

EVER-CHANGING HISTORY OF ESTATE TAX LAW



Stamp Act of 1797: small, graduated transfer tax to pay for a navy in response to tensions with France

1797

Stamp Act repealed

Civil War: a series of Acts created a federal inheritance tax to help finance the war. Rates ranged from 0.75–5%

1802

1862

Inheritance tax repealed

War Revenue Act: established tax to offset the cost of the Spanish-American War. Rates ranged from 0.75–15%

1870

Estate tax repealed

Modern estate tax: enacted in response to WWI. Rates ranged from 1–10% & estates had exemption of \$50,000

1898

1902

Federal gift tax: enacted to prevent avoidance of the estate tax

1916

1924

1930s

Various changes: made to the estate tax system, including introduction of an optional valuation date election

Various legislation: enacted, including first version of the marital deduction

1940s

Tax Reform Act of 1976: overhauled system by combining estate & gift tax exemptions into one credit

1976

Economic Recovery Tax Act: expanded marital deduction, increased unified credit amount, top rates decreased

1981

Taxpayer Relief Act of 1997: incremental increase of unified credit, introduced inflation indexing

1997

Economic Growth & Tax Relief Reconciliation Act: repeal of estate tax, increases in exemption until 2009

2001

Estate tax repealed: for decedents dying in 2010

2010

Estate tax return: 55% rate & a \$1M exemption. Act set rate at 35%, increased exemption to \$5M

2011

American Taxpayer Relief Act: laws making estate, gift, & GST taxes permanent, including \$5M exemption

2013

Trump Administration: Estate tax? Capital gains tax at death? New rates? Change is always certain

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