



107 Carpenter Drive, Suite 100
Sterling, VA 20164
1.800.645.7700
703.391.8400
Fax: 703.391.8416
www.iccfa.com

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For More Information, Please Contact:

Robert Treadway
1.800.645.7700
robt@iccfa.com

U.S. Treasury Grants Favorable Treatment for Qualified Funeral Trusts and Cemetery Perpetual Care Trusts

STERLING, VA (December 2, 2013)--The U.S. Department of the Treasury has published final regulations on a new Medicare tax of trust income. Among the trusts potentially affected by this 3.8% Medicare tax, which took effect on January 1, 2013, are Qualified Funeral trusts (QFTs) and cemetery perpetual care fund trusts.

In March, the ICCFA submitted comments urging the Treasury to exempt cemetery care fund income from the new tax entirely, and to impose any tax on QFT income at the beneficiary level, not the trust level.

Last week, ICCFA tax counsel Les Schneider reported "that ICCFA's efforts to modify the regulations with respect to the application of the 3.8% Medicare tax on net investment income has been successful. The final section 1411 regulations were issued and the IRS agreed to exempt perpetual care trust funds entirely from the Medicare tax. In addition, the final regulations confirm that the Medicare tax applies separately to each beneficiary of a preneed contract that elects QFT status, which has the effect of exempting income up to \$9,500 per beneficiary per year from the Medicare tax. This level of exemption probably takes care of all of ICCFA members' concerns. I think this favorable outcome confirms ICCFA's decision to take an activist role with respect to issues that the IRS raises within the cemetery and funeral industry."

While a few other funeral service groups also submitted comments to the Treasury on this issue, they were confined to the QFT issue and did not address cemetery perpetual care fund trusts. The ICCFA was the only trade association that represented the interests of cemetery owners and managers. A copy of the final Section 1411 regulations are available at www.iccfa.com.

Founded in 1887, the International Cemetery, Cremation and Funeral Association is the only international trade association representing all segments of the cemetery, cremation, funeral and memorialization industry. Its membership is composed of more than 7,500

rooftop locations and 15,000 professionals of cemeteries, funeral homes, crematories, memorial designers and related businesses worldwide.

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