



## Senate Proposed Changes to Gift & Estate Tax. Plus Actions to Take Now

Changes in estate taxes will likely occur in the near future. Several Senators have proposed bills that will make drastic changes to tax laws.

### For the 99.5 Percent Act

Introduced by Senator Sanders the bill includes federal tax rate increase to 45% for estates over \$3.5M and 65% for estates over \$1B. The bill will also include a \$1M lifetime exemption for gifts.

### Ultra-Millionaire Tax Act

Introduced by Senator Warren, will include an annual 2% tax on wealth over \$50M with a 3% tax on those that exceed \$1B. Also trusts that have "substantially the same beneficiaries" will be treated as a single applicable taxpayer.

### Sensible Taxation and Equity Promotion Act

Several Senators have proposed this Bill. It would tax certain amounts of unrealized gains received by heirs when assets are transferred at death. It will modify or eliminate the stepped-up basis rules. \$1M of assets will continue to receive a stepped-up basis, in addition to \$500K for personal residences. Taxpayers would be allowed to pay the tax in installments over a fifteen year period for capital gains that apply to liquid assets.

### Death Tax Repeal of 2021

This is tax legislation that proposes to eliminate the federal estate tax.

### Actions You Can Take Now:

- Maximize gift amounts before the changes.
- Consider using most or all of your current lifetime gift exemption to plan for future generations.
- Owners of closely held business should consider an S corporation as their choice of business entity.
- Owners of business activities and pass-throughs whose income is in excess of \$400,000 may want to determine if ownership among different owners or trusts may proactively reduce exposure to possible reduction of any qualified business income deduction.

Call us today to discuss options for getting ahead of any future tax law changes.



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