

## Estate Tax In 2010 And Beyond

People who never dreamed they would have an estate so large they would owe estate tax when they die may find themselves in that situation after January. Estate tax is different from income tax, and other taxes. It is based upon assets owned by the deceased person. It is sometimes referred to as an inheritance tax, but it is actually taxed on the estate of the decedent, not on what the recipient inherits.

In 2001, Congress set a new estate tax exemption for the upcoming years, eliminated the estate tax altogether for 2010, and then provided that the law would sunset at the end of 2010, resulting in return to a one-million dollar exemption beginning in 2011 and thereafter. Although at the time, Congress said it was eliminating the estate tax, it eliminated it only for 2010.

The exemption was 3.5 million dollars in 2008 and 2009. Experts believed that Congress would amend the law prior to the end of 2009 in order to avoid receiving no estate tax income in 2010. However, while various bills were offered, the law was not changed. Even at the end of 2009 into the first months of 2010, there was talk of extending the 2009 exemption into 2010, retroactive to January 1, but as of now, there is no

amendment under consideration. There is also no amendment under consideration as to the one million dollar exemption beginning in 2011.



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Now, the experts do not anticipate further action in the immediate future. Reducing taxes does not provide needed income for various budgetary needs. Allowing the estate tax to continue with only a one-million-dollar exemption does not require action by Congress. Members of Congress would not have to face their constituents as having created a tax. It was created years ago.

Many more people will likely be subject to estate tax beginning in 2011 than have been subject to tax since 2001. Consequently, more people may wish to seek advice as to how to save their heirs the greatest amount possible.

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