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Skipping Tax Exemption

These recommendations will simplify filing for taxpayers and practitioners and will reduce the administrative burden on the IRS as well.

Isaac M. O'Bannon • Apr. 10, 2024



The [American Institute of CPAs](#) has submitted a [letter](#) to the Internal Revenue Service requesting simplified procedures for when taxpayers either fail to make a timely election out of automatic allocation of Generation-Skipping Tax (GST) exemption or make a section 2632(c) election inadvertently. These recommendations will

simplify filing for taxpayers and practitioners and will reduce the

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- A simplified procedure for obtaining an extension of time to elect out of automatic allocation of GST exemption to indirect skips. Using the simplified method already provided under Rev. Proc. 2004-46 as a model, the Department of the Treasury and the IRS should provide a similar revenue procedure for situations in which the donor's GST exemption is automatically allocated to a transfer, but the donor did not want GST exemption to be allocated.
- A procedure for retroactively revoking an inadvertent section 2632(c) election. Implementing a streamlined process for taxpayers to retroactively revoke inadvertent elections would benefit both taxpayers and the IRS. Taxpayers would gain peace of mind knowing they can rectify mistakes without facing undue hardship. This would reduce stress, potential penalties, and the need for complex legal challenges. The implementation of a simplified procedure would promote efficiency, reduce compliance costs, and align with broader efforts to simplify tax administration.

"The AICPA believes these GST exemption simplification suggestions will ease administrative burdens for taxpayers and practitioners," said Eileen Sherr, AICPA Director – Tax Policy and Advocacy.

Taxes

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