



Preparing the Estate Return (Form 706)

- After the Will has been probated and the Estate account has been established and the financial institutions have been notified of the deceased's death, it is time to begin gathering the information for the preparation of the Estate tax return.
- If the deceased is a New Jersey resident, a New Jersey Estate tax return will be required if the deceased had more than \$675,000 of net assets.
- A Federal Estate tax return may be required even if the net assets of the Estate are less than \$5,450,000 if there is a surviving spouse and portability of the deceased spouse's estate tax exemption is desired.
- The Estate tax return is a snapshot of the deceased's assets and liabilities as of date of death (DOD). As such, the fair market value of all assets must be determined as of DOD.
- Request brokerage firms and banks to provide you with the fair market value of all accounts as of DOD.
- You will need to get a simple appraisal for all residential real estate owned by the deceased.
- A more significant appraisal of all closely held businesses and rental real estate will be required.
- All liabilities of the deceased will need to be determined. These will not only include mortgages and loans but all outstanding credit card bills, phone bills, utility bills etc. owed by the deceased as of DOD.
- Also expenses incurred after DOD but resulting from the death will need to be captured. These include funeral and burial expenses, repast expense, fees for letters testamentary, and other estate administrative expenses. Also, attorney and accountant fees related to the administration of the estate will be needed.
- Once this information has been gathered, the Executor should meet with the return preparer to answer any questions they may have and to determine what is missing.
- The return preparer will also need a copy of the Will, death certificate, letters testamentary, prior gift tax returns and the previous income tax return.

If you have any questions, please contact: **Kenneth G. Hydock, Esq., CPA, PFS, AEP**
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