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Inheritance Tax Law

State of Colorado

EFFECTIVE JULY 4, 1927
(With Digest of Colorado Cases)

LEGAL DEPARTMENT
WILLIAM L. BOATRIGHT
Attorney General
DENVER



Phil Walter

BRADFORD-ROBINSON Ptg. Co.
DENVER, COLORADO
1927

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State of Colorado

Inheritance Tax Law

(With Digest of Colorado Cases)

An Act Passed by the Twenty-fifth
General Assembly

Effective July 4, 1927

LEGAL DEPARTMENT

WILLIAM L. BOATRIGHT, ATTORNEY GENERAL

DENVER

ANDREW H. WOOD, Inheritance Tax Commissioner
and Assistant Attorney General



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Printed by Authority of Inheritance Tax Department

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INTRODUCTION

For the convenience of parties interested we have issued this pamphlet copy of the 1927 Inheritance Tax Law of Colorado. As in the publication of the previous law, we have added a digest of the Colorado cases and a number of the leading cases throughout the country on this subject.

This Act of 1927 went into effect July 4, 1927, and its rates and requirements apply only to estates of persons dying on or after that date. It is a re-enactment of the Law of 1921 with a considerable number of changes, the most important of which are as follows:

Taxation of intangibles of non-residents is omitted.—Sec. 2, Sub. 1, b.

A progressive block system of rates is substituted for the former retroactive, or "step" system.—Sec. 3, Sub. 1.

If on account of successive deaths the same property is taxed twice within three years, a credit of the tax first paid is allowed on the second tax.—Sec. 3, Sub. 4.

The exemptions from the tax are not restricted to estates in perpetuity as in the 1921 Act, but are allowed also on life estates and terms for years.—Sec. 3, Sub. 2, b.

A presumption of fact as to conveyances in contemplation of death is substituted for the conclusive presumption of law of the former statute and the period for the presumption is made two years prior to death instead of one year.—Sec. 2, Sub. 2, c.

The widow's allowance and the fees of executors and administrators are made allowable deductions in all cases.—Sec. 3, Sub. 3, f.

All gifts exclusively for public, charitable, educational, or religious purposes are exempted from the tax whether limited for use within the State of Colorado or not.—Sec. 3, Sub. 2, a.

A revised and more liberal provision for refund of taxes erroneously paid is inserted.—Sec. 6, Sub. 5.

An estate tax equal to eighty per cent of the Federal Estate Tax rates is added on all estates of the net value of over one million dollars, such tax to remain in effect only so long as the Federal Estate Tax law allows a credit of at least eighty per cent for inheritance taxes paid to the states.—Section 4.

The tax is made payable in installments where it exceeds five per cent of the net estate.—Sec. 5, Sub. 4.

Where the aggregate deposits in a banking institution to the credit of a decedent do not exceed two hundred dollars, such deposits may be withdrawn without notifying the Attorney General or obtaining his consent.—Sec. 6, Sub. 7.

Temporary payments on the tax are authorized to be made

before the tax is finally fixed, in order to save discount and interest on the amount paid.—Sec. 5, Sub. 3.

Joint interests with right of survivorship are taxed to the extent of the proportionate value of the fractional interest of the deceased therein, without regard to his actual investment therein.—Sec. 2, Sub. 3.

Waiver fees are raised from \$1.00 to \$3.00 and from \$5.00 to \$10.00 where the sworn statement reporting the estate is not filed with the Attorney General within the required time.—Sec. 6, Sub. 9.

Mortality tables to be used in calculating the value of life estates and terms for years are set out in the statute.—Sec. 3, Sub. 5.

Where a life tenant has died before the tax on his interest is determined, the value of the life estate is fixed as the amount actually paid or payable to such life tenant instead of being calculated from the income for the period of his expectancy under the mortality tables.—Sec. 3, Sub. 9.

Under the Federal Revenue Act of 1926, the credit on the Federal Estate Tax allowed for inheritance taxes paid to any State, is raised to the maximum of 80% of the federal tax, instead of 25% allowed under the Federal Revenue Act of 1924. As the rates under the Colorado Inheritance Tax Act of 1921 were considerably less than 80% of the federal tax rates on large estates, these rates on all estates of the net value of over one million dollars were increased in this Colorado Act of 1927 to equal 80% of the federal rates, such increase to remain in effect only so long as the federal act allows the 80% credit. This increase therefore may give the State of Colorado a much larger tax on such estates without any additional cost to the taxpayer, as the federal tax is thus decreased as much as the state tax is increased.

The provision of the Federal Revenue Act of 1926, allowing the 80% credit, applies to all estates subject to the Federal Estate Tax, and has so important a bearing on the operation of the Colorado Act that it is set forth herein verbatim as follows:

The tax imposed by this section shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any state or territory or the District of Columbia, in respect of any property included in the gross estate. The credit allowed by this subdivision shall not exceed 80 per centum of the tax imposed by this section, and shall include only such taxes as were actually paid and credit therefor claimed within three years after the filing of the return required by Section 304.—Federal Revenue Act of 1926, Section 301 (b).

This credit applies only to the estates of persons dying after February 26, 1926, at 10:25 a. m., Washington time. The estates of persons dying before that date and after June 2, 1924, at 4:01

p. m., when the 1924 act went into effect, are allowed a similar credit of not to exceed 25% of the Federal tax.

To obtain this credit, it has been necessary to submit to the Commissioner of Internal Revenue a complete list of the property in respect to which the state taxes have been imposed, and a statement of the amount thereof paid, certified under the hand and seal of the officer of the taxing state having custody of the records pertaining to such taxes. Such certificate is required to set forth the name of the decedent and the date of death, and to show whether a refund of such taxes, or any part thereof, has been authorized, and whether any claim therefor is pending. If any refund has been made, the date and amount thereof and a description of the property or interest in respect to which such refund was made must also be shown. In addition to this certificate, the executor is required to submit his affidavit stating whether any litigation has been instituted, or appeal taken, and whether any such action is designed or contemplated by him, or to his knowledge, by any beneficiary or other person, the final determination of which may effect the amount of such taxes.

For the convenience of persons paying taxes on estates in Colorado which appear to be subject to the Federal Estate Tax, we have adopted the practice of issuing and delivering to them duplicate inheritance tax receipts, certified according to all the requirements above outlined, for use in securing the allowance of proper credit under the Federal act. This practice, which has greatly facilitated prompt allowance of the credit, we will continue.

It seems advisable to call special attention to several important requirements contained in this Colorado Act of 1927.

Every Administrator, Executor or Trustee is required by Section 6, Subsection 6, to file within three months after his appointment a sworn return showing all the property owned by the decedent at the date of his death, or conveyed theretofore by such decedent in contemplation of death; and failure to file such return in time results in increased fees and stricter interest requirements as provided in Section 5, Subsection 2 and Section 6, Subdivision 9. Blank forms for this return will be furnished by the Inheritance Tax Department on request.

Executors, administrators and trustees are also personally charged in Section 6, Subsection 1, with the duty of paying the tax, and they are further enjoined not to settle or distribute an estate until the tax is paid.

Banks, trust companies, safe deposit companies and all corporations, foreign or domestic, are required by Section 6, Subdivision 7, to obtain the written consent of the Attorney General before transferring any securities or assets of an estate, including all securities and assets and safe deposit boxes held by a decedent jointly with any other person. A violation of this provision may

make the offending institution liable for the tax involved or may subject it to a fine in the absence of any tax. But banks are specially permitted without the consent of the Attorney General to pay out a deposit where the total amount to the credit of the decedent does not exceed two hundred dollars.

County Judges are prohibited by Section 6, Subdivision 3, from accepting or allowing the final account of any executor, administrator or trustee, and from closing any estate until the State Treasurer's receipt for the tax or waiver fee is issued.

The inheritance tax is due and payable at the death of the decedent under the provisions of Section 5. If the tax is paid within six months after the death, a *discount* of five per cent is allowed; and if not paid within one year after the death, *interest* at the rate of ten per cent per annum from the date of death is added, but where the total tax exceeds five per cent of the net value of the estate, payment in installments may be arranged.

As frequent enquiries are directed to the Inheritance Tax Department regarding the revenue collected by it, and the cost of collection, a statement of such collections and the cost thereof under the prior Act of 1921 down to the end of the last biennial period is set forth below, together with the State Treasurer's collections from the mill levy for the same period.

Year	Inheritance Taxes Collected	Expense of Collection	Cost of Collection in Percentage of Amount Collected	Total Taxes for State Purposes Collected by Mill Levy	Mill Levy
1921	\$500,476.52	\$54,698.13	5.3%	\$6,864,949	4.35
1922	\$512,687.63			\$6,937,807	4.48
1923	\$703,730.82	\$50,305.59	3.2%	\$6,065,013	3.93
1924	\$864,161.04			\$5,699,850	3.70
1925	\$911,210.88			\$5,785,599	3.70
1926	\$876,008.95			\$5,659,726	3.67

It thus appears that inheritance taxes are an important item of the State revenues. We are charged with the duty of protecting the State in the collection of these revenues, which is no slight task. It is the desire of everyone connected with the Inheritance Tax Department to administer this law fairly and justly to all. The co-operation we have been receiving from the public is very helpful and gratifying.

Separate blank forms of application for appraisalment and waiver in estates of resident and non-resident decedents are furnished by the Inheritance Tax Department. Address all enquiries and requests for such blanks to the Attorney General's Office, Inheritance Tax Department.

WILLIAM L. BOATRIGHT,
Attorney General.
ANDREW H. WOOD,
Inheritance Tax Commissioner.

November 26, 1927.

INHERITANCE TAX—STATE OF COLORADO
APPLICATION OF RATES TO VALUE OF INHERITANCE UNDER ACT OF 1927

Note: The rates in this table apply to value in excess of exemptions. The rates and exemptions apply to each beneficiary and not to the estate as a whole. This table does not include the additional rates on estates of the net value of over a million dollars provided for in Section 4 of the Act of 1927.

CLASSES OF BENEFICIARIES	Exemptions	Above Exemption up to \$2,500	\$2,500 to \$5,000	\$5,000 to \$10,000	\$10,000 to \$15,000	\$15,000 to \$20,000	\$20,000 to \$25,000	\$25,000 to \$30,000	\$30,000 to \$40,000	\$40,000 to \$50,000	\$50,000 to \$75,000	\$75,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$500,000	Above \$500,000
		Class A.—Father, mother, husband, wife, child, adopted child, any lineal descendant.	Widow \$20,000 All Others \$10,000				2%						4%	5%	7%		7½%
Class B.—Wife or widow of son, husband or widower of daughter, grandparent, brother, sister, mutually acknowledged child.	\$2,000		3%			5%				7%				8%		10%	
Class C.—Uncle, aunt, niece, nephew or lineal descendant of same.	None. No tax on \$500 or less	4%	5%	6%	7%	8%	9%	10%	11%			12%				13%	14%
Class D.—Strangers and all others not exempt.	None. No tax on \$500 or less	7%	8%	9%	10%	12%					14%						16%

TRANSFERS NOT TAXABLE—All transfers to or for the use of the United States, any state or territory, or any political subdivision thereof, the District of Columbia, any public institution, society, association, or trust, wheresoever incorporated or organized, formed in good faith for charitable, educational or religious purposes, provided that the property transferred is to be used exclusively for one or more of such purposes.

EXAMPLES OF THE USE OF THE TABLES ON THE NEXT SUCCEEDING PAGE—A will gives to the widow an estate for life amounting to \$75,000 with remainder over to a son—using the age of the widow as 49 years. In column No. 3 opposite 49 in column No. 1 you will find the figures 11.90076, which is the present value of \$1.00 at 5% paid annually to a person 49 years of age. The Inheritance tax law designates 5% as the income rate. First multiply \$75,000 by 5%, which is \$3,750.00 the income for each year, then multiply \$3,750.00 by 11.90076, which is \$44,627.85, the value of the life interest to the widow. To find the remainder interest subtract \$44,627.85 life interest from \$75,000.00. A will gives to a wife an estate of \$40,000 in trust for ten years, she receiving the income during this period with the remainder to a son in fee. In column No. 4 opposite 10 in column No. 1 you will find the figures 7.721733, which is the present value of \$1.00 at 5% annually for a term of 10 years. The Inheritance Tax law designates 5% as the income rate. First multiply \$40,000 by 5%, which is \$2,000.00, the income for each year, then multiply \$2,000.00 by 7.721733, which is \$15,443.46, the value of this estate in trust for 10 years. To find his remainder interest subtract \$15,443.46 from \$40,000.00

TABLE FOR COMPUTING LIFE ESTATES AND TERMS OF YEARS
FOR PURPOSE OF TAXATION

1	2	3	4	1	2	3	4
Age with columns No. 2 and No. 3, also number of years with column No. 4.	Expectancy of life, American experience table.	Annuity or present value of \$1@5% interest due the end of each year during the life of a person of specified age, American experience table.	Discount table, Present value of \$1@5% interest paid annually at the end of various years.	Age with columns No. 2 and No. 3, also number of years with column No. 4.	Expectancy of life, American experience table.	Annuity or present value of \$1@5% interest due the end of each year during the life of a person of specified age, American experience table.	Discount table, Present value of \$1@5% interest paid annually at the end of various years.
1	.....	.....	.952381	51	20.20	11.41594	18.3338974
2	.....	.....	1.859410	52	19.49	11.16361	18.418070
3	.....	.....	2.723248	53	18.79	10.90499	18.493400
4	.....	.....	3.545950	54	18.09	10.64036	18.565143
5	.....	.....	4.329476	55	17.40	10.37017	18.633469
6	.....	.....	5.075691	56	16.72	10.09472	18.698542
7	.....	.....	5.786372	57	16.05	9.81450	18.760516
8	.....	.....	6.463211	58	15.39	9.52988	18.819539
9	.....	.....	7.107820	59	14.74	9.24127	18.875751
10	48.72	16.50475	7.721733	60	14.10	8.94928	18.929287
11	48.09	16.46076	8.306412	61	13.47	8.65445	18.980273
12	47.45	16.41469	8.863249	62	12.86	8.35742	19.028831
13	46.80	16.36642	9.393570	63	12.26	8.05876	19.075077
14	46.16	16.31581	9.898638	64	11.67	7.75900	19.119121
15	45.51	16.26274	10.379655	65	11.10	7.45885	19.161067
16	44.85	16.20722	10.837767	66	10.54	7.15921	19.201016
17	44.19	16.14896	11.274064	67	10.00	6.86074	19.239063
18	43.53	16.08779	11.689585	68	9.47	6.56420	19.275298
19	42.87	16.02372	12.085319	69	8.97	6.27048	19.309807
20	42.20	15.95658	12.462208	70	8.48	5.98022	19.342673
21	41.53	15.88620	12.821150	71	8.00	5.69422	19.373974
22	40.85	15.81257	13.163000	72	7.55	5.41286	19.403785
23	40.17	15.73552	13.488571	73	7.11	5.13592	19.432176
24	39.49	15.65484	13.798639	74	6.68	4.86279	19.459215
25	38.81	15.57033	14.093942	75	6.27	4.59264	19.484967
26	38.12	15.48176	14.375183	76	5.88	4.32477	19.509492
27	37.43	15.38910	14.643031	77	5.49	4.05856	19.532849
28	36.73	15.29210	14.898125	78	5.11	3.79392	19.555094
29	36.03	15.19051	15.141071	79	4.75	3.53109	19.576280
30	35.33	15.08425	15.372448	80	4.39	3.27017	19.596457
31	34.63	14.97307	15.582807	81	4.05	3.01349	19.615673
32	33.92	14.85666	15.802673	82	3.71	2.76062	19.633974
33	33.21	14.73492	16.002546	83	3.39	2.51052	19.651404
34	32.50	14.60774	16.192901	84	3.08	2.26066	19.668004
35	31.78	14.47479	16.374191	85	2.77	2.00986	19.683813
36	31.07	14.33572	16.546848	86	2.47	1.76061	19.698869
37	30.35	14.19057	16.711284	87	2.18	1.51750	19.713208
38	29.63	14.03897	16.867889	88	1.91	1.28611	19.726865
39	28.90	13.88092	17.017037	89	1.66	1.06704	19.739871
40	28.18	13.71604	17.139083	90	1.42	.85453	19.752258
41	27.45	13.54430	17.294365	91	1.19	.64497	19.764055
42	26.72	13.36528	17.423205	92	.98	.44851	19.775290
43	25.99	13.17891	17.545909	93	.80	.28761	19.785990
44	25.27	12.98494	17.662770	94	.64	.13605	19.796181
45	24.54	12.78344	17.774067	95	.....	.....	19.805886
46	23.81	12.57414	17.880064	96	.....	.....	19.815129
47	23.08	12.35728	17.981013	97	.....	.....	19.823932
48	22.35	12.13275	18.077155	98	.....	.....	19.832316
49	21.63	11.90076	18.168719	99	.....	.....	19.840301
50	20.91	11.66175	18.255923	100	.....	.....	19.847905

Note: See preceding page for examples as to the use of the above table.

INHERITANCE TAX LAW

State of Colorado

CHAPTER 114, SESSION LAWS OF COLORADO 1927

AN ACT

TO ESTABLISH AND IMPOSE A TAX ON TRANSFERS OF PROPERTY BY INHERITANCE AND INTESTATE LAWS OF THE STATE BY WILL, OR GIFT, OR INSTRUMENT MADE IN CONTEMPLATION OF DEATH OR INTENDED TO TAKE EFFECT IN POSSESSION OR ENJOYMENT AT OR AFTER THE DEATH OF THE MAKER THEREOF, PROVIDING FOR THE COLLECTION OF SUCH TAX, DEFINING AND PROVIDING FOR OFFENSES IN RELATION THERETO, MAKING AN APPROPRIATION TO CARRY OUT THE PROVISIONS THEREOF, AND REPEALING ALL ACTS OR PARTS OF ACTS IN CONFLICT THEREWITH.

Be It Enacted by the General Assembly of the State of Colorado:

Section 1. Definitions.

Subdivision 1. This act shall be known as the "Inheritance Tax Act." Title

Subdivision 2. The words "estate" and "property" as used in this act shall be taken to mean the real and personal property or interest therein or income therefrom of the testator, intestate, grantor, bargainer, vendor, or donor, passing or transferred to individual legatees, devisees, heirs next of kin, grantees, donees, vendees or successors. Estate and property defined

Subdivision 3. The word "transfer" as used in this act shall be taken to include the passing of property or any interest therein or income therefrom, in possession or enjoyment, present or future, or forgiveness of obligation owing to the transferor, by inheritance, descent, devise, succession, bequest, grant, deed, bargain, sale, gift in the manner herein described. Transfer defined

Subdivision 4. The word "decedent" as used in this act shall include the testator, intestate, grantor, bargainer, vendor, or donor. Decedent defined

Subdivision 5. For any and all purposes of this act and for the just imposition of the inheritance tax, every person shall be deemed to have died a resident and not a non-resident, of the State of Colorado, if and when such person shall have dwelt or shall have lodged in this State Residence of decedent

Section 1. Definitions.

during and for the greater part of any period of twelve consecutive months in the twenty-four months next preceding his or her death; and also if and when by formal written instrument executed within one year prior to his or her death or by last will he or she shall have declared himself or herself to be a resident or a citizen of this State, notwithstanding that from time to time during such twenty-four months such person may have sojourned outside of this State and whether or not such person may or may not have voted or have been entitled to vote or have been assessed for taxes in this State; and also if and when such person shall have been a citizen of Colorado, sojourning outside of this State. The burden of proof in an inheritance tax proceeding shall be upon those claiming exemption by reason of the alleged non-residence of the deceased. The wife of any person who would be deemed a resident under this section shall also be deemed a resident and her estate subject to the payment of an inheritance tax as herein provided, unless said wife has a domicile separate from him. Residence for the purposes of this act shall be determined exclusively in the proceedings provided herein, and orders relating to residence previously entered in the probate proceedings shall not be conclusive for the purposes of this act.

Section 2. Transfers Taxable.

Property
taxable

Subdivision 1. A tax is hereby imposed, under the conditions and subject to the exemptions and limitations hereinafter prescribed, upon transfers, in trust or otherwise, of the following property, or any interest therein or income therefrom:

Transfer by a
resident

- a. When the transfer is from a resident of this State—
 - (1) Real property situated in this State—
 - (2) Tangible personal property, except such as has an actual situs without this State—
 - (3) All intangible personal property, wheresoever the notes, bonds, stock certificates, or other evidence, if any, thereof, may be physically located, or the banks or other debtors may be located or domiciled.

Transfer by
non-resident

- b. When the transfer is from a non-resident of this State—
 - (1) Real property situated in this State—

Section 2. Transfers Taxable.

(2) Tangible personal property which has an actual situs in this State.

Subdivision 2. The transfers enumerated in subdivision one of this section shall be taxable if made:—

- | | |
|--|--|
| a. By will. | By will |
| b. By statutes regulating descent and distribution of property upon the death of the owner. | By statutes |
| c. In contemplation of death of the transferor; and any transfer of property made by a person within two years prior to death, shall, unless shown to the contrary, be deemed to have been made in contemplation of death. | In contemplation of death |
| d. By gift or grant intended to take effect in possession or enjoyment at or after the death of the transferor. A transfer of property in respect of which the transferor reserves to himself a life income or interest shall be deemed to have been intended to take effect in possession or enjoyment at death; Provided, that if the transferor reserves to himself less than the entire income or interest, the transfer shall be deemed taxable hereunder only to the extent of a like proportion of the value of the property transferred. | To take effect at or after death |
| e. In payment of a claim against the estate of a deceased person arising from a contract made by him and payable by its terms at or after his death. | In payment of claim |
| f. If any transfer specified in paragraphs c, d, and e, of this subdivision is made for a valuable consideration, so much thereof as is the equivalent in money value of the money value of the consideration received by the transferor shall not be taxable but the remaining portion shall be. | For valuable consideration not taxable |

Subdivision 3. Whenever property is held in the joint names of two or more persons as joint tenants or tenants by the entirety or otherwise, or is deposited in banks or other institutions or depositaries in the joint names of two or more persons and payable to the survivor or survivors, upon the death of one of such persons, the right of the survivor or survivors to the immediate ownership or possession and enjoyment of such property shall be a taxable transfer and the tax shall be computed:

- | | |
|--|-------------------------|
| a. If a tenancy by the entirety, as though one-half of | Tenancy by the entirety |
|--|-------------------------|

Section 2. Transfers Taxable.

the property belonged absolutely to the deceased tenant, and had been bequeathed or devised to the survivor or survivors by will, and

Other cases of joint ownership

- b. In all other cases, as though a fractional part of the property, determined by dividing the value of the entire property by the number of persons in whose joint names it was held, belonged absolutely to the deceased person, and had been bequeathed or devised to the survivor or survivors by will.

Proceeds of insurance policies

Subdivision 4. Proceeds of insurance policies on the life of a decedent payable in such manner as to be subject to claims against his estate and to distribution as a part thereof shall be taxable.

Reservation in deed of trust unexercised—taxable

Subdivision 5. A transfer of property by deed of trust heretofore or hereafter made wherein the trustor reserved to himself, or to himself and others, powers of revocation, alteration or amendment, upon the exercise of which the property would revest in him, shall upon the death of the trustor be taxable to the extent of the value of the property subject to such powers and with respect to which such powers remained unexercised.

Transfer to executor in lieu of commission

Subdivision 6. If property is transferred to executors or trustees in lieu of their commissions or allowances, the excess in value of the property so transferred above the amount of commissions or allowances which would be payable in the absence of such transfer, shall be taxable.

Rates of tax

Section 3. Rates of tax; exemptions; deductions; etc.

Subdivision 1. The tax imposed hereby shall be at the following rates:

Upon transfers to persons or the corporations under: Class A:	}	On the value of the property transferred in excess of exemption:

Rates under class A

2 per cent not exceeding \$50,000.00.

4 per cent on the excess over \$50,000.00 and not exceeding \$75,000.00.

5 per cent on the excess over \$75,000.00 and not exceeding \$100,000.00.

Section 3. Rates of Tax; Exemptions, etc.

7 per cent on the excess over \$100,000.00 and not exceeding \$150,000.00.

7½ per cent on the excess over \$150,000.00.

Class B.

Rates under
class B

3 per cent not exceeding \$10,000.00.

5 per cent on the excess over \$10,000.00 and not exceeding \$25,000.00.

7 per cent on the excess over \$25,000.00 and not exceeding \$100,000.00.

8 per cent on the excess over \$100,000.00 and not exceeding \$200,000.00.

10 per cent on the excess over \$200,000.00.

Class C.

Rates under
class C

4 per cent not exceeding \$2,500.00.

5 per cent on the excess over \$2,500.00 and not exceeding \$5,000.00.

6 per cent on the excess over \$5,000.00 and not exceeding \$10,000.00.

7 per cent on the excess over \$10,000.00 and not exceeding \$15,000.00.

8 per cent on the excess over \$15,000.00 and not exceeding \$20,000.00.

9 per cent on the excess over \$20,000.00 and not exceeding \$30,000.00.

10 per cent on the excess over \$30,000.00 and not exceeding \$40,000.00.

11 per cent on the excess over \$40,000.00 and not exceeding \$50,000.00.

12 per cent on the excess over \$50,000.00 and not exceeding \$250,000.00.

13 per cent on the excess over \$250,000.00 and not exceeding \$500,000.00.

14 per cent on the excess over \$500,000.00.

Section 3. Rates of Tax; Exemptions, etc.

Rates under
class D

Class D.

7 per cent not exceeding \$2,500.00.

8 per cent on the excess of \$2,500.00 and not exceeding \$5,000.00.

9 per cent on the excess of \$5,000.00 and not exceeding \$10,000.00.

10 per cent on the excess of \$10,000.00 and not exceeding \$15,000.00.

12 per cent on the excess of \$15,000.00 and not exceeding \$25,000.00.

14 per cent on the excess of \$25,000.00 and not exceeding \$500,000.00.

16 per cent on the excess over \$500,000.00.

The following beneficiaries shall be included in:

Parties
included in
class A

Class A. Father, mother, husband, wife, child, or any child or children legally adopted as such, or to any lineal descendant of such decedent born in lawful wedlock.

Parties in
class B

Class B. Wife or widow of the son, or the husband or widower of the daughter, or the grandfather or grandmother, or any brother or sister, or any person to whom the deceased, for not less than ten years prior to death, stood in the mutually acknowledged relation of a parent; provided, however, such relationship began at or before said person's fifteenth birthday and was continuous for ten years thereafter; and, provided, also, that, except in the case of a stepchild, the parents of such person so standing in such relation shall be deceased when such relationship commenced.

Parties in
class C

Class C. Any uncle, aunt, niece, or nephew, or any lineal descendant of the same.

Parties in
class D

Class D. All other persons and corporations not exempt from taxation under this Act.

Relatives of
half-blood

Collateral relatives of the half-blood shall be entitled to the same exemptions, and shall pay the same rates of tax, as corresponding relatives of the whole blood.

Exemptions
from tax

Subdivision 2. a. There shall be exempt from the tax imposed by this act all transfers to or for the use of

Section 3. Rates of Tax; Exemptions, etc.

the United States, any state or territory, or any political subdivision thereof, the District of Columbia, any public institution for exclusively public purposes, or any corporation, institution, society, association, or trust, wheresoever incorporated or organized, formed for charitable, educational, or religious purposes, provided that the property transferred is to be used exclusively for one or more of such purposes; but no such transfer shall be so exempt if any officer, member, shareholder, or employee, of such corporation, institution, society, association, or trust, shall receive or may be lawfully entitled to receive any pecuniary profit from the operation thereof, except reasonable compensation for service in effecting one or more of such purposes or as proper beneficiaries of a strictly charitable purpose, or if the organization of any such corporation, institution, society, association, or trust, for any of the foregoing avowed purposes be a guise or pretense for directly or indirectly making for it or for any of its officers, members, shareholders, or employees, any other pecuniary profit, or if it be not in good faith organized or conducted for one or more of such purposes.

b. Transfers to a wife shall be taxable only to the extent that the value of the property transferred exceeds twenty thousand dollars and transfers to any other person in Class A shall be taxable only to the extent that the value of the property exceeds ten thousand dollars; and transfers to any person in Class B shall be taxable only to the extent that the property exceeds two thousand dollars. No transfer to any person or corporation in Classes C and D shall be taxable unless the value of the property exceeds five hundred dollars, in which case the entire transfer shall be taxable.

Exemption to wife, \$20,000

Others in class A \$10,000

Exemption in class B \$2,000

Exemption in classes C and D \$500

Subdivision 3. In determining the value of property transferred by will or in estate laws the following deductions and no others shall be allowed from the full and fair value of the property to which the transfer relates:

Deduction allowed

a. Debts of the transferor which constitute lawful claims against his estate:

Debts

b. Taxes—

Taxes

(1) On real property within this State which were a lien at the date of the transferor's death;

(2) On personal property of the transferor which constituted a personal obligation dur-

Section 3. Rates of Tax; Exemptions, etc.

ing his lifetime or were a lien at the time of death;

(3) Income taxes on the income of the transferor to the date of death.

Other death taxes

c. Death taxes paid or payable to other jurisdictions on intangible personal property;

Special assessments

d. Special assessments which at the time of death of the transferor were a lien on real property located within this State;

Funeral expenses

e. Funeral expenses and all amounts not exceeding five hundred dollars actually expended or to be expended for a memorial;

Commissions of executors

f. Commissions of executors, administrators, and trustees;

Expenses of administrators

g. Expenses of administration, including reasonable attorney's fees.

Deductions not to exceed value of property

Provided, however, that deductions for taxes and special assessments which constitute a lien on property, or for other liens or encumbrances on property, shall in no case exceed the value of such property, but this provision shall not affect the deduction for any obligation represented by such tax, or special assessment, or secured by such lien or encumbrance, which is also enforceable against, or collectable from, the balance of the property to be taxed, or any part thereof.

Deduction of death taxes

Death taxes paid or payable to other jurisdictions on intangible personal property shall be deducted from the value of the property on which they were imposed.

On transfers other than by will or intestate laws

In the case of a transfer other than by will or intestate laws, deductions shall be allowed to the extent that payments are made from, or liens exist on, the property transferred, which would have constituted deductions if the same property had been transferred by will or intestate laws.

On death of non-resident

In the case of the estate of a non-resident, only such portion of the aforesaid deduction shall be allowed as is properly chargeable against the property, the transfer of which is subject to taxation.

Credit allowed for tax

Subdivision 4. If a transfer includes property upon the transfer of which to the present transferor a tax was

Section 3. Rates of Tax; Exemptions, etc.

previously and within three years imposed by this State, or property which can be identified as having been received by such transferor in exchange for property on which a tax was so imposed, a credit on account of such tax shall be allowed against the tax imposed with respect to the present transfer of such property to be apportioned among those liable for the tax according to the amount which each is liable to pay with respect to such property on the present transfer, but such credit allowed to any person liable to pay the tax on the present transfer, shall not exceed the amount of tax imposed with respect to such property on the present transfer, but not to exceed the amount of tax imposed with respect to the property on the present transfer. The three-year period shall be computed from the date the previous tax became due and not from the date of its payment.

imposed
previously
and within
three-years

Subdivision 5. The value of every future, contingent, or limited, estate, income, interest, or annuity for any life or lives in being, shall, so far as possible, be determined by the rule, method and standard of mortality and of value set forth in the following table using the interest rate or income rate of five per centum per annum.

Value of
estates
determined by
standard of
mortality

(Faint, illegible table content)

Section 3. Rates of Tax; Exemptions, etc.

Table for
computing life
estates and
terms of years

TABLE FOR COMPUTING LIFE ESTATES AND
TERMS OF YEARS FOR PURPOSE OF
TAXATION

1 Age with columns No. 2 and No. 3, also number of years with column No. 4.	2 Expectancy of life. American experience table.	3 Annuity or present value of \$1 @ 5% interest due the end of each year during the life of a person of specified age. American experience table.	4 Discount table. Present value of \$1 @ 5% interest paid an- nually at the end of various years.
1	-----	-----	.952381
2	-----	-----	1.859410
3	-----	-----	2.723248
4	-----	-----	3.545950
5	-----	-----	4.329476
6	-----	-----	5.075691
7	-----	-----	5.786372
8	-----	-----	6.463211
9	-----	-----	7.107820
10	48.72	16.50475	7.721733
11	48.09	16.46076	8.306412
12	47.45	16.41469	8.863249
13	46.80	16.36642	9.393570
14	46.16	16.31581	9.898638
15	45.51	16.26274	10.379655
16	44.85	16.20722	10.837767
17	44.19	16.14896	11.274064
18	43.53	16.08779	11.689585
19	42.87	16.02372	12.085319
20	42.20	15.95658	12.462208
21	41.53	15.88620	12.821150
22	40.85	15.81257	13.163000
23	40.17	15.73552	13.488571
24	39.49	15.65484	13.798639
25	38.81	15.57033	14.093942
26	38.12	15.48176	14.375183
27	37.43	15.38910	14.643031
28	36.73	15.29210	14.898125
29	36.03	15.19051	15.141071
30	35.33	15.08425	15.372448
31	34.63	14.97307	15.582807
32	33.92	14.85666	15.802673
33	33.21	14.73492	16.002546

Section 3. Rates of Tax; Exemptions, etc.

1 Age with columns No. 2 and No. 3, also number of years with column No. 4.	2 Expectancy of life. American experience table.	3 Annuity or present value of \$1 @ 5% interest due the end of each year during the life of a person of specified age. American experience table.	4 Discount table. Present value of \$1 @ 5% interest paid an- nually at the end of various years.	Continuation of table for computing life estates and term of years
34	32.50	14.60774	16.192901	
35	31.78	14.47479	16.374191	
36	31.07	14.33572	16.546848	
37	30.35	14.19057	16.711284	
38	29.63	14.03897	16.867889	
39	28.90	13.88092	17.017037	
40	28.18	13.71604	17.159083	
41	27.45	13.54430	17.294365	
42	26.72	13.36528	17.423205	
43	25.99	13.17891	17.545909	
44	25.27	12.98494	17.662770	
45	24.54	12.78344	17.774067	
46	23.81	12.57414	17.880064	
47	23.08	12.35728	17.981013	
48	22.35	12.13275	18.077155	
49	21.63	11.90076	18.168719	
50	20.91	11.66175	18.255923	
51	20.20	11.41594	18.338974	
52	19.49	11.16361	18.418070	
53	18.79	10.90499	18.493400	
54	18.09	10.64036	18.565143	
55	17.40	10.37017	18.633469	
56	16.72	10.09472	18.698542	
57	16.05	9.81450	18.760516	
58	15.39	9.52988	18.819539	
59	14.74	9.24127	18.875751	
60	14.10	8.94928	18.929287	
61	13.47	8.65445	18.980273	
62	12.86	8.35742	19.028831	
63	12.26	8.05876	19.075077	
64	11.67	7.75900	19.119121	
65	11.10	7.45885	19.161067	
66	10.54	7.15921	19.201016	
67	10.00	6.86074	19.239063	
68	9.47	6.56420	19.275298	
69	8.97	6.27048	19.309807	
70	8.48	5.98022	19.342673	

Section 3. Rates of Tax; Exemptions, etc.

Continuation of table for computing life estates and term of years

1 Age with columns No. 2 and No. 3, also number of years with column No. 4.	2 Expectancy of life. American experience table.	3 Annuity or present value of \$1 @ 5% interest due the end of each year during the life of a person of specified age. American experience table.	4 Discount table. Present value of \$1 @ 5% interest paid annually at the end of various years.
71	8.00	5.69422	19.373974
72	7.55	5.41286	19.403785
73	7.11	5.13592	19.432176
74	6.68	4.86279	19.459215
75	6.27	4.59264	19.484967
76	5.88	4.32477	19.509492
77	5.49	4.05856	19.532849
78	5.11	3.79392	19.555094
79	4.75	3.53109	19.576280
80	4.39	3.27017	19.596457
81	4.05	3.01349	19.615673
82	3.71	2.76062	19.633974
83	3.39	2.51052	19.651404
84	3.08	2.26066	19.668004
85	2.77	2.00986	19.683813
86	2.47	1.76061	19.698869
87	2.18	1.51750	19.713208
88	1.91	1.28611	19.726865
89	1.66	1.06704	19.739871
90	1.42	.85453	19.752258
91	1.19	.64497	19.764055
92	.98	.44851	19.775290
93	.80	.28761	19.785990
94	.64	.13605	19.796181
95	.....	.....	19.805886
96	.....	.....	19.815129
97	.....	.....	19.823932
98	.....	.....	19.832316
99	.....	.....	19.840301
100	.....	.....	19.847905

Section 3. Rates of Tax; Exemptions, etc.

Persons under ten years of age shall be assumed to have the same expectancy of life as persons ten years of age.

Under ten
years of age

The value of the interest remaining after any such temporary interest shall be determined by deducting the computed value of the temporary estate from the value of the entire property in which such interest exists. Unless otherwise provided by the transferor, the tax on such temporary interests and remainders shall be payable out of the property in which such temporary interests and remainders exists.

Value of
interest
remaining

Subdivision 6. Where an estate or interest may be divested by the act or omission of the transferee, it shall be taxed as if there were no possibility of divesting.

Where estate
may be divested

Subdivision 7. If it shall be impossible to compute the present value of any of the property transferred, or of any interest therein, or if the tax cannot be determined because of a contingency as to who will take it, the inheritance tax commissioner, with the written approval of the Attorney General, may enter into an agreement with the representatives of the estate or the transferees, or both, to compound the tax upon such terms as may be deemed equitable, and the payment of any amount agreed upon shall be in full satisfaction for the tax imposed by this Act and such amount shall be payable out of the property transferred. If such an agreement cannot be reached, the taxation of the property or interest shall be held in abeyance and the inheritance tax commissioner shall require the representatives of the estate or transferees, or both, to give bond for the prompt payment of the tax at such time as the value of the property or interest, or the transferees, may be determined; and unless the property transferred is taxable at its full undiminished value as provided in subdivision 8 of this section, such tax shall bear interest as provided in subdivision 2 of Section 4 of this Act. The amount of said bond shall be fixed and the sufficiency of the surety determined by the inheritance tax commissioner.

Tax upon
expectant
estates may be
agreed upon

If no agree-
ment reached
bond required
to be given

Subdivision 8. Estates in expectancy which are contingent or defeasible and with respect to which proceedings for the determination of the tax have not been taken or where taxation thereof has been held in abeyance, shall be subject to taxation on the full undiminished value of the property transferred when the persons entitled there-

Estates in
expectancy
contingent or
held in
abeyance

Section 3. Rates of Tax; Exemptions, etc.

to shall come into the beneficial possession or enjoyment thereof, without diminution for or on account of any valuation theretofore made for purposes of taxation of the particular estates upon which said estates in expectancy may have been limited.

Determine value of life estates

Subdivision 9. The inheritance tax commissioner shall determine the value of any interest transferred, including a remainder interest, which is limited, contingent, dependent, or determinable upon the life or lives of persons in being, and such determination shall be competent evidence as to the valuation of such interest.

Values of life estates and remainders

When an interest based upon lives in being is terminated by death of the persons upon whose lives it is based and the tax upon the transfer thereof has not been fixed and determined, the value of said interest for the purpose of taxation under this act shall be the amount actually paid or payable to the beneficiary and the value of the remainder shall be the difference between the value of the interest as so determined and the value of the property involved.

Additional tax credited on Federal estate tax

Section 4. Additional Tax To Take Advantage of Credit Allowed on Federal Estate Tax.

Terms used

Subdivision 1. When used in this section:

Executor defined

(a) The term "executor" means the executor of the will or administrator of the estate of the decedent, or if there be no such executor or administrator appointed, qualified and acting, then any person in actual or constructive possession of any property included in the gross estate of the decedent;

Gross estate defined

(b) The term "gross estate" means the gross estate as determined under the provisions of subdivision 3 of this section;

Net estate defined

(c) The term "net estate" means the net estate as determined under the provisions of subdivision 4 of this section.

If net estate exceeds \$1,000,000 additional tax imposed

Subdivision 2. If the net estate, determined as in subdivision 4 of this section provided, exceeds one million dollars, an additional tax equal to the sum of the following percentages of the net estate is hereby imposed upon the transfer of the net estate of every decedent who at the time of his death was a resident of the State of Colorado:

Section 4. Additional Tax to Take Advantage, etc.

- (a) Four-fifths of one per centum of the amount by which the net estate exceeds fifty thousand dollars and does not exceed one hundred thousand dollars; Estates of \$50,000— \$100,000
- (b) One and three-fifths per centum of the amount by which the net estate exceeds fifty thousand dollars and does not exceed one hundred thousand dollars; Estates of \$50,000— \$100,000
- (c) Two and two-fifths per centum of the amount by which the net estate exceeds one hundred thousand dollars and does not exceed two hundred thousand dollars; Estates of \$100,000— \$200,000
- (d) Three and one-fifth per centum of the amount by which the net estate exceeds two hundred thousand dollars and does not exceed four hundred thousand dollars; Estates of \$200,000— \$400,000
- (e) Four per centum of the amount by which the net estate exceeds four hundred thousand dollars and does not exceed six hundred thousand dollars; Estates of \$400,000— \$600,000
- (f) Four and four-fifths per centum of the amount by which the net estate exceeds six hundred thousand dollars and does not exceed eight hundred thousand dollars; Estates of \$600,000— \$800,000
- (g) Five and three-fifths per centum of the amount, by which the net estate exceeds eight hundred thousand dollars and does not exceed one million dollars; Estates of \$800,000— \$1,000,000
- (h) Six and two-fifths per centum of the amount by which the net estate exceeds one million dollars and does not exceed one million five hundred thousand dollars; Estates of \$1,000,000— \$1,500,000
- (i) Seven and one-fifth per centum of the amount by which the net estate exceeds one million five hundred thousand dollars and does not exceed two million dollars; Estates of \$1,500,000— \$2,000,000
- (j) Eight per centum of the amount by which the net estate exceeds two million dollars and does not exceed two million five hundred thousand dollars; Estates of \$2,000,000— \$2,500,000
- (k) Eight and four-fifths per centum of the amount by which the net estate exceeds two million five hundred thousand dollars and does not exceed three million dollars; Estates of \$2,500,000— \$3,000,000
- (l) Nine and three-fifths per centum of the amounts by which the net estate exceeds three million dollars and does not exceed three million five hundred thousand dollars; Estates of \$3,000,000— \$3,500,000
- (m) Ten and two-fifths per centum of the amount by which the net estate exceeds three million five hundred thousand dollars and does not exceed four million dollars; Estates of \$3,500,000— \$4,000,000

Section 4. Additional Tax to Take Advantage, etc.

Estates of
\$4,000,000—
\$5,000,000

(n) Eleven and one-fifth per centum of the amount by which the net estate exceeds four million dollars and does not exceed five million dollars;

Estates of
\$5,000,000—
\$6,000,000

(o) Twelve per centum of the amount by which the net estate exceeds five million dollars and does not exceed six million dollars;

Estates of
\$6,000,000—
\$7,000,000

(p) Twelve and four-fifths per centum of the amount by which the net estate exceeds six million dollars and does not exceed seven million dollars;

Estates of
\$7,000,000—
\$8,000,000

(q) Thirteen and three-fifths per centum of the amount by which the net estate exceeds seven million dollars and does not exceed eight million dollars;

Estates of
\$8,000,000—
\$9,000,000

(r) Fourteen and two-fifths per centum of the amount by which the net estate exceeds eight million dollars and does not exceed nine million dollars;

Estates of
\$9,000,000—
\$10,000,000

(s) Fifteen and one-fifth per centum of the amount by which the net estate exceeds nine million dollars and does not exceed ten million dollars;

Estates over
\$10,000,000

(t) Sixteen per centum of the amount by which the net estate exceeds ten million dollars.

Credit on tax
imposed by
this section

The tax imposed by this section shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any state or territory of the United States or the District of Columbia, including any tax imposed under the other sections of this act in respect of any property included in the gross estate. In no event shall the tax payable under this section exceed the amount, if any, by which the maximum credit allowable to the estate against the United States estate tax exceeds the credits provided for in the preceding sentence of this section.

Value of gross
estate

Subdivision 3. The value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated (except real property situated outside this state and tangible personal property having an actual situs outside this state):

Interest at
time of
death

(a) To the extent of any interest therein of the decedent at the time of his death;

Interest in
dower or
curtesy

(b) To the extent of any interest therein of the surviving spouse, existing at the time of the decedent's

Section 4. Additional Tax to Take Advantage, etc.

death as dower, curtesy, or by virtue of a status creating an estate in lieu of dower or curtesy;

(c) To the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, in contemplation of or intended to take effect in possession or enjoyment at or after his death, except in case of a bona fide sale for an adequate and full consideration in money or money's worth. Where within two years prior to his death but after the enactment of this act and without such consideration the decedent has made a transfer or transfers by trust or otherwise, of any of his property, or an interest therein, not admitted or shown to have been made in contemplation of or intended to take effect in possession or enjoyment at or after his death, and the value or aggregate value, at the time of such death, of the property or interest so transferred to any one person is in excess of \$5,000.00, then, to the extent of such excess, such transfer or transfers shall be deemed and held to have been made in contemplation of death within the meaning of this title. Any transfer of a material part of his property in the nature of a final disposition or distribution thereof, made by the decedent within two years prior to his death but prior to the enactment of this act, without such a consideration shall, unless shown to the contrary, be deemed to have been made in contemplation of death within the meaning of this title.

Interest in property transferred in contemplation of death

In excess of \$5,000

(d) To the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, where the enjoyment thereof was subject at the date of his death to any change through the exercise of a power, either by the decedent alone or in conjunction with any person, to alter, amend, or revoke, or where the decedent relinquished any such power in contemplation of his death, except in case of a bona fide sale for an adequate and full consideration in money or money's worth.

Interest in

Power to alter, amend or revoke

The relinquishment of any such power, not admitted or shown to have been in contemplation of the decedent's death, made within two years prior to his death but after the enactment of this act without such consideration and affecting the interest or interests (whether arising from one or more transferees or the creation of one or more trusts) of any one beneficiary of a value or aggregate value, at the time of such death, in excess of \$5,000.00, then, to the extent of such excess, such relinquishment or relinquish-

Relinquishments deemed to have been made in contemplation of death

Section 4. Additional Tax to Take Advantage, etc.

ments shall be deemed and held to have been made up in contemplation of death within the meaning of this title.

Interest held as joint tenants or as tenants by the entirety

(e) To the extent of the interest therein held as joint tenants by the decedent and any other person, or as tenants by the entirety by the decedent and spouse, or deposited, with any person carrying on the banking business, in their joint names and payable to either or the survivor, except such part thereof as may be shown to have originally belonged to such other person and never to have been received or acquired by the latter from the decedent for less than an adequate and full consideration in money or money's worth; Provided, That where such property or any part thereof, or part of the consideration with which such property was acquired, is shown to have been at any time acquired by such other person from the decedent for less than an adequate and full consideration in money or money's worth, there shall be excepted only such part of the value of such property as is proportionate to the consideration furnished by such other person; Provided, further, That where any property has been acquired by gift, bequest, devise, or inheritance, as a tenancy by the entirety by the decedent, and spouse, then to the extent of one-half of the value thereof, or, where so acquired by the decedent and any other person as joint tenants and their interests are not otherwise specified or fixed by law, then to the extent of the value of a fractional part to be determined by dividing the value of the property by the number of joint tenants;

General power of appointment

(f) To the extent of any property passing under the general power of appointment exercised by the decedent (1) by will, or (2) by deed executed in contemplation of, or intended to take effect in possession or enjoyment at or after, his death, except in case of a bona fide sale for an adequate and full consideration in money or money's worth; and.

Insurance received by executor and in excess of \$40,000

(g) To the extent of the amount receivable by the executor as insurance under policies taken out by the decedent upon his own life; and to the extent of the excess over \$40,000 of the amount receivable by all other beneficiaries as insurance under policies taken out by the decedent upon his own life.

Application of this section

(h) Except as otherwise specifically provided therein, subdivisions (b), (c), (d), (e), (f), and (g) of this section shall apply to the transfers, trusts, estates, interests, rights,

Section 4. Additional Tax to Take Advantage, etc.

powers, and relinquishment of powers as severally enumerated and described therein, whether made, created, arising, existing, exercised or relinquished before or after the enactment of this act.

(i) If any one of the transfers, trusts, interests, rights, or powers, enumerated and described in subdivisions (c), (d), and (f) of this section is made, created, exercised, or relinquished for a consideration in money or money's worth, but is not a bona fide sale for an adequate and full consideration in money or money's worth, there shall be included in the gross estate only the excess of the fair market value at the time or death of the property otherwise to be included on account of such transaction, over the value of the consideration received therefor by the decedent.

Excess of value over consideration included in gross estate

Subdivision 4. For the purpose of the tax imposed by this section, the value of the net estate shall be determined by deducting from the value of the gross estate determined as in this section provided;

Deductions from gross estate

(a) Such amounts for funeral expenses, administration expenses, claims against the estate, unpaid mortgages upon, or any indebtedness in respect to, property, the value of which is included in the gross estate to the extent that such claims, mortgages, or indebtedness were incurred or contracted bona fide and for an adequate and full consideration in money or money's worth, losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualty, or from theft, when such losses are not compensated for by insurance or otherwise, and such amounts reasonably required and actually expended for the support during the settlement of the estate of those dependent upon the decedent, as are allowed by the law of this state, but not including any income taxes upon income received after the death of the decedent, or any estate, succession, legacy, or inheritance taxes, but such taxes (other than income taxes) shall be allowed as a credit in the manner and to the extent provided by subdivision two of this section.

Claims allowed by the law of this state, not including certain income and inheritance taxes

(b) An amount equal to the value of any property (1) forming a part of the gross estate situated in the United States of any person who died within five years prior to the death of the decedent or (2) transferred to the decedent by gift within five years prior to his death, where such property can be identified as having been received by the

Value of property forming part of gross estate of persons who died within five years or

Section 4. Additional Tax to Take Advantage, etc.

property by gift within five years prior to death of decedent

decedent from such donor by gift or from such prior decedent by gift, bequest, devise or inheritance, or which can be identified as having been acquired in exchange for property so received. This deduction shall be allowed only where a gift tax imposed under the United States revenue act of nineteen hundred and twenty-four or an estate tax imposed under the United States revenue act of nineteen hundred twenty-six, or any prior act of congress of the United States was paid by or on behalf of the donor or the estate of such prior decedent, as the case may be, and only in the amount of the value placed by the United States commissioner of internal revenue on such property in determining the value of the gift or the gross estate of such prior decedent, and only to the extent that the value of such property is included in the decedent's gross estate and not deducted under paragraph (a) or paragraph (c) of this subdivision.

Exemptions from tax for charitable, etc. purposes

(c) The amount of all bequests, legacies, devises, or transfers, to or for the use of the United States, any state, territory, any political subdivision thereof, or the District of Columbia, for exclusively public purposes or to or for the use of any corporation, wheresoever incorporated or located, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, or to a trustee or trustees, or a fraternal society, order, or association operating under the lodge system, but only if such contributions or gifts are to be used by such trustee or trustees, or by such fraternal society, order or association, exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. The amount of the deduction under this paragraph for any transfer shall not exceed the value of the transferred property required to be included in the gross estate; and

Exemption of \$100,000

(d) An exemption of one hundred thousand dollars.

Executor of estate exceeding \$1,000,000 make duplicate returns

Subdivision 5. The executor of the estate of any decedent who shall hereafter die a resident of this state and whose gross estate exceeds one million dollars, shall make and file with the inheritance tax commissioner two duplicates of the return which he is required to make and file with the collector under the provisions of the Federal Estate Tax Law for the purpose of having the Federal

Section 4. Additional Tax to Take Advantage, etc.

Estate Tax determined, and shall also at such times and in such manner as may be required by the inheritance tax commissioner, file with him such supplemental returns or additional data as may be necessary to establish the correct tax imposed by this section.

It shall be the duty of the inheritance tax commissioner to appraise the gross estate of such decedent at its fair market value on the date of the death of such decedent and to compute the tax payable under this section; and in case any tax is payable under this section he shall make a report of such appraisement and computation in duplicate in writing to the County Court and to the Attorney General and from such report said County Court shall forthwith enter an order fixing the fair market value of the gross estate of such decedent and the tax to which the same is liable according to the provisions of this section and immediately give notice by mail to the executor.

Report of commissioner

County court fix value of estates

Any person or persons, including the Attorney General, dissatisfied with the assessment made or tax fixed by the County Court in the estate of the decedent may object thereto, either upon the ground of erroneous valuation, appraisement or assessment, or otherwise, by a written objection filed in the County Court within sixty days after the making of the assessment order. The County Court shall thereupon, after a hearing wherein the Attorney General shall represent the state, modify, review or confirm in whole or in part, the appraisement and assessment. Witnesses subpoenaed under the provisions of this section shall have such fees as are now provided by law; Provided, that on the petition of the Attorney General and with the consent of the County Court, expert witnesses may be called, the amount of whose fees shall be determined by the County Court.

Interested persons may object to tax fixed by county court

Hearing

Any person or persons interested in the estate of a decedent, who may be dissatisfied with the assessment made or tax fixed by the County Court, may at any time within ten days after the entry of judgment upon such objections, appeal therefrom to the District Court of the proper county, upon giving bond to be approved by the County Court conditioned to prosecute said appeal and to pay all costs and whatever taxes shall be fixed by the District Court on appeal. Neither costs or bonds shall in any case be required from the representatives of, or charged against the state of Colorado.

Appeal from county court

Bond

Costs

Section 4. Additional Tax to Take Advantage, etc.

Tax a lien

The tax by this section imposed shall be paid by the executor as a part of the costs of administration. The tax by this section imposed shall be and remain a lien upon the property transferred until paid, except where the transfer is by deed or grant in the hands of a bona fide purchaser or incumbrancer without notice. Subject to the foregoing provisions the tax by this section imposed shall be levied, assessed, secured and collected, in the same manner as other taxes by this act imposed.

Inapplicable to estate less than \$1,000,000

This section shall be inapplicable in any case in which the net estate subject to the Federal Estate Tax does not exceed one million dollars.

Limitations of this section

This section shall continue in effect only so long as the act of congress imposing the Federal Estate Tax shall continue to contain a provision allowing credit on the Federal Estate Tax of the amount of all estate, inheritance, legacy, or succession taxes paid to any state or territory of the United States or to the District of Columbia, up to eighty per centum of the Federal Estate Tax.

Section 5. Payment of Taxes.

Tax due at death

Subdivision 1. Excepting as herein elsewhere expressly provided, the tax imposed by this act shall be due and payable at the death of the transferor, and all taxable transfers made by a decedent shall be deemed to have been made as of the time of his death. The value of all property transferred to a beneficiary shall be aggregated for the purpose of computing the tax exemptions.

Discount within six months

Subdivision 2. All taxes imposed by this Act which are paid within six months after they become due shall be allowed a discount of five per centum. If not paid within one year after the death of the decedent, they shall bear interest at the rate of ten per centum per annum from the date of the death of the decedent. Interest may be reduced or waived in whole or in part, at the discretion of the inheritance tax commissioner, because of unavoidable delay in the settling of the estate, the pending of litigation, or for other reasonable cause; the interest shall be so reduced, or waived, if the judge of the county court having jurisdiction of the determination of the tax shall make a certificate that in his judgment the delay in payment of the tax was due to the unavoidable delay in the settling of the estate, to pend-

Ten per cent interest after one year

Interest may be reduced or waived

Section 5. Payment of Taxes.

ing litigation, or to other reasonable cause, and specify in such certificate the extent to which interest is to be waived or reduced; Provided, that if the sworn statement required by subdivision 6 of Section 6 of this act to be filed with the Attorney General, is not filed within the period therein provided, or within the period of any extension granted thereunder, it shall not be obligatory upon the judge of the county court or upon the inheritance tax commissioner to grant any waiver or reduction of interest. Where interest is reduced or waived by the inheritance tax commissioner, he shall make and file in the county court having jurisdiction of the estate, a statement in writing of the extent to which the same was reduced or waived, and his reasons therefor. Where interest is reduced or waived on the certificate of the judge of the county court, such certificate, or certified copy thereof, shall be filed in the office of the inheritance tax commissioner.

By inheritance
tax
commissioner

On certificate
of county judge

Subdivision 3. Temporary payments of taxes may be paid at any time after the due date and before the tax is determined. A temporary payment made within six months after the due date will be entitled to the benefit of the discount provided for in subdivision 2 of this section, and a temporary payment made thereafter shall stop the running of the interest thereon as therein provided.

Temporary
payment
of taxes

Subdivision 4. If the total tax imposed in an estate exceeds five per centum of the net value of all the property transferred by the decedent, the inheritance tax commissioner shall, and may, in such other cases as an immediate payment would, in his opinion, work undue hardship, permit the payment of the tax to be made in annual installments, provided that in no case shall the payment of any part of the tax be extended for more than three years from the due date, and that all payments made after the expiration of one year from the due date shall bear interest at the rate of seven per centum per annum from the date of the death of the transferer until the expiration of the time limited by the inheritance tax commissioner for payment, and thereafter at the rate of ten per centum per annum. The first installment shall be due and payable within one year after the death of the decedent and no installment except the last shall be less than five per centum of the net value of all the property transferred by the decedent. If the payment of the tax is extended in accordance with the provisions thereof, the inheritance tax commissioner shall, immediately

Commissioners
may permit
payments in
annual
installments

Section 5. Payment of Taxes.

Certificate of commissioner

upon agreeing to such extension, make a certificate thereof, in quadruplicate, a counterpart of which certificate shall be filed in his office, in the office of the State Treasurer, and the office of the clerk of the county court having jurisdiction of the estate, and the fourth counterpart to be delivered to the representative of the estate.

Section 6. Administration of the Law and Enforcement of the Tax.

Tax a lien

Exception

Notice of tax

Personal liability for payment

Enforcement of lien by attorney general

Subdivision 1. Every tax imposed by this act shall be and remain a lien upon the property passed and transferred until paid, except where the transfer is by deed or grant in the hands of a bona fide purchaser or encumbrancer without notice. In such case a certified copy of the application for probate of the will or estate of the decedent or a copy of the order of the county court assessing the inheritance tax may be recorded in the office of the county clerk of the county where any real property described therein is situated, which record shall thereafter be deemed to be notice of such taxes to a subsequent purchaser and encumbrancer of such real property, which record may be discharged by recording the receipt of the state treasurer to that effect. The person to whom the property passes or is transferred and all executors, administrators, and trustees, shall be personally liable for the payment of all such taxes and interest and where proceedings for collection of taxes assessed shall be had, said executors, administrators, and trustees, shall be personally liable for the expense, costs and fees of collection, provided that no administrator, executor, or trustee, shall be liable for a greater sum than the value of the property actually received by him, and transferees shall be liable only for the tax and interest on property transferred to them.

In all cases where any tax has become, or shall hereafter become a lien upon any property under or by virtue of any of the provisions of this act, the attorney general may, whenever any property of said estate has been distributed without the payments to the State of all or any part of the tax payable on account thereof under this act, or any former act, bring and prosecute an action or actions in the name of the State as plaintiff for the purpose of enforcing such lien or liens against all or any of the property subject thereto. In any such action the owner of any property, or of any interest in the property, against which the lien of any such tax is sought

Section 6. Administration of the Law, etc.

to be enforced, and any predecessor in interest of any such owner whose title or interest was deraigned through any such decedent by will or succession or by decree of distribution of the estate of such decedent or any lien or encumbrance subsequent to the lien of such tax, may be made a party defendant.

Parties
defendant

Subdivision 2. Any administrator, executor, or trustee, having any charge or trust in legacies or property for distribution subject to the said tax, shall deduct the tax therefrom, or if the legacy or property be not money, he shall collect a tax thereon upon the appraised value thereof from the legatee or person entitled to such property, and he shall not deliver or be compelled to deliver any specific legacy or property subject to tax to any person until he shall have collected the tax thereon, and whenever any such legacy shall be charged upon or payable out of real estate, the executor, administrator, or trustee, before paying the same shall deduct said tax therefrom and pay the same to the state treasurer, and the same shall remain a charge on such real estate until paid and the payment thereof shall be enforced by the executor, administrator, or trustee, in the same manner that the payment of said legacies might be enforced; if, however, such legacy be given in money to any person for a limited period, the administrator, executor, or trustee shall retain the tax upon the whole amount, but if it be not in money, he shall make application to the court having jurisdiction of his accounts to make an apportionment, if the case required it, if the sum to be paid into his hands by such legatees, and for such further order relative thereto as the case may require. All administrators, executors, or trustees, shall have full power to sell so much of the property of the decedent as will enable them to pay said tax, in the same manner as they may be enabled to do by law, for the payment of debts of their testators and intestates, and the amount of said tax shall be paid as hereinafter directed.

Executor
deduct tax

No distribution
until tax paid

Apportionment

Sale of
property to
pay tax

Subdivision 3. Every sum of money retained by an executor, administrator, or trustee, or paid into his hands for any tax under this act, shall be paid by him within thirty days thereafter to the state treasurer, who shall give him receipts for such payments which shall be proper vouchers in the settlement of the accounts of such executor, administrator, or trustee, and no estate shall be distributed, nor shall any final account of any executor, administrator, or trustee, be accepted or allowed by the

Executor pay
within 30 days

No final
account
allowed until
paid

Section 6. Administration of the Law, etc.

county court unless such account shows, and the judge of said court finds, that all taxes with interest thereon imposed by the provisions of this act upon any property or interest therein belonging to the said estate to be settled by said account and already payable, have been paid, and that all taxes which may become due on said estate have been paid or settled as hereinbefore provided, or, that the payment thereof to the state is secured by bond, the amount of which and the sufficiency of the sureties whereof are approved by the inheritance tax commissioner, or have been duly waived in the manner provided for in this act. The receipt of the state treasurer for the amount of the tax shall be conclusive as to the proof of the payment of such tax.

Receipt
conclusive
evidence of
payment

Tax collectable
only on order
of county
court, except
temporary
payments

Fees of clerk
of county court

Objectors pay
fees

Costs

Tax
erroneously
paid

Subdivision 4. With the exception of temporary payments made under the foregoing provisions, no tax shall in any case be collected by or paid to the state treasurer except upon and in accordance with an assessment order issued from the proper county court. No fees shall be charged against the representatives of the State of Colorado, or against any person otherwise than as herein provided, but the clerk of the county court shall tax the sum of fifty cents for each entering of an assessment order and five cents for each notice of assessment order mailed, as costs in the estate in such case in which the estate in which a tax is due is undergoing administration in the county court; and in addition thereto shall charge such fees for recording, when such is proper, as may be provided by law in other cases. If the estate is not undergoing administration, no fees shall be charged for docketing the estate on the filing of the inheritance tax commissioner's report, or for filing such report, or for the entering of the assessment order, or for mailing the notice of the assessment order, or for recording or otherwise, unless objections are filed and further proceedings had upon them. In every case in which objections are filed, and further proceedings had, costs shall be taxed against the persons objecting, except the State as in ordinary civil actions. In special proceedings occurring under subdivision 13 of this section, costs shall be assessed as in ordinary civil actions against the persons in default, excepting the State.

Subdivision 5. When any amount of said tax has been paid erroneously to the state treasurer, it shall be lawful for, and be the duty of, the state auditor, upon a certificate of the judge of the county court having jurisdic-

Section 6. Administration of the Law, etc.

tion of the determination of the tax, which certificate shall designate the amount erroneously paid by the person paying same, to draw a warrant on the state treasurer, payable to the executor, administrator, or trustee, person or persons who may have paid any such tax in error, or to the heirs at law or person or persons lawfully entitled thereto, for the amount of such tax so erroneously paid, as shown by such certificate, and it shall be the duty of the state treasurer, upon presentation of any such warrant, to pay the same out of any inheritance tax money then or thereafter in his possession. The said certificate may relate to temporary payments made hereunder before the tax is determined, or to payments made pursuant to the order of the court determining the same. No refund shall be made on account of failure to allow any credit under the provisions of subdivision 4 of section 3 of this act unless such credit is claimed in the sworn statement filed with the Attorney General as required by subdivision 6 of section 6 of this act, or unless the claim for such credit is otherwise made in writing to the inheritance tax commissioner before the tax is paid. The provisions of this subdivision 5 shall also be applicable to payments erroneously made under the Inheritance Tax Act approved April 11, 1921; provided, that all applications for the repayment of any tax erroneously paid, either under the provisions of this act, or under the provisions of said act approved April 11, 1921, shall be made within three years from the date of final determination of the tax by the county court, and for the purposes of this limitation shall be deemed made when application is made to the judge of the court for the issuance of said certificate.

State auditor
draw warrant

State treasurer
pay warrant

Also applicable
to tax Act of
April 11, 1921

Subdivision 6. Every administrator, executor, or trustee, of the estate of a decedent who was at the time of his death a resident of this State, or to whose estate this act is applicable if a non-resident, shall within three months after the date of his appointment, file with the attorney general a sworn statement of all property, real, personal, or mixed, and of any and all interests therein, owned by the said decedent at the time of his death, and of all such property and interest, if any, transferred by said decedent, in his lifetime, by deed, grant, bargain, sale, or gift, made in contemplation of death of such decedent, or intended to take effect in possession or enjoyment at or after such death, so far as the same shall have come to the knowledge of such administrator, executor, or trustee. Any person swearing to such statement knowing the same

Administrator
file statement
with attorney
general

Penalty for
false
statement

Section 6. Administration of the Law, etc.

to be false, shall be deemed guilty of perjury and upon conviction thereof shall be punished accordingly.

Extension of time

Whenever, by reason of the complicated nature of an estate or by reason of the confused condition of the decedent's affairs, it is impracticable for the executor, administrator, or trustee of said estate to file with the attorney general a full, complete and itemized inventory of the property belonging to the estate within the time hereinbefore required, the attorney general may, upon application of such representative or parties interested, made within such time extend the time for filing the statement for a period not to exceed six months beyond the time fixed by law, or such further time as may be necessary upon good cause shown.

Transfer of corporate stock and securities by administrator, etc.

Subdivision 7. If an executor, administrator, or trustee, shall assign or transfer any stock or obligations of any domestic or foreign corporation doing business within this State, standing in the name of, or in trust for a decedent, or belonging to or standing in the joint name of such decedent and one or more persons, not exempt from taxation under section 3 hereof, the tax shall be paid to the state treasurer on the transfer thereof. No corporation, or other institution, person or persons, holding, or controlling the transfer of, securities or assets, the transfer of which is taxable under this act, shall deliver or transfer the same to the executors, administrators, trustees, heirs, or legatees, or said decedent, or to the survivor or survivors when held in the joint names of a decedent and one or more persons, upon their order or request unless notice in writing of the time and place of such intended transfer or delivery be served upon the commissioner appointed under this act at least ten days prior to such transfer or deliver; nor shall any corporation, institution, person or persons, transfer or deliver any securities or assets of a decedent, the transfer of which is taxable under this act, without first obtaining the written consent thereto of the attorney general, who shall, as a condition of such consent, require that a sufficient amount or portion of such securities or assets be retained to pay any tax, and the interest thereon, which may thereafter be assessed upon the transfer of such property under the provisions of this act or any amendment thereof. And it shall be lawful for the said commissioner or attorney general to examine said securities or assets at the time of such delivery or transfer. Failure to serve such notice or to allow such examination or to retain a sufficient portion or amount to pay such tax

Transfer of assets or stock of decedent by holder

Notice of intention served on attorney general

Consent to transfer

Examination

Failure to serve notice

Section 6. Administration of the Law, etc.

and interest as herein provided, shall render such corporation or other institution, person or persons, liable to the payment of the tax and interest due upon the transfer of said securities or assets, in pursuance of the provision of this act and in addition thereto, or in the absence of any tax, to a penalty of one thousand dollars. The payment of such tax and interest and penalty, or either, may be enforced against the corporation, institution, or person, in the same way as the liability of legatees, or legal representatives, or may be collected by a civil action by the attorney general brought in any court of competent jurisdiction. The terms "corporation" and "institution" are defined to include corporations generally, foreign or domestic, which are qualified to do business in this State, and also all banks, trust companies, safe deposit companies, or other corporate or non-corporate institutions occupying fiduciary relations. The term "securities or assets" shall include stocks, bonds, notes, securities, choses in action, and other personal property, or the evidences thereof; and, as applied to banks or similar organizations or persons, shall include deposits or other funds or papers held in storage, deposit or trust; and as to safe deposit companies, the contents or control of safe deposit boxes; and as to corporations or institutions generally, shall include shares in, or registered bonds of, or other interests, in the corporation or institution transferring. Assets or securities, including safe deposit boxes, shall be considered the property of the decedent if held by him jointly with one or more other persons, or in any other qualified or limited sense, so long as the ownership possesses a pecuniary or proprietary value.

or allow examination—
personal liability,
penalty

Enforcement
of tax

Securities or
assets
defined

Assets held
jointly with
decedent

A fee of ten dollars shall be charged and collected for each such examination, whether such transfer be found to be taxable or not, and an examination fee of ten dollars shall be charged and collected in all transfers of real estate taxable under this act, PROVIDED, that only one examination fee shall be charged against any estate. Said fee shall be paid into the inheritance tax fund.

Fee for
examination

Provided, however, that in cases where the aggregate deposits of money in the savings and or checking department of any banking institution to the credit of the decedent or to the credit of the decedent and any other person or persons as joint tenants, do not exceed two hundred dollars, such deposits may be released or paid out by such banking institutions without notifying the attorney general or obtaining his consent.

No notice
required on
deposits not
in excess of
\$200

Section 6. Administration of the Law, etc.

Inheritance tax commissioner

Subdivision 8. For the purpose of facilitating the collection of said inheritance tax, and in order to fix the value of the property of persons whose estates shall be subject to the payment of said tax, there is hereby created the office of Inheritance Tax Commissioner, which shall be filled by appointment by the attorney general, of an attorney at law licensed to practice in this State, and who shall have been actually engaged therein in the practice of law for not less than five years last preceding the date of his appointment. Said inheritance tax commissioner shall be an assistant to the attorney general, charged with the special duty of representing him in all matters connected with the administration and enforcement of the provisions of this act, and shall hold his office at the pleasure of the attorney general. Said inheritance tax commissioner shall appoint two deputy inheritance tax commissioners, two inheritance tax appraisers, a clerk and two stenographers, who shall devote their entire time to the performance of the duties of said office. Said commissioner shall also have power, and he may, with the consent of the attorney general and the approval of the state civil service commission, employ such other assistant or assistants as from time to time may become necessary to the proper conduct and administration of his office.

Duties

Deputies, appraisers, clerks, stenographers

Other assistants

Expenses and witness fees

How paid

Oath and bond of commissioner, deputies and appraisers

The inheritance tax commissioner, deputy inheritance tax commissioner, and the inheritance tax appraisers, shall each receive, in addition to their annual salary as fixed by law, their actual and necessary traveling expenses and witness fees. The salaries of said commissioner, deputy commissioners, appraisers, clerks, stenographers, and other assistants, together with said traveling expenses, witness fees, and all other necessary and incidental expenses connected with the business, conduct and equipment of the office of said commissioner, shall be payable only out of biennial appropriations made by the General Assembly for such purposes.

Said inheritance tax commissioner and each of his said deputies and each of said appraisers shall file with the secretary of state, his oath of office and official bond in the penal sum of not less than one thousand dollars, and not more than twenty thousand dollars, in the discretion of the attorney general, conditioned on the faithful performance of his duties as such inheritance tax commissioner or deputy or appraiser, which bonds shall be approved by the attorney general.

Section 6. Administration of the Law, etc.

It shall be the duty of the inheritance tax commissioner, as often as, or whenever occasion may require, or upon the motion of any person interested in the estate, to appraise the estate of any deceased person upon which letters of administration or letters testamentary have issued, forthwith giving ten days' notice by mail to all persons known to have, or claim, an interest in said property, and to such persons as the county judge may by order direct, of the time and place at which he will appraise such property; PROVIDED, a written request for such notice is filed with the attorney general, with the sworn statement filed pursuant to subdivision 6 of this section, and if no such written request for notice is filed as aforesaid, then such notice shall be deemed waived; and at such time and place to appraise the same at a fair market value, and for that purpose the commissioner and each of his deputies is authorized to issue subpoenas for, and compel the attendance of, witnesses before him, and to take the evidence of such witnesses under oath concerning such property and the value thereof, and he shall make a report in duplicate thereon in writing to the county court and to the attorney general showing the fair market value of all of the estate belonging to the deceased at the time of his death and the description of the same, all debts, claims, fees, and commissions, including the fees and commissions of the executor and administrator, the names, relationship, and residence of all persons, corporations, or institutions, receiving or claiming any of the estate of the deceased, a description of any property belonging to the estate of said decedent alleged to have been transferred by deed, grant, sale, or gift, made in contemplation of death by the said decedent, or intended to take effect in possession or enjoyment at or after such death, a description of all estates left by said decedent whether an estate in fee, annuities, life estates, or for a term of years, whether such decedent died intestate or left a will; and such other facts in relation thereto, together with the depositions of the witnesses examined, as the county court may by order require to be filed in the office of the clerk of said county court; and from this report the said county court shall forthwith enter an order fixing the then cash value of the property of such estate and of the interest therein passing to each person, corporation or institution, under the will or by descent or otherwise and the tax to which the same is liable, and shall immediately give notice by mail to all parties known to be interested therein.

Appraisal
of estates

Notice of
appraisement
to parties in
interest

When
waived

May subpoena
witnesses

Reports to
county court
and attorney
general

County court
fix cash value
of estate

Notice

Section 6. Administration of the Law, etc.

Interested persons may object to tax fixed by county court

Any person or persons, including the attorney general, dissatisfied with the assessment made or tax fixed by the county court in the estate of the decedent may object thereto, either upon the ground of erroneous valuation, appraisement or assessment, or otherwise, by a written objection filed in the county court within sixty days after the making of the assessment order. The county court shall thereupon, after a hearing wherein the attorney general shall represent the State, notify, review, or confirm in whole or in part, the appraisement and assessment. Witnesses subpoenaed under the provisions of this section shall have such fees as are now provided by law; PROVIDED, that on the petition of the attorney general and with the consent of the county court, expert witnesses may be called, the amount of whose fees shall be determined by the county court.

Hearing

Fees

Fees of expert witnesses

Appeal from county court

Any person or persons interested in the estate of a decedent who may be dissatisfied with the assessment made or tax fixed by the county court, may at any time within ten days after the entry of judgment upon such objections, appeal therefrom to the district court of the proper county, upon giving bond to be approved by the county court conditioned to prosecute said appeal and to pay all costs and whatever taxes shall be fixed by the district court on appeal; PROVIDED, HOWEVER, that nothing herein contained shall be construed to deny the right of writ of error from the supreme court to the county court. Neither costs nor bonds shall in any case be required from the representatives of, or charged against, the State of Colorado.

Bond

Writ of error from supreme court

Actions to quiet title

Actions may be brought against the State by any interested person for the purpose of quieting the title to any property against the lien or claim of lien of any tax or taxes under this act, or for the purpose of having it determined that any property is not subject to any lien for taxes, nor chargeable with any tax under this act. No such action shall be maintained where any proceedings are pending in any court in this State wherein the taxability of such transfer and the liability therefor, and the amount thereof, may be determined. All parties interested in said transfer and in the taxability thereof shall be made parties thereto, and any interested person who refuses to join as plaintiff therein may be a defendant. Summons for the State in said action shall be served upon the attorney general. Should the court determine that the property described in the complaint is subject to the lien of said tax and that

Parties

Summons

said property has been transferred within the meaning of this act, the court shall award affirmative relief to the State in said action, and judgment shall be rendered therein in favor of the State, ascertaining and determining the amount of said tax, the person or persons liable therefor, and the property chargeable therewith or subject to lien therefor.

Judgment

It shall be the duty of said inheritance tax commissioner and each of his said deputies upon learning of the death of any person known or supposed to have died possessed of property in this State or subject to the tax imposed by this act, to make an immediate investigation and to inform the attorney general and the county court of the county wherein said property is situated or wherein said decedent resided, of any facts learned by him respecting the estate of such decedent.

Investigation upon death of person having estate subject to tax

Whenever an executor, administrator, trustee, or any other person who is liable to taxation under the provisions of this act refuses or neglects to furnish the inheritance tax commissioner with any information which in the opinion of the inheritance tax commissioner is necessary to the proper computation of the taxes payable by such executor, administrator, trustee, or person, after having been requested to so do, the inheritance tax commissioner shall certify such taxes at the highest rate at which they could in any event be computed.

Refusal to furnish information

In case letters testamentary or of administration shall not have been issued upon the estate of any deceased person and the tax provided for herein shall not have been paid to the satisfaction of the attorney general within sixty days from the date of the death of any deceased person, the county court having jurisdiction in the matter may grant letters of administration or letters of administration with the will annexed, as the case may be, to any person or persons, upon the application of the attorney general, PROVIDED, that nothing contained in this provision shall be construed to compel the attorney general to apply for such appointment, unless he so desires, or to prevent the enforcement of the collection of any tax provided for herein in any other manner as may be provided in this act or by law.

County court may grant letters of administration

Attorney general not compelled to act

Subdivision 9. Whenever the inheritance tax commissioner shall upon investigation, be satisfied that the transfer of any property of a deceased person is not liable to taxation under this act, he shall, upon the request of the

Certificate of non-liability to tax

Section 6. Administration of the Law, etc.

executor, administrator, or trustee, make and sign a certificate to that effect which shall be countersigned by the attorney general and filed with the clerk of the court having jurisdiction of the administration of such estate. Such certificate shall be conclusive upon the State as to the liability of said estate to taxation, except as to property subsequently found to belong to said estate, and the court, upon the filing of such certificate, shall enter an order finding that said estate is not liable to taxation under this act. A fee of one dollar shall be charged and collected for such certificate in all estates the gross value of which, as reported to said inheritance tax department, equals or is less than five thousand dollars; PROVIDED, that, if the sworn statement required by subdivision 6 of this act to be filed with the attorney general, is not filed within the period therein provided, or within the period of any extension granted thereunder, such fee shall be three dollars. In all other estates, a fee of five dollars shall be charged and collected for such certificates; provided that if the said sworn statement required by the provisions of subdivision 6 of section 6, shall not be filed within the period therein provided, or within the period of any extension granted thereunder, such fee shall be ten dollars. Such fees shall be paid into the inheritance tax fund. In computing the gross value of the estate for the purposes of this subdivision, encumbered property shall be taken at its gross value without the deduction of the encumbrances thereon.

Fee of one dollar

Fee of \$3.00

Fee of \$5.00

Fee of \$10.00

Former waivers validated

All waivers of appraisalment by the attorney general heretofore filed in connection with estates administered before the passage of this act are hereby validated and declared to have like effect with the certificate provided for by this section.

Failure to appraise

Subdivision 10. In case of the failure of the inheritance tax commissioner to make such appraisalment of the property of the estate of any decedent or to make and file the certificate provided for in subdivision 9 of this section, within one year after the issuance of letters testamentary or letters of administration, PROVIDED, that the attorney general has received the sworn statement provided for in subdivision 6 of this section, the county court, upon motion of any person interested in said estate, as executor, administrator, trustee, heir, legatee, or devisee, upon giving twenty days' notice by mail to all persons known to be interested in said estate, including the attorney general and the inheritance tax commissioner, of

Court fix value and tax

Section 6. Administration of the Law, etc.

the time and place of hearing, may at the time so fixed, hear evidence and determine the value of such estate, and the amount of taxes to which the same is liable, with the same effect as if the value of such estate and the fixing of said tax were made upon the report of the commissioner as provided for in subdivision 8 of this section, and appeals from such order may be taken in the same manner as provided by said subdivision 8.

Subdivision 11. Any inheritance tax commissioner appointed under this act, any deputy inheritance tax commissioner or any inheritance tax appraiser, who shall take or demand for his own use any fees or reward, other than such as are authorized by law, from any person, association, or corporation, shall be guilty of a felony, and upon conviction hereof shall be punished by confinement in the penitentiary for a term of not less than one year nor more than five years.

Officers taking fees or reward—penalty

Subdivision 12. The county court of any county which has assumed lawful jurisdiction over the property of the decedent for general probate of administration purposes under the laws of Colorado, shall have jurisdiction to hear and determine all questions in relation to the tax arising under the provisions of this act. If no administration or probate proceedings have been taken out in any court of this State, the county court of the county in which the decedent was a resident, if the decedent was domiciled in this State, or, if the decedent was not so domiciled, any court which has or had sufficient jurisdiction over the property the transfer of which is taxable, to have issued probate or administration proceedings thereon had the same been justified by the legal status of such property, or the same been applied for, shall have jurisdiction. The county court first acquiring jurisdiction hereunder shall retain the same to the exclusion of every other.

County court shall have jurisdiction over all questions relating to tax

Venue

Court retains jurisdiction

Subdivision 13. If it shall appear to the county court either from its own knowledge, or upon petition of the attorney general, that any tax accruing under this act has not been paid according to law, whether such tax has been previously appraised or assessed or not, or whether or not the estate of the decedent concerned is already pending in such court, it shall issue a summons summoning the person interested in the property liable to the tax to appear before the court on a day certain, not more than three months after the date of such summons, to show cause why said tax should not be paid. If appraisal and

Court shall summons person liable when tax not paid

Section 6. Administration of the Law, etc.

Appraisement
and assessment

assessment, or assessment alone, be necessary, the court shall order the same or complete the same as in ordinary cases, and the procedure thereon and appeal or writ or error therefrom, shall be the same as provided in other cases of appraisement and assessment under this act. If such be not necessary after the hearing upon return of the summons, either because previously completed and binding upon the parties, or because no tax is due, or for any other reason, then the process, practice and pleadings and the hearing and determination thereof, and the judgment in said court in said cases and appeal or writ of error, shall be the same as those which follow after the hearing of objections and judgment thereon, as elsewhere provided in this act, or as near as may be to the same. All summons and notices required in the proceeding under this act may be served in every respect as now or hereafter provided for summons in civil actions in rem. unless otherwise provided.

Service of
summons and
notice

Attorney
general
proceed to
collection of
tax after one
year of delay

Subdivision 14. Whenever the attorney general shall be informed of any tax due under any of the provisions of this act which is unpaid, after the refusal or neglect of the person or persons liable to pay the same within one year from the accrual thereof, and where no bond shall have been given as provided by law, it shall be his duty to file a petition under subdivision 13 of this section, and press the same to a final conclusion. In addition to any other remedy for the collection of inheritance taxes, the State may enforce its claim therefor and the lien thereof by a civil action, in any court of competent jurisdiction, against any person liable to pay the same, and against any property subject to the lien thereof, and the attorney general shall be authorized to appear in behalf of the State in any and all inheritance tax matters before any court of record. In addition to the authority conferred upon him in subdivision 7 of section 3 hereof, the attorney general may, on his own responsibility, waive, in writing, any provisions of subdivision 7 of this section 6, and, with the consent of the state treasurer, expressed in writing, may compromise any other tax matters.

Compromise
with consent of
treasurer

Judge and
county clerk
report to
attorney
general every
three
months

Subdivision 15. The county judge and county clerk of each county, shall every three months make a statement in writing to the attorney general of the property from which, or the person from whom, they, or either of them, have reason to believe a tax under this act is due and unpaid.

Subdivision 16. The treasurer of the State shall fur-

Section 6. Administration of the Law, etc.

nish to each county judge a book in which he shall enter the return made by commissioners, the cash value of annuities, life estates and terms of years and other property fixed by him, and the tax assessed thereon, and the amounts of any receipts for payments thereof, filed with him, which book shall be kept in the office of the county judge as a public record.

County judge
keep record
of estates

Subdivision 17. The county clerk and recorder of each county shall, on the first day of January and July of each year, make reports to the attorney general, containing a statement of any conveyance filed or recorded in his office of any property which appears to have been made or intended to take effect in possession or enjoyment at or after death of the grantor or vendor, with the name and place of residence of the vendor or grantor, the name and place of residence of the vendee or grantee, and description of the property transferred, as shown by such instrument. Such county official shall also furnish to the attorney general, upon request, all information specifically requested as to any instruments of record in his office.

Public record

County recorder
make reports
of conveyances
filed

Subdivision 18. Every Colorado corporation organized for pecuniary profit shall, on the first day of January and July of each year, by its proper officers under oath, make a full and correct report to the attorney general of all transfers of its stock made during the preceding year by any person who appears on the books of such corporation as the owner of such stock, when such transfer is made to take effect at or after the death of the owner or transferor, and all transfers which are made by an administrator, executor, trustee, or any person other than the owner or person in whose name the stocks appeared of record on the books of such corporation, prior to the transfer thereof. Such report shall show the name of the owner of such stocks and his place of residence, the name of the person at whose request the stock was transferred, his place of residence, and the authority by virtue of which he acted in making such transfer, the name of the person to whom the transfer was made, and the residence of such person, together with such other information as the officers reporting may have relating to estates of persons deceased who may have been owners of stock in such corporation. If it appears that any such stock so transferred is subject to tax under the provision of this act, and the tax has not been paid, the attorney general shall notify the corporation, in writing, of its liability for the payment thereof, and shall bring suit against such corporation as in other

Corporations
for profit
report
transfers

Contents of
report

Attorney
general notify
of liability
for tax

Bring suit

Section 6. Administration of the Law, etc.

cases herein provided unless payment of the tax is made within sixty days from the date of such notice.

Copies of receipts from state treasurer obtainable for fee of 50c

Subdivision 19. Any person shall, upon the payment of fifty cents, be entitled to a copy of the receipt from the state treasurer that may have been given for the payment of any tax or fee under this act, to be sealed with the seal of his office, which receipt shall designate upon the transfer of what real property, if any, of which any decedent may have died seized, said tax has been paid and by whom paid, and whether or not it is in full of said tax; and said receipt may be recorded in the office of the county clerk of the county in which the property may be situated in a book to be kept for such purposes.

Receipts may be recorded

Attorney general file caveat in county court

Subdivision 20. The attorney general may, in any estate pending in any county court of this State at any time before the final settlement and discharge of the administrator or executor therein, file with the court a caveat setting forth upon oath the fact that he believes an inheritance tax is due on account of transfers made by the decedent. In every such case in which a caveat shall have been filed, the county judge shall not approve the report of the executor or administrator therein, nor discharge him, or them, until a receipt for the payment of the inheritance tax therein has been duly filed in said estate, or the court has entered a final decree as provided for under subdivisions 8 and 13 of this section.

Executor not discharged until receipts filed

Court appoint guardian for infants, etc.

Subdivision 21. If it appears at any stage of an inheritance tax proceeding that any person known to be interested therein is an infant or person under disability, the county judge may appoint a special guardian of such infant or person under disability.

Tax upon expectant estate may be agreed upon

Subdivision 22. The attorney general, by and with the consent of the state treasurer, expressed in writing, is hereby empowered and authorized to enter into an agreement with the trustees of any estate in which reminders or expectant estates have been of such a nature, or so disposed and circumstanced that the taxes therein were held not presently payable, or where the interests of the legatees or devisees were not ascertainable under an act entitled "An Act in relation to public revenue and repealing all previous Acts or parts of Acts in conflict therewith" approved March 22nd, 1902, and amendments thereto; and to compound such taxes upon such terms as may be deemed equitable and expedient, and to grant discharge to said trustees upon the payment of the taxes provided for in

Trustees discharged

Section 6. Administration of the Law, etc.

such composition: PROVIDED, HOWEVER, that no such composition shall be conclusive, in favor of said trustees as against the interests of such cestuis que trust as may possess either present rights of enjoyment, or fixed, absolute or indefeasible rights of future enjoyment, or of such as would possess such rights in the event of the immediate termination of particular estates, unless they consent thereto, either personally, when competent, or by guardian. Composition or settlement made or effected under the provisions of this section shall be executed in triplicate, and one copy filed in the office of the state treasurer, one copy in the office of the county court wherein the appraisal was had or the tax was paid, and one copy delivered to the executors, administrators, or trustees who shall be parties thereto.

Settlements
executed in
triplicate—
filing

Subdivision 23. The attorney general may, with the unanimous approval of the governor, the state treasurer, and the auditor of state, from time to time, enter into arrangements with persons outside of the State of Colorado for the supply of information in regard to transfers taxable under this act which might otherwise escape collection, or may likewise, with the approval of the above officers, make arrangements for special legal services, or other extraordinary expenses, when considered necessary in connection with the collection of taxes, the liability for which is in dispute. Any vouchers drawn under this section shall be signed by all officers above named and the auditor of state shall thereupon draw a warrant upon the state treasurer against the inheritance tax fund, as provided for the expenses of the commissioner and his deputies. And there is hereby appropriated from said inheritance tax fund the sum of two thousand dollars per annum, or so much thereof as may be necessary, as a continuing appropriation to pay for such information and service.

Attorney
general shall
take discre-
tionary action
on estate out-
side of state

Payment of
expenses

Appropriation

Section 7. Constitutional Construction Clause.

Subdivision 1. If any section, subsection, sentence, clause or phrase, of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portion of this act. The legislature hereby declares that it would have passed the act, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more other sections, subsections, sentences, clauses or phrases be declared unconstitutional.

Constitutional
construction
clause

Section 7. Constitutional Construction Clause.

Section 8. Repealing Section; Saving Clause.

Repeal

Subdivision 1. Chapter 144 of Session Laws of 1921, entitled "An Act to establish and impose a tax on transfers of property by inheritance and intestate laws of the State, by will, or gift, or instrument made in contemplation of death or intended to take effect in possession or enjoyment at or after the death of the maker thereof, providing for the collection of such tax, defining and providing for offenses in relation thereto, making an appropriation to carry out the provisions thereof, and repealing all acts or parts of acts in conflict therewith," approved April 11, 1921, excepting Section 30 thereof, and Section 7513 of the Compiled Laws of the State of Colorado, 1921, and all other acts and parts of acts in conflict herewith, are hereby repealed; PROVIDED, HOWEVER, that this act shall not operate to release or waive or otherwise alter any tax or taxes which may have accrued under the provisions of any prior act, excepting such tax or taxes, if any, as may have accrued under the provisions of any prior act upon, or by reason of, a transfer made by a transferor who is living at the date when this Act becomes effective, as to which transfer the provisions of this act shall govern.

Saving
clause

Section 9. Safety Clause.

Safety
clause

Subdivision 1. It is hereby declared that this act is necessary for the immediate preservation of the public peace, health and safety.

Approved April 4th, 1927.

Section 8. Repealing Section; Saving Clause.

Section 9. Safety Clause.

INHERITANCE TAXES

Digest of Colorado Cases

NATURE AND POWER TO IMPOSE.

An inheritance tax is not a tax on property but on the right to succession to the property.—*People v. Palmers Estate*, 25 Colo. App. 450.

The inheritance tax (Gen. Rev. Law 1902, Secs. 21-41; Laws 1902, pp. 49-57, c. 3) is not on property, but on the power or right of transmitting or receiving property by will or descent.—*In re Mackey's Estate*, 46 Colo. 79; 102 P. 1075; 23 L. R. A. (N. S.) 1207.

A tax on an interest in personal property passing by will is a legacy tax.—*Id.*

A tax on an interest in land passing by will or law of descent is a succession tax.—*Id.*

A tax on the interest of lineal descendants is a lineal inheritance tax, and that on collateral descendants is a collateral inheritance tax.—*Id.*

The succession of the thing inherited is the subject of the inheritance tax.—*Walker v. People* 171 P. 747.

STATUTORY PROVISIONS.

Constitutionality.—A tax on inheritances is not such a tax on property as is contemplated by Const. Art. 10, Sec. 3, providing that "all taxes shall be uniform," etc., but is a contribution which the state levies for itself as a condition on which the title to property shall pass on the death of the owner.—*In re House Bill No. 122*, 23 Colo. 492; 48 P. 535.

Because the inheritance tax is on a privilege only, such provisions do not contravene Const. Art. 10, Sec. 11, limiting the rate of taxation on property for state purposes.—*In re Magnes' Estate*, 32 Colo. 527; 77 P. 853; *Brown v. Elder*, 32 Colo. 527; 77 P. 853.

The inheritance tax provisions of Session Laws 1902, c. 3, Secs. 21-22, part of an article entitled, "An Act in Relation to Public Revenue" do not contravene Const. Art. 10, Sec. 3, requiring uniform taxation, this relating only to taxes on property while the inheritance tax is on the privilege of receiving property by will or inheritance.—*Id.*

Construction and Operation in General.—An inheritance tax is a special and not a general tax, and a statute imposing it is construed strictly against the government and in favor of the taxpayer.—*People v. Koenig*, 37 Colo. 283; 85 P. 1129; 11 Ann. Cas. 140.

Property of Non-Residents or Aliens.—Unregistered bonds of Colorado corporations, owned by New York decedent, and held by him in State of New York, though secured by mortgage on realty in Colorado, Wyoming and New Mexico, were not taxable by Colorado under Inheritance Tax Law of 1913.—Walker v. People, 171 P. 747; 64 Colo. 143.

Situs of unregistered corporate bonds issued by corporation of state is domicile of non-resident owner, and they are taxable there except when bonds are not in custody of non-resident owner, but physically present in state of issue.—Id.

Situs of Property.—If statute so provided, personal property held subject to inheritance tax both in the state where it is located and in the state where the decedent died and the heir resides.—People v. Palmer's Estate, 25 Colo. App. 450; 139 P. 554.

TRANSFERS OF PROPERTY NOT SUBJECT TO OR EXEMPT FROM GENERAL TAXATION.

Amount or Value of Estate Disposed of or Distributed.—The inheritance tax law, imposing a tax on property passing by will or by intestate laws, for which heirs, legatees, and devisees, etc., shall be liable, and declaring that when the beneficial interests in any "property" shall pass to any father, etc., the rate of taxes shall be a specified sum on every \$100 of the market value of the "property received by each person," provided that \$10,000 of any "such estate" shall not be subject to taxes, lays a tax on the receipt of property by each person, and the exemption applies to the separate distributive shares and legatees, and not to the aggregate value of the property of decedent; the words "such estate" referring to the words "property received by each person."—People v. Koenig, 37 Colo. 283; 85 P. 1129; 11 Ann. Cas. 140.

Charitable, Educational, Religious, or Other Public Corporations, Institutions, or Purposes.—Rev. Law. 1902, Secs. 21-41 (Laws 1902, pp. 49-57 c. 3), taxing inheritances or legacies, impose a tax on the right to take, and not on the right to give and hence bequests to the city and county for a hospital, and to the Regents of the State University for an auditorium, being to subdivisions of the State in the exercise of governmental duties, were not subject to the tax.—In re Mackey's Estate, 46 Colo. 79; 102 P. 1075; 23 L. R. A. (N. S.) 1207.

TRANSFERS SUBJECT TO TAX.

Mode and Form in General.—Under the revenue act (Laws 1902, p. 49, c. 3), imposing a tax on property passing by will or by the intestate laws of the state, where the sole heir of a testator contested the will because testator made him a less liberal allowance than the statute, and the executor paid him a sum in addition to his legacy in consideration of his withdrawing the

contest, the sum paid the son was subject to the tax.—*People v. Rice*, 40 Colo. 508; 91 P. 33.

TIME WHEN TAX ACCRUES.

An inheritance tax accrues and is payable immediately upon the death of decedent, though payment may not be exacted until it is determined what has passed under the will or the intestate laws.—*People v. Palmer's Estate*, 25 Colo. App. 450; 139 P. 554.

Under the inheritance tax act of 1902, the tax is due and payable at the death of decedent, and an action could be brought for the collection at any time thereafter within the time limited, regardless of whether the amount of the tax had been definitely ascertained or not.—*Dietemann v. Blackman*, 76 Colo. 378.

PERSONS LIABLE FOR TAX.

In General.—The words "heirs, legatees, devisees, administrators, executors and trustees," in Gen. Rev. Law 1902, Secs. 21-41 (Laws 1902, pp. 49-57 c. 3) imposing on such persons an inheritance tax, comprise all the persons who have succeeded to the property, the administrators and executors for the purpose of administration, the trustees to carry out any trust and the heirs, legatees and devisees at the final distribution or at death so far as real estate is concerned.—*In re Mackey's Estate*, 46 Colo. 79; 102 P. 1075; 23 L. R. A. (N. S.) 1207.

Inheritance tax held not a debt or charge against the decedent, or his estate, but a tax for which the heir is liable, notwithstanding statutory provisions requiring the executor or administrator to collect and pay it.—*People v. Palmer's Estate*, 25 Colo. App. 450; 139 P. 554.

APPRAISEMENT OR OTHER VALUATION.

In General.—Under inheritance tax statute of 1902 (Laws 1902 p. 49, Sec. 21), deduction, in computing tax, of amount expended by executor in keeping up devised real estate during administration, HELD erroneous.—*People v. Palmer's Estate*, 25 Colo. App. 450; 139 P. 554.

Under inheritance tax statute of 1902 (Laws 1902, p. 148, Sec. 21) HELD, that in computing tax, similar tax imposed in other states on property of resident of the state located in such states should not have been deducted.—*Id.*

The inheritance tax imposed by Rev. Stat. Sec. 5551 is computed not upon the whole net estate, but upon such estate less the tax imposed by the Act of Congress. *People v. Bemis*, 68 Colo. 48. This decision is not applicable under the Act of 1921 or the Act of 1927.

REVIEW, CORRECTION OR SETTING ASIDE OF ASSESSMENT.

Though the inheritance tax statute confers a special jurisdiction on the county court in proceedings to ascertain taxes.

Rev. St. 1908, Sec. 5561, empowering the court to appoint an appraiser when occasion may require, authorizes the county court on its own motion to vacate an order appointing an appraiser and appoint a new appraiser on the ground that the report of the original appraiser is insufficient, and that the court cannot determine therefrom the amount of an inheritance tax.—County Court of City and County of Denver v. Watson, 51 Colo., 405; 118 P. 979.

INTEREST.

Laws, 1902, p. 49, c. 3, imposing an inheritance tax provides that the taxes shall be due at the death of decedent and payable with interest at the rate of 6 per cent on the taxes until such time as they are paid; provided that, if the tax is paid within six months from the accruing thereof, interest shall not be charged and a discount allowed. HELD, that, though a contest over a will was not determined until more than six months after testator's death, and though suits were brought against corporations in which testator was a stockholder, which suits had they been successful, would have rendered the estate insolvent, so that during such litigation the taxes could not be determined, they were nevertheless payable on the estate passing under the will with 6 per cent interest from testator's death. *People v. Rice*, 40 Colo. 508; 91 P. 33.

RATES AND EXEMPTIONS.

Kindred of the Half Blood.—Brothers and sisters of the half blood are charged with inheritance tax at the same rate as brothers and sisters of the whole blood, and are allowed the same exemptions.—*People v. Elliff*, 74 Colo. 81.

“Children of the half blood” means “kindred of the half blood” in Section 5154 of the Compiled Laws of Colorado, 1921.—*Id.*

LIMITATIONS.

Section 41 of the Inheritance Tax Act of 1902, limiting the time for commencing actions for the collection of the tax to five years after the same is due, is a general limitation and operates as a bar to such suits after the lapse of five years.—*Dietemann v. Blackman*, 76 Colo. 378.

Section 41 of the Act of 1902 referred to in the case of *Dietemann v. Blackman*, was amended in 1909, and the limitation removed.—*Session Laws of Colo.*, 1909 p. 466.

DIGEST OF OUTSIDE CASES.

ON VARIOUS TOPICS CONSTRUING PROVISIONS SIMILAR TO THOSE IN THE COLORADO INHERITANCE TAX LAW.

PROPERTY SUBJECT TO TAX.

Debts Due a Non-Resident Decedent by Residents of State May Be Taxed.—A state may tax the transfer, under the will of a non-resident, of debts due the decedent by its citizens. *Blackstone v. Miller* 188 U. S. 189.

The beneficiaries under the will of a non-resident cannot invoke the Federal Constitution to prevent the taxation, under the New York inheritance tax law, of the transfer under such will, of debts due the decedent by its citizens, because the entire inheritance is taxable in the state of the decedent's domicile.—Id.

The imposition of a tax, under the New York inheritance tax law, on the transfer under the will of a non-resident, of debts due the decedent by residents of that state, does not violate the 14th amendment to the Federal Constitution.—Id.

When Proceeds of Insurance are Taxable.—A policy of insurance upon the life of a decedent, held by him at the time of his death, payable to his executors, administrators and assigns, or to his personal representatives is property owned by him at his death within the meaning of the Collateral Insurance Act of 1887 and so under that act is subject to appraisal for the purpose of taxation under it. *Matter of Knoedler* 140 N. Y. 377.

Testamentary Transfers in Payment of Debts.—The transfer by will, subjected to taxation by the Act of 1892, is not intended to be limited to property gratuitously given by will, but extends to a testamentary transfer in payment of a debt. *Matter of Gould*, 156 N. Y. 423.

It matters not what the motive of a transfer by will may be, whether to pay a debt, discharge some moral obligation, or to benefit a relative, if the devise or bequest is accepted by the beneficiary, the transfer is made by will within the meaning of the Transfer Tax Act.—Id.

CONSTRUCTION.

Gifts Made Without Valuable and Adequate Consideration One Year Prior to Death are Presumed to be Made in Contemplation of Death in Colorado. Laws 1913 c. 643, amending St. 1913, Sec. 1087-1, providing that gifts of a material part of donor's

estate, made within six years prior to his death, shall be construed to have been made in contemplation of death so far as transfer taxes are concerned, constitutes a legislative definition of what is a transfer in contemplation of death, and not a mere rule of law making the fact of such gifts prima facie evidence that they were made in contemplation of death. In re Ebeling's Estate 172 N. W. 734, 169 Wis. 432.

PROPERTY NOT SUBJECT TO TAX.

Real Property in Another State is Not Subject to Inheritance Tax.—For inheritance tax purposes the State takes an interest, at death, in all the property of a resident decedent within its jurisdiction and in all his personal property wherever it is located; but real property in another state is not subject to an Illinois Inheritance Tax, whether the title thereto passes by will or by the law of descent of the foreign state. *People v. Kellogg*, 268 Ill. 489.

When Proceeds of Insurance Policies are Not Taxable.—Statute * * * imposing an excise on the passing of property, "which shall pass by will or by law regulating intestate succession, or by deed, grant or gift * * * made or intended to take effect in possession or enjoyment after the death of the grantor," does not impose such a succession tax on money paid to the **beneficiary** under a policy of life insurance upon the death of the insured. *Tyler v. Treasurer and Receiver General*, 226 Mass. 306.

Tangible Personal Property in Another State Not Taxable.—As respects tangible personal property having an actual situs in a particular state, the power to subject it to taxation rests exclusively in that state, regardless of the domicile of the owner.—*Frick v. Commonwealth of Pennsylvania* (U. S. June 1, 1925) 69 Law Ed. 692.

The power to regulate the transmission, administration, and distribution of tangible personal property on the death of the owner rests with the state of its situs, and the laws of other states have no bearing save as that state expressly or tacitly adopts them.—*Id.*

A state cannot, in computing the amount of succession tax upon the estate of one of its residents, take into consideration the value of tangible personal property belonging to him, but having an actual situs in another state.—*Id.*

RATES OF TAX.

The method of progression from transmission of less to that of greater value provided by the inheritance tax law (S. L. 1905 c. 54) whereby the higher rate of tax is levied upon the whole value of the property transmitted, rather than the increased

rate applying only to the excess in value of property transmitted, over the amount subject to the next lower rate, is not in violation of Const. Art. 6, Sec. 17, requiring all taxation to be equal and uniform. In re McKennon's Estate, 140 N. W. 33, 27 S. D. 136.

DEDUCTIONS.

Foreign Deductions Not Pro-Rated in Non-Resident Estates with Respect to Assets Within Taxing Jurisdiction.—In determining the value, for the purpose of fixing the amount of the inheritance tax payable in this state, of property having its situs therein which passed in kind to the residuary legatees under the will of a non-resident testator, who left no creditors in this state, and where the estate in the state of his domicile is ample to pay all debts and expenses of its administration, no deduction should be made from the actual value of the property of any portion of the debts proved, or expenses incurred in the state of the testator's domicile. McDougald v. Lowe 164 Cal. 107; 127 Pac. 1027.

Federal Estate Tax Not a Deduction.—Neither the state nor the United States, in determining the amount of tax to be imposed upon the transfer of a decedent's estate, is under any constitutional obligation to make deductions on account of the tax of the other. Frick v. Commonwealth of Pennsylvania (U. S. June 1, 1925) 69 Law Ed. 692.

APPRAISAL OF PROPERTY.

Market Value is Not Assessed Value and Former Should Govern in Appraising Property.—Acts 26th General Assembly C. 28, Sec. 1, relating to a collateral inheritance tax, provides that it shall be assessable on the "value" of estates over and above \$1,000. In subsequent sections, terms relating to the assessment are used, such as follows: "appraised value," "actual market value," and "value," without qualification. HELD, that the assessment should be made upon the fair market value, and not the assessed value of the property fixed for the purpose of ordinary taxation. In re McGhee's Estate, 74 N. W. 695, 105 Ia. 9.

Examination of Safety Deposit Boxes—State Has a Right to Know What Property is in a Safety Deposit Box of Deceased Lessee.—When a lessee of a safety deposit box or a safe dies leaving property therein, the State, by its proper representative, has the right to be advised as to the amount and character of the property and of the time it will be surrendered by the safety deposit company to the personal representative, heirs or devisees of the decedent, in order that it may know whether the succession to such property is subject to an inheritance tax. National Safe Deposit Co. v. Stead 250 Ill. 584; 85 N. E. 973, 232 U. S. 58.

Examination of Safety Deposit Boxes—Act is Valid In So Far as it Concerns Sole Lessees.—Section 9 of the inheritance tax law of 1909 is a valid enactment, so far as it applies to property of a sole lessee who has died leaving his property in the safety deposit box or safe in the possession and control of the safety deposit company from which he has rented the box or safe.—Id.

Examination of Safety Deposit Boxes—Act is Not Invalid Where There are Joint Lessees.—Section 9 of the inheritance tax law of 1909 is not unconstitutional when applied to property of a deceased lessee in a safety deposit box or safe rented by him and other persons jointly, whether the property of such joint lessees has been kept separate by its respective owners or whether the property of the joint lessees has been commingled or is jointly owned by them.—Id.

Examination of Safety Deposit Boxes — Act is Not Invalid as Applied to Partnership Property.—Section 9 of the inheritance tax law of 1909 is not unconstitutional when applied to a case where a safety deposit box or safe has been rented by a co-partnership and one member has died leaving partnership property in the box or safe, as the death of the partner works a dissolution of the firm and the inheritance tax due the State will be assessed only upon the succession to what is due the deceased partner's estate after the partnership debts are paid.—Id.

Reduction in Value of Corporate Stock on Account of Tax Paid on Transfer in State of Incorporation.—The power of a state administering an estate of a decedent owning stocks of corporations of other states, to tax the transfer of such stocks, is limited to the value of the stocks in excess of the tax imposed by the states where the corporations are located, for the transfer of the stocks. *Frick v. Commonwealth of Pennsylvania* (U. S. June 1, 1925) 69 Law Ed. 692.

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