

# MUSICK PEELER

## KEY PROVISIONS OF THE 2010 LAW

The following chart outlines certain key provisions of the 2010 law, and shows a comparison with the 2009 law and the law that would come into effect in 2011 if no further Congressional action is taken:

2009	2010	2011
<p><b>Estate Tax</b></p> <ul style="list-style-type: none"> <li>-Applied to portion of taxable estate exceeding \$3.5 million</li> <li>-Maximum rate of tax was 45%</li> </ul>	<p><b>Estate Tax</b></p> <p>REPEALED</p>	<p><b>Estate Tax</b></p> <ul style="list-style-type: none"> <li>-Will apply to portion of taxable estate exceeding \$1 million</li> <li>-Maximum rate of tax to be 55%</li> </ul>
<p><b>Gift Tax</b></p> <ul style="list-style-type: none"> <li>-Applied to gifts exceeding the lifetime gift exclusion amount of \$1 million, excluding annual gifts of \$13,000 per person</li> <li>-Maximum rate of tax was 45%</li> </ul>	<p><b>Gift Tax</b></p> <ul style="list-style-type: none"> <li>-Applies to gifts exceeding the lifetime gift exclusion amount of \$1 million, excluding annual gifts of \$13,000 per person</li> <li>-Maximum rate of tax is 35%</li> </ul>	<p><b>Gift Tax</b></p> <ul style="list-style-type: none"> <li>-Will apply to gifts exceeding the lifetime gift exclusion amount of \$1 million, excluding annual exclusion gifts (currently \$13,000 per person)</li> <li>-Maximum rate of tax to be 55%</li> </ul>
<p><b>Generation Skipping Transfer Tax</b></p> <ul style="list-style-type: none"> <li>-Applied to gifts to grandchildren, or other persons of similar generation, exceeding \$3.5 million.</li> <li>-Maximum rate of tax was 45%</li> </ul>	<p><b>Generation Skipping Transfer Tax</b></p> <p>REPEALED</p>	<p><b>Generation Skipping Transfer Tax</b></p> <ul style="list-style-type: none"> <li>-Will apply to gifts to grandchildren or other persons of similar generation, exceeding approximately \$1.34 million.</li> <li>-Maximum rate of tax to be 55%</li> </ul>
<p><b>Income Tax Basis</b></p> <ul style="list-style-type: none"> <li>-Income tax basis in decedent's assets generally was stepped-up to fair market value on the decedent's date of death</li> </ul>	<p><b>Income Tax Basis</b></p> <ul style="list-style-type: none"> <li>-In general, persons receiving a decedent's property will have the same basis as the decedent, except the basis will be increased as follows:                             <ul style="list-style-type: none"> <li>- \$1.3 million may be allocated to property in the decedent's estate</li> <li>- An additional \$3 million may be allocated to property passing to a surviving spouse (limited to \$60,000 if the surviving spouse is a non-citizen and non-resident of the US).</li> </ul> </li> </ul>	<p><b>Income Tax Basis</b></p> <ul style="list-style-type: none"> <li>-The step-up basis rules return allowing the income tax basis in a decedent's assets to be stepped-up to fair market value on the decedent's date of death</li> </ul>

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