

**140.100 Valuation of future and contingent estates -- Taxation of life estates --
Valuation of surviving spouse's interest in trust or life estate.**

- (1) The Department of Insurance, on the application of the Department of Revenue, shall determine, and certify in duplicate to the department, the value of any future or contingent estate, income or interest therein, limited, contingent, dependent, or determinable upon the lives of persons in being, upon the facts contained in the application or other facts submitted by the department. No fee shall be charged by the Department of Insurance for this service. The certificate shall be competent evidence that the method of computation therein is correct.
- (2) The value of every future, contingent, or limited estate, income, or interest for the purpose of this chapter shall be determined by the rules, methods, and standards of mortality and of value prescribed by the appropriate United States life mortality tables for ascertaining the value of life estates, annuities, and remainder interests except that the rate of interest assessed in computing the present value of all future interests and contingencies shall be four percent (4%) per annum.
- (3) When an annuity or a life estate is terminated by the death of the annuitant or life tenant, and the tax upon such interest has not been fixed and determined, the value of the interest for the purpose of taxation shall be that amount of the annuity or income actually paid or payable to the annuitant or life tenant during the period for which the annuitant or life tenant was entitled to the annuity or was in possession of the life estate. The tax on such annuities and life interests shall be payable out of the corpus of the estate, unless otherwise provided under the terms of the will.
- (4) Notwithstanding anything in this chapter to the contrary, the value of a surviving spouse's interest in a trust or life estate which was exempt from Kentucky inheritance tax in the first spouse's estate pursuant to an election made under KRS 140.080(1)(a) shall be deemed to be equal to the entire value of the property held in the trust or life estate, at the surviving spouse's death, for Kentucky inheritance tax purposes in the surviving spouse's estate.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 110, effective July 15, 2010. -- Amended 2005 Ky. Acts ch. 85, sec. 455, effective June 20, 2005. -- Amended 1986 Ky. Acts ch. 458, sec. 2, effective July 15, 1986. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 4281a-25, 4281a-26.