

Revenue Procedure 65-19

Retail Sales Prices of Items in Decedent's Estate

SECTION 1: PURPOSE

The purpose of this Revenue Procedure is to set forth the procedure for determining the retail sales price of certain items of tangible personal property, which are includible in a decedent's gross estate, for purposes of applying the provisions of paragraph (b) of section 20.2031-1 of the Estate Tax Regulations, as amended by T.D. 6826, page 367, this Bulletin, relating to the valuation of such items.

SECTION 2: BACKGROUND

Paragraph (b) of section 20.2031-1 of the Estate Tax Regulations, as amended by T.D. 6826, provides that in the case of an item of property includible in the decedent's gross estate which is generally obtained by the public in the retail market the fair market value of the item is the price at which it or a comparable item would be sold at retail. In applying this rule it is necessary to determine that the retail sales price of certain items of tangible personal property which, while generally available to a member of the general public at retail establishments, frequently are obtained by members of the general public at a public auction or through sales which result from advertisements placed in the classified section of a newspaper by individual owners who are interested in selling such items.

SECTION 3: INSTRUCTIONS TO TAXPAYERS AND SERVICE PERSONNEL

Where there is a bona fide sale of tangible personal property as the result of an advertisement in the classified section of a newspaper and the property is of a type often sold by owners by such means, or there is a bona fide sale on an item of personal property at a public auction, the price for which it is sold will be presumed to be the retail sales price of the item at the time of sale. Such retail sales price also will be presumed to be the retail sales price of the item on the applicable valuation date if the sale is made within a reasonable period following the applicable valuation date and there is no substantial change in market conditions or other circumstances affecting the value of similar items between the time of the sale and the applicable valuation date.

SECTION 4: EFFECTIVE DATE

Since the provisions of section 3 of this Revenue Procedure do not represent any change in the administrative practice of the Internal Revenue Service with respect to the valuation of the items of property described therein, this Revenue Procedure shall be applied in the case of the returns of all estates currently under consideration as well as those which will be considered in the future.