T.C. Memo. 1948-16 (1948)

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Estate tax deductions for a widow's allowance are limited to amounts reasonably required and actually expended for her support, and charitable bequests are deductible if the organization operates primarily for charitable or educational purposes and legislative activities are insubstantial.

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Summary

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The Tax Court addressed several estate tax deduction issues. The court disallowed a deduction for a widow's allowance paid to her estate after her death, as it wasn't actually expended for her support. It allowed a deduction for a bequest to a women's club, finding its primary purpose was educational and charitable, not legislative. Finally, the court addressed valuing a life estate for a charitable remainder, holding that the widow's actual health at the time of her husband's death, indicating a short life expectancy, and the actual yield of the estate (lower than the regulatory rate) should be used instead of standard mortality tables.

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Facts

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Charles Elroy Curry died, leaving a will that included a $25,000 allowance for his widow's support during the settlement of his estate. However, the widow died approximately eight months after her husband, and the $25,000 was paid to her estate. The will also included a bequest of the decedent's residence to the Marion County Federation of Women's Clubs and a bequest to Otterbein College, with the widow receiving a life estate in the residue of the estate.

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Procedural History

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The Commissioner of Internal Revenue disallowed the deduction for the widow's allowance and the bequest to the women's club. The Commissioner also challenged the valuation of the widow's life estate, which impacted the amount of the charitable deduction for Otterbein College. The estate appealed to the Tax Court.

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Issue(s)

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1. Whether the $25,000 payment to the widow's estate qualifies as a deductible expense for the support of dependents under Section 812(b)(5) of the Internal Revenue Code.

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2. Whether the bequest to the Marion County Federation of Women's Clubs qualifies as a deductible charitable contribution under Section 812(d) of the Internal Revenue Code.

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3. Whether the valuation of the widow's life estate should be based on standard mortality tables or on the widow's actual health and the estate's actual rate of return at the time of the decedent's death.

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Holding

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1. No, because the $25,000 was not

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