

# 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

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

1862

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

1898

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

1916

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

1930s

Stamp Act repealed

Inheritance tax repealed

Estate tax repealed

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

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

1940s

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

1976

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

1997

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

2010

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

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

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

**Estate tax repealed:** for decedents dying in 2010

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