

Estate Taxes

6. Estate Taxes

To help raise revenue for the general fund, the current estate tax has been revised. In this proposal, the estate tax has been redefined to include all assets of the deceased including not just unrealized capital gains, but also trusts for which the deceased was the grantor or the beneficiary. The value of the entire estate will now be taxed according to the following schedule:

- The first \$3.5 million of the value of the deceased's estate is not taxed.
- On the value of the estate above \$3.5 million and up to \$10 million, the tax is 50%.
- On the value of the estate above \$10 million and up to \$100 million, the tax is 75%.
- On the value of the estate above \$100 million, the tax is 95%.

For example, if an estate was worth \$350 million at time of death, and since the first \$3.5 million is exempt from taxation, the next \$6.5 million would be taxed at 50% (\$3.25 million), the next \$90 million would be taxed at 75% (\$67.5 million), and the following \$150 million would be taxed at 95% (\$142.5 million). The total tax due the government would then be \$213.25 million, still leaving the heirs \$136.75 million with which to enjoy their lives.

This schedule ensures that at time of death, over 99% of Americans will *not* be affected by this tax.¹ This means that over 99% of Americans will be able to pass on to their heirs their entire estate intact while the government still collects **\$62 billion annually** (Appendix F).

Untaxed inheritance

Because of the opportunities this nation has afforded individuals throughout their lifetime, great wealth has been amassed. This includes money that has never been taxed due to policies that have been codified into law by representatives of the ultra-wealthy. These policies have effectively shielded the ultra-rich from paying taxes on *billions* of inherited dollars.

Therefore, the estate tax has been redefined to include trusts for which the deceased was the grantor or the beneficiary. Now, the ability to evade taxation on the money the ultra-wealthy give to their heirs via the Generation-Skipping Transfer Trust (GST) has been eliminated.

These reforms will force the ultra-wealthy to pay their fair share and begin to break up the consolidation of wealth so feared by our founding fathers. They knew that they did not want to follow in the footsteps of Europe where the unbelievably wealthy landed aristocracy prevented the flourishing of democracy. This tax guarantees that after death, the accumulated riches of one person will not be kept within a small circle of family members but recirculated into the economy so that others may benefit from its' use.

¹ Joint Committee on Taxation, "History, Present Law, and Analysis of the Federal Wealth Transfer Tax System," March 16, 2015, <https://www.jct.gov/publications.html?func=startdown&id=4744>.