



## ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

### Federal Gift, Estate, Generation-Skipping and Related Tax Provisions

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Applicable Exclusion Amount for Estate Tax	\$675,000	\$1 million	\$1 million	\$1.5 million	\$1.5 million	\$2 million	\$2 million	\$2 million	\$3.5 million	Repealed
GST Tax Exemption	\$1,060,000	\$1,060,000 (indexed for inflation)	\$1,060,000 (indexed for inflation)	\$1.5 million	\$1.5 million	\$2 million	\$2 million	\$2 million	\$3.5 million	Repealed
Top Marginal Estate and GST Tax Rates	55%	50% (5% surtax repealed)	49%	48%	47%	46%	45%	45%	45%	Repealed
Applicable Exclusion Amount for Gift Tax	\$675,000	\$1 million	\$1 million	\$1 million	\$1 million	\$1 million	\$1 million	\$1 million	\$1 million	\$1 million
Top Marginal Gift Tax Rates	55%	50%	49%	48%	47%	46%	45%	45%	45%	Top individual income tax rate
State Death Tax Credit §2011	Ranges from approx. 1% to 16% of adjusted taxable estate	Reduced by 25% from 2001 level	Reduced by 50% from 2001 level	Reduced by 75% from current level	Replaced with deduction	NA	NA	NA	NA	NA



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Deduction for State Death Taxes §2058	NA	NA	NA	NA	Amount of death taxes “actually paid to any State”	Deduction	Deduction	Deduction	Deduction	Federal estate tax repealed – no deduction
Lifetime Distributions to Non-Citizen Surviving Spouse from QDOT if Deceased Spouse Died before 1/1/10 §2056A	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	All distributions made through December 31, 2020 are taxable
Distributions from QDOT at Death of Non-Citizen Spouse §2056A	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Taxable under current estate tax laws	Repealed
Family-Owned Business Deduction §2057	\$675,000 (combined with unified credit may not exceed \$1,300,000)	\$675,000 (\$1,300,000 combined cap applies)	\$675,000 (\$1,300,000 combined cap applies)	Repealed	NA	NA	NA	NA	NA	NA



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
§529 accounts	<p>\$50,000 one-time gift allowed (uses 5 years of annual excl. gifts)</p> <p>Qual. distrib. taxed at beneficiary's rate</p> <p>Non-qual. distrib. causes penalty</p>	<p>Distributions for qualified education expenses not taxed</p> <p>Non-qual. distrib. taxed as with Educ. IRAs</p> <p>Private and public higher educ. institutions may have programs</p>	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002
Education IRAs	<p>\$500 max. annual contribution</p> <p>Qual. distrib. not taxed</p> <p>Non-qual. distrib. taxed at somewhat higher rate</p>	<p>\$2000 max. annual contribution</p> <p>Corporations allowed to contribute</p> <p>Marriage penalty eliminated for income phase-out</p> <p>Contribution deadline changed to April 15</p>	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002	Same as 2002



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cost Basis of Property Acquired from Decedent §1014 & §1022	Cost basis stepped-up to date of death fair market value.	Stepped-up	Stepped-up	Stepped-up	Stepped-up	Stepped-up	Stepped-up	Stepped-up	Stepped-up	Stepped-up basis rule repealed. New carryover basis rules apply.
Exclusion from Capital Gain on Sale of Primary Residence §121	Property must be owned and used as principal residence for 2 of past 5 years  If owned at death, step-up in basis to date of death value	2-of-5-year rule and step-up rules apply	2-of-5-year rule and step-up rules apply	2-of-5-year rule and step-up rules apply	2-of-5-year rule and step-up rules apply	2-of-5-year rule and step-up rules apply	2-of-5-year rule and step-up rules apply	2-of-5-year rule and step-up rules apply	2-of-5-year rule and step-up rules apply	Step-up not automatic; 2-of-5-year rule extended to allow estate, heir or qual. revocable trust to count decedent's ownership and use of premises