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C O U N S E L L O R S A T L A W

Proposed Estate Tax Legislation Contains some Generous Surprises

December 13, 2010 by Deirdre Wheatley-Liss



The new estate tax legislation proposed by Sen. Reid (D. NV) contains some pleasant surprises for wealthier Individuals.

First, as expected, it proposes to raise the estate tax exemption amount to \$5 million per person with a maximum 35% estate tax rate for the next 2 years.

Additionally, the proposed legislation is retroactive to January 1, 2010, so that the estates of people who died in 2010 can select the new 2011 law, or the basis allocation law that has been in place during this year.

Most unexpected, the new law also proposes a 2 -year window where there is a \$5 million gift tax exemption per person, with a gift tax rate of 35%. There would similarly be a \$5 million Generation Skipping Tax exemption. This could give individuals a huge planning opportunity to transfer assets with great growth or income potential to the next-generation at little or no transfer tax cost.

And now we wait to see what happens next...

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