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The Weekly Scenario: Executor of an Estate

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By Steven E. Shane

An executor of an estate has several duties. Of the many duties, one that is often missed is to ensure that all income tax returns have been filed for the decedent, including filing the final personal income tax return. After a person dies, any income earned prior to their death must be reported to the IRS (and state taxing authorities) on the final income tax return.

The deadline is April 15th of the year following death. If a person passed away in 2021 and had income before he died, then by April 15, 2022, the final income tax return needs to be filed or an extension needs to be filed. The filing of the income tax return can sometimes hold up the closing of the estate. An executor would be prudent to wait until the final income tax return is filed to close out the estate.

If a decedent was married, keep in mind that the surviving widow or widower may file a joint return.

If there is money owed for income taxes, then the executor must make the payment from the estate. If there is a refund, then the executor must claim the refund. In order to claim the refund, an IRS form 1310 must be filed with the final return. Note that there is no requirement they a probate administration be opened to request the tax refund. The form 1310 allows the IRS to pay the refund directly to the executor, therefore, avoiding the need for an estate administration (probate).

As always, if you have any questions or would like to learn more, please contact Steve Shane at sshane@offitkurman.com or 301.575.0313.