

# History of the U.S. Estate Tax

## Estate Tax Timeline



**1797**

First estate tax.

**1802**

Estate tax repealed.



**1862**

Estate tax used to help finance Civil War.

**1870**

Estate tax repealed.

**1898**

Estate tax returns to help fund Spanish-American War.



**1902**

Estate tax repealed.



**1916**

Estate tax introduced to help fund WWI.

**1924**

Federal gift tax instituted to prevent estate tax circumvention.

**1926**

Gift tax repealed and estate tax lowered.



**1932**

Gift tax returns and top estate tax bracket increases to 45% to fund programs during Great Depression.



**1940**

Top estate tax bracket increases to 70% to help fund WWII.

Continued on back



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Continued from front

**1976**

Congress provides a \$175,625 phased-in exemption.



**1981**

Unlimited marital deduction introduced and exemption raised to \$225,000.

**1986**

Exemption becomes \$600,000.



**1997**

Exemption to increase over phase-in to \$1,000,000.

**2001**

Economic Growth and Tax Relief Reconciliation Act of 2001 is passed.

**2010**

Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010

**2012**

American Taxpayers Relief Act of 2012



**2017**

Tax Cuts and Jobs Act of 2017

## Estate Tax Exemptions

Year	Exemption	Top Rate
2002	\$1,000,000	50%
2003	\$1,000,000	49%
2004	\$1,500,000	48%
2005	\$1,500,000	47%
2006	\$2,000,000	46%
2007	\$2,000,000	45%
2008	\$2,000,000	45%
2009	\$3,500,000	45%
2010	Choice of:	
	Unlimited	0*
	\$5,000,000	35%
2011	\$5,000,000	35%
2012	\$5,125,000	35%
2013	\$5,250,000	40%
2014	\$5,340,000	40%
2015	\$5,430,000	40%
2016	\$5,450,000	40%
2017	\$5,490,000	40%
2018	\$11,180,000	40%
2019	\$11,400,000	40%

\* Limited step-up in basis.

As a result of the Tax Cuts and Jobs Act of 2017 (TCJA), the estate, gift and generation skipping transfer (GST) tax exemption amounts increased to \$11.18 million per person (\$22.36 million for a married couple) effective in 2018. For asset transfers in excess of the applicable exemption amount and otherwise subject to such taxes, the highest applicable federal tax rate remains at 40 percent. While the exemption amounts are indexed for inflation, current law provides for an automatic sunset of these increased exemption amounts after 2025. As a result, the exemption amounts available in 2026 and beyond could be reduced to a level provided under prior law (\$5.49 million/single and \$10.98 million/couple in 2017, indexed for inflation) absent further action by Congress. In addition, under different rates, rules and exemption amounts (if any), there may be state and local estate, inheritance or gift taxes that apply in your circumstances.

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SMRU 1720173 Exp. 3.15.2021



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