

Estate Tax Dead...For Now

On January 1, 2010 the federal estate tax was repealed. This means that there is no federal estate tax on any estate regardless of its value. This, however, does not mean that a person's death will not trigger any taxes.

While the federal estate tax system is currently dead, it has been replaced by a "modified carryover basis" regime. This is a complex system of rules that determines the amount of capital gains taxes that will be due when an heir who has inherited property later sells it.

Additionally, most commentators still believe that Congress will reenact a federal estate tax. There is also a possibility that Congress could attempt make the new federal estate tax retroactive to January 1, 2010. This would mean that estates of individuals who died at a time when there was no estate tax, could be subject to the new estate tax anyway.

In many ways, the current lack of a federal estate tax and the uncertainty surrounding Congress's next step makes planning and decision making more complex than ever.

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

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