	61	71,789,260	61,193,695	10,595,565	58,557	3,653,857	5,907,778
\$60,000 under \$100,000.....	18	20,305,617	18,871,295	1,434,322	128	664,399	747,500
\$100,000 under \$250,000.....	36	36,492,400	30,545,057	5,947,343	39,669	2,045,292	3,441,778
\$250,000 under \$500,000.....	7	14,991,243	11,777,343	3,213,900	18,760	944,166	1,718,500
\$500,000 under \$1,000,000.....							
\$1,000,000 or more.....							
Japan.....	11	67,822,012	49,635,838	18,186,174	51,521	4,238,585	10,701,612
Germany.....	9	7,088,662	4,382,578	2,706,084	114,461	221,183	599,000
Hong Kong.....	7	7,445,130	5,560,813	1,884,317	—	117,028	1,564,601
France.....	6	7,757,181	3,771,103	3,986,078	1,516,871	1,613,686	590,500
Mexico.....	6	2,912,341	—	2,912,341	—	626,118	1,258,000
Venezuela.....	5	34,959,563	14,969,262	19,990,301	120,581	400,000	302,100
United Kingdom.....	5	22,489,469	21,766,538	722,931	76	217,147	502,833
Switzerland.....	5	3,188,471	821,699	2,366,772	326,854	1,330,861	611,000
Other countries.....	28	66,337,229	49,000,376	17,336,853	1,832,793	7,186,060	6,939,398

Selected country and size of U.S. gross estate	Gross estate—Continued				Deductions		
	Estate in the United States—Continued			Funeral and other expenses	Total	Deduction for funeral and other expenses	Charitable bequests deduction
	Types of U.S. property—Continued						
	Government securities	Mortgages and notes receivable	Personal and other property				
(8)	(9)	(10)	(11)	(12)	(13)	(14)	
All countries, total.....	278,396	3,426,261	24,379,699	41,393,391	17,710,918	8,566,135	1,957,486
\$60,000 under \$100,000.....	71,977	31,031	273,092	14,003,428	452,287	222,380	21,568
\$100,000 under \$250,000.....	79,016	64,351	1,072,457	6,692,173	1,687,910	1,042,767	—
\$250,000 under \$500,000.....	30,035	144,025	585,053	1,653,294	888,711	439,378	—
\$500,000 under \$1,000,000.....	60,665	774,990	725,123	856,564	4,563,580	255,321	790,260
\$1,000,000 or more.....	36,703	2,411,864	21,723,974	18,187,932	10,118,430	6,606,289	1,145,658
Canada, total.....	68,019	173,646	733,709	6,982,934	2,083,818	956,064	21,568
\$60,000 under \$100,000.....	—	—	22,295	3,253,520	200,024	87,556	21,568
\$100,000 under \$250,000.....	68,019	64,351	288,234	2,362,117	892,142	591,856	—
\$250,000 under \$500,000.....	—	109,295	423,180	1,367,297	991,652	276,652	—
\$500,000 under \$1,000,000.....							
\$1,000,000 or more.....							
Japan.....	—	2,411,864	782,592	4,304,812	281,352	281,352	—
Germany.....	—	—	1,771,440	730,579	1,031,063	297,463	—
Hong Kong.....	—	31,031	171,657	3,627,513	301,009	92,152	—
France.....	36,703	—	228,318	55,388	1,280,696	24,733	1,109,130
Mexico.....	71,977	774,990	181,256	—	714,990	—	—
Venezuela.....	—	—	19,167,620	1,247,108	773,415	711,665	—
United Kingdom.....	—	—	2,875	7,083,670	134,766	37,266	—
Switzerland.....	60,665	720	36,672	140,179	877,778	107,518	770,260
Other countries.....	41,032	34,010	1,303,560	17,221,208	10,232,031	6,057,922	56,528

Footnotes at end of table.

Nonresident Alien Estates, 1990

Table 1.—Worldwide and U.S. Gross Estates, Deductions, Taxable Estate, Estate Tax and Credits, by Selected Country of Domicile of Decedent and Size of U.S. Gross Estate—Continued

(Money amounts are in full U.S. dollars)

Selected country and size of U.S. gross estate	Deductions—Continued		U.S. estate tax before credits	Credits				U.S. estate tax after credits
	Marital deduction	U.S. taxable estate		Total	Unified credit	Credit for State death taxes	Credit for tax on prior transfers	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
All countries, total.....	7,187,297	62,829,444	27,181,179	6,684,717	2,043,262	4,639,577	1,878	20,496,462
\$60,000 under \$100,000.....	208,339	2,244,877	505,804	393,594	391,716	—	1,878	112,210
\$100,000 under \$250,000.....	645,143	9,534,456	2,487,149	939,485	920,571	18,914	—	1,547,664
\$250,000 under \$500,000.....	449,333	6,576,746	1,953,554	346,770	318,181	28,589	—	1,606,784
\$500,000 under \$1,000,000.....	3,517,999	3,022,726	933,689	153,136	115,047	38,089	—	780,553
\$1,000,000 or more.....	2,366,483	41,450,639	21,300,983	4,851,732	297,747	4,553,985	—	16,449,251
Canada, total.....	1,106,186	8,519,390	2,266,540	779,648	752,321	27,327	—	1,486,892
\$60,000 under \$100,000.....	90,900	1,237,776	278,265	219,731	219,731	—	—	58,534
\$100,000 under \$250,000.....	300,286	5,059,367	1,316,315	453,923	446,622	7,301	—	862,392
\$250,000 under \$500,000.....	715,000	2,222,247	671,960	105,994	85,968	20,026	—	565,966
\$500,000 under \$1,000,000.....								
\$1,000,000 or more.....								
Japan.....	—	17,904,822	9,142,354	2,159,327	190,401	1,968,926	—	6,983,027
Germany.....	733,600	1,674,920	469,759	129,036	113,517	15,519	—	340,723
Hong Kong.....	208,857	1,583,308	472,183	96,442	71,739	24,703	—	375,741
France.....	146,833	2,705,382	874,911	152,320	148,472	3,848	—	722,591
Mexico.....	714,990	2,197,351	716,335	122,222	78,000	44,222	—	594,113
Venezuela.....	61,750	19,216,886	10,473,690	2,551,761	65,000	2,486,761	—	7,921,929
United Kingdom.....	97,500	623,807	163,569	67,157	66,677	480	—	96,412
Switzerland.....	—	1,488,994	440,319	150,302	144,781	5,521	—	290,017
Other countries.....	4,117,581	6,914,584	2,161,519	476,502	412,354	62,270	1,878	1,685,017

¹ These amounts may be underreported since only 81 returns reported an amount for "Estate outside the United States." An estate was required to report this amount only if it allocated deductions for its worldwide estate to its U.S. estate. When the estate outside the United States (and the worldwide estate) was not reported, it was assumed for the statistics that worldwide estate and U.S. estate were equal.