

A Historical Look at Estate and Gift Tax Rates

MAXIMUM ESTATE TAX RATES (1916 – 2011)

In effect from September 9, 1916, to March 2, 1917	10% of net estate in excess of \$5 million
In effect from March 3, 1917, to October 3, 1917	15% of net estate in excess of \$5 million
In effect from October 4, 1917, to 6:55 p.m. EST, February 24, 1919	Basic estate tax of 15% of net estate in excess of \$5 million plus war estate tax of 10% of net estate tax in excess of \$10 million
In effect from 6:55 p.m. EST, February 24, 1919, to 10:25 a.m. EST, February 26, 1926	25% of net estate in excess of \$10 million
In effect after 10:25 a.m. EST, February 26, 1926, to 5 p.m. EST, June 6, 1932	20% of net estate in excess of \$50 million*
In effect from 5 p.m. EST, June 6, 1932, to May 10, 1934	45% of net estate in excess of \$50 million*
In effect from May 11, 1934, to August 30, 1935	60% of net estate in excess of \$50 million*
In effect from August 31, 1935, to June 25, 1940	70% of net estate in excess of \$50 million*
Estates of decedents dying after June 25, 1940, but before September 21, 1941	70% of excess of net estate over \$10 million* plus a defense tax of 10% of the total tax computed under the basic and additional estate taxes (in effect, maximum tax was 77%)
Estates of decedents dying after September 20, 1941, but before August 17, 1954	77% of excess of net estate over \$10 million*
Estates of decedents dying after August 16, 1954, but before 1977	77% of excess over \$10 million
Estates of decedents dying after 1976 but before 1982	70% of excess over \$5 million
Estates of decedents dying in 1982	65% of excess over \$4 million
Estates of decedents dying in 1983	60% of excess over \$3.5 million
Estates of decedents dying after 1983 and before 1988	55% of excess over \$3 million
Estates of decedents dying after 1987 and before 1998	55% of excess over \$3 million (effectively 60% for estates in excess of \$10 million but less than \$21,040,000 because of a surtax to phase out benefits of the graduated rates and unified credit)
Estates of decedents dying in 1998 through 2001	55% of excess over \$3 million (effectively 60% for estates in excess of \$10 million but less than \$17,184,000 because of surtax to phase out benefits of only the graduated rates)

Estates of decedents dying in 2002	50% of excess over \$ 2.5 million**
Estates of decedents dying in 2003	49% of excess over \$2 million
Estates of decedents dying in 2004	48% of excess over \$2 million
Estates of decedents dying in 2005	47% of excess over \$2 million
Estates of decedents dying in 2006	46% of excess over \$2 million
Estates of decedents dying in 2007 and 2008	45% of excess over \$2 million***
Estates of decedents dying in 2009	45% of excess over \$3.5 million
Estates of decedents dying in 2010	No estate tax
Estates of decedents dying in 2011	55% of excess over \$3 million (effectively 60% for estates in excess of \$10 million but less than \$17,184,000)****

For Estate Taxes:

* Estate tax was composed of a basic estate tax plus an additional estate tax; in effect, estates never paid more than the amount of the additional estate tax.

** Beginning in 2002, the surtax on estates in excess of \$10 million is repealed. In addition, the maximum estate tax rate begins to decrease, while the applicable exclusion amount for estate tax purposes (i.e., the lifetime amount shielded from estate tax) begins to increase. During the years 2002 through 2009, the estate tax applicable exclusion amount is \$1 million in 2002 and 2003, \$1.5 million in 2004 and 2005, \$2 million in 2006 through 2008, and \$3.5 million in 2009.

*** Although the estate tax rate schedule for 2007 through 2009 (Code Sec. 2001) shows the 45% rate being imposed on estates in excess of \$1.5 million, the estate tax applicable exclusion amount effectively precludes taxation of any transfers in an amount below \$2 million in 2006 through 2008 and \$3.5 million in 2009.

**** Legislation will sunset in 2011, reverting to the law as it existed prior to passage of the Economic Growth and Tax Relief Reconciliation Act of 2001.

MAXIMUM GIFT TAX RATES 1924 – 2011

1924-1925	40% on transfers in excess of \$10 million over the course of the donor's lifetime
June 7, 1932-1934	33.5% on transfers in excess of \$10 million over the course of the donor's lifetime
1935	45% on transfers in excess of \$10 million over the course of the donor's lifetime
1936-1940	52.5% on transfers in excess of \$50 million over the course of donor's lifetime
1941	52.5% on transfers in excess of \$50 million over the course of the donor's lifetime, plus a defense tax of 10% of the total tax computed (in effect, maximum tax was 57.75%)
1942-1976	57.75% on transfers in excess of \$10 million over the course of the donor's lifetime
1977-1981	70% of transfers in excess of \$5 million over the course of the donor's lifetime
1982	65% of transfers in excess of \$4 million over the course of the donor's lifetime
1983	60% of transfers in excess of \$3.5 million over the course of the donor's lifetime

1984-1987	55% of transfers in excess of \$3 million over the course of the donor's lifetime
1988-1997	55% of transfers in excess of \$3 million over the course of the donor's lifetime (effectively 60% for transfers in excess of \$10 million but less than \$21,040,000 because of a surtax to phase out the benefits of the graduated rates and unified credit)
1998-2001	55% of transfers in excess of \$3 million over the course of the donor's lifetime (effectively 60% for transfers in excess of \$10 million but less than \$17,184,000, because of a surtax to phase out the benefits of only the graduated rates)
2002	50% of transfers in excess of \$ 2.5 million over the course of the donor's lifetime
2003	49% of transfers in excess of \$2 million over the course of the donor's lifetime
2004	48% of transfers in excess of \$2 million over the course of the donor's lifetime*
2005	47% of transfers in excess of \$2 million over the course of the donor's lifetime
2006	46% of transfers in excess of \$2 million over the course of the donor's lifetime
2007-2009	45% of transfers in excess of \$1.5 million over the course of the donor's lifetime
2010	35% of transfers in excess of \$1 million over the course of the donor's lifetime**
2011	55% of transfers in excess of \$3 million over the course of the donor's lifetime (effectively 60% for transfers in excess of \$10 million but less than \$17,184,000)***

For Gift Taxes:

*Beginning in 2004, the applicable exclusion amount for gift tax purposes (i.e., the lifetime amount shielded from gift tax) is different from the amount used for estate tax purposes. During the years 2002 through 2010, the gift tax applicable exclusion amount remains constant at \$1 million, while the estate tax applicable exclusion amount is \$1 million in 2002 and 2003, \$1.5 million in 2004 and 2005, \$2 million in 2006 through 2008, and \$3.5 million in 2009.

**Although the gift tax rate schedule for the year 2010 (Code Sec. 2502) shows the 35% rate being imposed on transfers in excess of \$500,000, the gift tax applicable exclusion amount effectively precludes taxation of any transfers in an amount below \$1 million.

***Legislation will sunset in 2011, reverting to the law as it existed prior to passage of the Economic Growth and Tax Relief Reconciliation Act of 2001.

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