

Income and Estate Tax Bill Introduced in Senate

Senator Max Baucus, the current chairperson of the Senate Finance Committee, introduced legislation on Thursday that would provide a permanent solution to the current federal estate tax uncertainty. The bill would set the top federal estate tax rate at 45% and provide an exemption amount of \$3.5 million. This would allow a married couple with the proper estate planning to pass \$7 million to their heirs tax free.

There is currently no federal estate tax for decedents who pass away in 2010. However, unless there is legislative action, the federal estate tax will return on January 1, 2011 with a top tax rate of 55% and a smaller exemption amount of \$1 million.

In addition to dealing with the estate tax, Sen. Baucus's bill would provide a one year extension of federal unemployment benefits. The bill would also make some of the Bush era income tax cuts permanent, however, the scheduled increases on the top two brackets would remain in place. The alternative tax would exemption amount would also be indexed for inflation.

As always, if you have any questions or concerns about Wealth Preservation, Estate Planning, or Estate and Gift Taxes, please contact the Wealth Preservation attorneys at Robison, Curphey & O'Connell:

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