

TAX ALERT

“NO” TO NO ESTATE TAX IN 2010

To the surprise of no one, a bill was introduced in Congress last week to repeal the repeal of the estate tax in 2010 and maintain the exemption and rate levels currently in place in 2009. The 2009 exemption amount is \$3.5 million and the top rate is 45%. The bill will not affect the gift tax exemption of \$1 million. It is anticipated that this bill will be passed in the near future. Otherwise chaos will reign in 2010 if there is no estate tax and if “carryover” tax basis is used for property owned by a decedent. It would introduce an entirely new system of estate taxation for one year if the estate tax is not permanently repealed, and the current system with a \$1 million exemption would be brought back in 2011. We will keep you informed of any developments.

This message is intended for discussion purposes only. Each taxpayer’s tax situation is unique, and no action based upon this message should be undertaken without consulting with the taxpayer’s own tax advisor who is thoroughly familiar with the taxpayer’s tax profile and personal objectives.