

**140.030 Taxation of contracts in contemplation of death -- Proceeds of life insurance policies -- Exemptions.**

- (1) If it appears, either from the will of the decedent or from extrinsic evidence, that an obligation of a contractual nature exists in favor of any person payable at or after death of the decedent, the sum so payable shall be treated for the purposes of this chapter as a taxable transfer, unless it affirmatively appears by competent evidence that a consideration substantially equivalent in value to the amount due under the contract was paid or furnished by or for the other party thereto during the life of the decedent.
- (2) The proceeds payable under any life insurance policy on the death of the assured (other than a United States government life insurance policy or national service life insurance policy issued by or through the federal government), payable to the assured or his estate, shall be taxable as a part of the legacy as a distributable share of the beneficiary. The proceeds of an insurance policy payable to a designated beneficiary, including a testamentary or inter vivos trustee, other than the assured or his estate, shall be tax-free. The proceeds payable under any United States government life insurance policy or national service life insurance policy issued by or through the federal government, whether payable to a designated beneficiary or to the assured or his estate, and any pension or annuity payments made or to be made to the surviving spouse of an employee of a railroad or other carrier under the Federal Railroad Retirement Act of 1935 as amended, shall be tax-free, and shall not be considered in determining the value of any taxable transfer.

**History:** Amended 1974 Ky. Acts ch. 386, sec. 26. -- Amended 1970 Ky. Acts ch. 34, sec. 1. -- Amended 1954 Ky. Acts ch. 131, sec. 1, effective July 1, 1956. -- Amended 1950 Ky. Acts ch. 146, sec. 1. -- Amended 1948 Ky. Acts ch. 96, sec. 7a. -- Amended 1944 Ky. Acts ch. 34, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4281a-16.