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## GENERAL NEWS

### **Super Committee Failed to Propose Gift Tax Exemption Reduction But Members of Congress Still Seeking Changes**

Although the so-called Super Committee (a bipartisan Congressional committee) failed to propose any tax law changes, and the rumored November 23 deadline for utilizing the \$5 million gift tax exemption never materialized either, reforming the federal gift, estate and GST rules still appears top of mind in Congress.

On November 17, Democratic Ways and Means Committee member Jim McDermott along with Charles Rangel proposed a bill in Congress entitled the "Sensible Estate Tax Act of 2011". Among other things, the Sensible Estate Tax Act would roll back the gift, estate and GST rules to 2001 levels. Thus, the exemptions would be reduced from \$5 million to \$1 million and the top tax rate would increase from 35% to 55%. In addition, the bill seeks to eliminate several estate planning opportunities by eliminating valuation discounts for all-but "business" entities (eliminating valuation discounts on family limited partnerships with marketable securities and passive real estate, for example), imposing a 10 year minimum term on GRATs and reducing the GST benefits by imposing a 90 year cap on the exemption. These new rules would be effective after December 31, 2011, according to the Sensible Estate Tax Act.

While a bill proposed in Congress is still far from law, the Super Committee rumors coupled with this latest bill proposal are a reminder that reform of the transfer tax rules seems to be top of mind, and clients may not have until December 31, 2012 to act.

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