American College HS330 Mock Exam

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Question 1

Question Type: MultipleChoice

All the following will be brought back into the donor's gross estate for federal estate tax purposes EXCEPT:

Options:

A- a gratuitous transfer of real property with a reserved right to use and enjoy it for life
B- a gratuitous transfer of real property to a revocable inter vivos trust
C- an outright, gratuitous transfer of real property in contemplation of death
D- the gift taxes paid last year on a gratuitous transfer of real property

Answer:

C

Question 2

Question Type: MultipleChoice

All the following statements concerning the generation-skipping transfer tax (GSTT) are correct EXCEPT:

Options:

A- Tuition payments made by a grandparent directly to a university for a grandchild's education are exempt from GSTT.
B- Direct skip gifts by a grandparent of up to $11,000 can be made to each grandchild without GSTT liability due to an annual exclusion.
C- Each individual has an aggregate $1.5 million exemption against GSTT.
D- The liability for GSTT falls upon the donee regardless of the type of transfer.

Answer:

D

Question 3

Question Type: MultipleChoice

A man is planning to establish and fund an irrevocable trust for the benefit of his two sons, ages 19 and 22, and plans to give the trustee power to sprinkle trust income. From the standpoint or providing federal income, gift, and estate tax savings, which or the following would be a suitable trustee?

I. The grantor of the trust

II. The grantor's 22-year-old son

Options:

A- I only

B- II only

C- Both I and II

D- Neither I nor II

Answer:

D

Question 4

Question Type: MultipleChoice

Many trust instruments provide for the removal of the original trustee. Valid reasons for removing the origin l trustee include which of the following?

I. A shift in trust situs is desirable because of changes in law.

II. The beneficiary has moved his or her residence to a distant state.

Options:

A- I only

B- II only

C- Both I and II

D- Neither I nor II

Answer:

C

Question 5

Question Type: MultipleChoice

Which of the following statements concerning the gift or estate tax charitable deduction is (are) correct?

1. A donor is denied a charitable deduction for property that passes to a qualified charity as the result of a qualified disclaimer if the donor original transfer was to a no charitable donee.

2. A decedent-spouse estate may obtain both marital and charitable deductions for interests contributed to a charitable remainder trust when the surviving spouse is the only no charitable income beneficiary for life.

Options:

A- I only

B- II only

C- Both I and II

D- Neither I nor II

Answer:

B

Question 6

Question Type: MultipleChoice

For estate tax purposes which of the following is (are) a form of charitable gifts that may qualify for the charitable deduction?

I. Split gifts

II. Charitable remainder trusts

Options:

A- I only
B- II only
C- Both I and II
D- Neither I nor II

Answer:
C

Question 7

Question Type: MultipleChoice

Which of the following statements concerning estates and trusts is (are) correct?

1. Both estates and trusts come into being by operation of law.

2. The personal representative of an estate and the trustee have similar fiduciary responsibilities.

Options:
A- I only
B- II only
C- Both I and II
D- Neither I nor II

Answer:
B

Question 8

Question Type: MultipleChoice

All the following statements concerning the ownership of real property as joint tenants with right of survivorship are correct EXCEPT:

Options:
A- If the joint tenants are brother and sister, no portion of the value of the property will be in the sister's estate if she dies first provided her executor proves that the brother contributed all the

funds.
B- If three sisters inherited property as joint tenants with right of survivorship, the entire value of the property will be in the estate of the first sister to die.
C- If the joint tenants are husband and wife, because this is a qualified joint interest, one half the value of the property will be in the estate of the first spouse to die regardless of which spouse contributed to the purchase price.
D- If the joint tenants are two brothers and each contributed one half the property's purchases price, only one half the property's value will be in the estate of the first brother to die if his executor proves that the other brother contributed half of the purchase price.

Answer:

B

Question 9

Question Type: MultipleChoice

All the following statements concerning the gift and estate tax chartiable deduction are correct EXCEPT:

Options:

A- It is possible for a charitable contribution made during the donor life time to generate both income and transfer tax deductions for the donor.
B- If the donor retains an interest in property contributed to a qualified charity during lifetime, the value of the property may be included in the donor gross estate.
C- An estate tax charitable deduction is allowed for the full value of property transferred to a qualified charity but only if the property is included in the donor gross estate.
D- A donor is denied a charitable deduction for property that passes to a qualified charity as the result of a qualified disclaimer if the donor original transfer was to a no charitable donee.

Answer:

D

Question 10

Question Type: MultipleChoice

Which of the following statements concerning the generation-skipping transfer tax (GSTT) is correct?

Options:

A- The GSTT is imposed only if no federal estate or gilt tax applies to a transfer.

B- An annual exclusion is available for direct skip guts to a grandchild

C- The applicable credit amount may be applied against generation-skipping transfers.

D- The GSTT is inapplicable to transfers to nonrelated transferees.

Answer:

B


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