

*“Permanent Estate Tax Relief for Families, Farmers, and
Small Businesses Act of 2009”
H.R. 4154*

December 3, 2009

Permanent extension of 2009 estate tax law. For calendar year 2009, the estate tax exemption amount is \$3.5 million (\$7 million total for a married couple) and the maximum tax rate on estates is 45%. The bill would permanently extend this estate tax exemption amount and tax rate. This exemption level and rate are consistent with previously-considered Democratic substitutes to Republican proposals to permanently repeal the estate tax. The exemption level and rate are also consistent with the estate tax proposal included in the President’s FY2010 Budget. Absent this change, the estate tax is scheduled to enter one year of full repeal in 2010 followed by a return of the estate tax in 2011 with much lower exemption amount (\$1 million) and a much higher maximum tax rate (55%). Furthermore, the one year of estate tax repeal was coupled with enactment of carryover basis rules that will require many heirs to pay tax on the built-in gains of property inherited in 2010. The bill would repeal these carryover basis rules, protecting many heirs from paying additional taxes. *This proposal is estimated to cost \$234 billion over 10 years.*