

112TH CONGRESS
2D SESSION

H. R. 16

To provide estate, gift, and generation-skipping transfer tax relief.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2012

Mr. LEVIN (for himself, Ms. PELOSI, Mr. HOYER, Mr. CLYBURN, Mr. RANGEL, Mr. LEWIS of Georgia, Mr. NEAL, Mr. LARSON of Connecticut, Mr. CROWLEY, Mr. BLUMENAUER, Mr. PASCARELL, Mr. VAN HOLLEN, and Mrs. CAPPS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide estate, gift, and generation-skipping transfer tax relief.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Sensible Estate Tax
5 Relief Act of 2012”.

1 **SEC. 2. ESTATE, GIFT, AND GENERATION-SKIPPING TRANS-**
 2 **FER TAX RELIEF.**

3 (a) TEMPORARY EXTENSION.—Section 901(a)(2) of
 4 the Economic Growth and Tax Relief Reconciliation Act
 5 of 2001 is amended by striking “December 31, 2012” and
 6 inserting “December 31, 2013”.

7 (b) MODIFICATIONS TO ESTATE TAX.—

8 (1) EXCLUSION AMOUNT.—Paragraph (3) of
 9 section 2010(e) of the Internal Revenue Code of
 10 1986 is amended to read as follows:

11 “(3) BASIC EXCLUSION AMOUNT.—For pur-
 12 poses of this section, the basic exclusion amount is
 13 \$3,500,000.”.

14 (2) MAXIMUM ESTATE TAX RATE.—The table in
 15 subsection (c) of section 2001 of such Code is
 16 amended by striking “Over \$500,000” and all that
 17 follows and inserting the following:

Over \$500,000 but not over \$750,000.	\$155,800, plus 37 percent of the excess of such amount over \$500,000.
Over \$750,000 but not over \$1,000,000.	\$248,300, plus 39 percent of the excess of such amount over \$750,000.
Over \$1,000,000 but not over \$1,250,000.	\$345,800, plus 41 percent of the excess of such amount over \$1,000,000.
Over \$1,250,000 but not over \$1,500,000.	\$448,300, plus 43 percent of the excess of such amount over \$1,250,000.
Over \$1,500,000	\$555,800, plus 45 percent of the excess of such amount over \$1,500,000.”.

1 (c) MODIFICATIONS OF ESTATE AND GIFT TAXES TO
2 REFLECT DIFFERENCES IN CREDIT RESULTING FROM
3 DIFFERENT TAX RATES AND EXCLUSION AMOUNTS.—

4 (1) CHANGING TAX RATES.—Notwithstanding
5 section 304 of the Tax Relief, Unemployment Insur-
6 ance Reauthorization, and Job Creation Act of
7 2010, section 901 of the Economic Growth and Tax
8 Relief Reconciliation Act of 2001 shall not apply to
9 the amendments made by section 302(d) of the Tax
10 Relief, Unemployment Insurance Reauthorization,
11 and Job Creation Act of 2010.

12 (2) DECREASING EXCLUSIONS.—

13 (A) ESTATE TAX ADJUSTMENT.—Section
14 2001 of the Internal Revenue Code of 1986 is
15 amended by adding at the end the following
16 new subsection:

17 “(h) ADJUSTMENT TO REFLECT CHANGES IN EX-
18 CLUSION AMOUNT.—

19 “(1) IN GENERAL.—If, with respect to any gift
20 to which subsection (b)(2) applies, the applicable ex-
21 clusion amount in effect at the time of the dece-
22 dent’s death is less than such amount in effect at
23 the time such gift is made by the decedent, the
24 amount of tax computed under subsection (b) shall
25 be reduced by the amount of tax which would have

1 been payable under chapter 12 at the time of the
2 gift if the applicable exclusion amount in effect at
3 such time had been the applicable exclusion amount
4 in effect at the time of the decedent’s death and the
5 modifications described in subsection (g) had been
6 applicable at the time of such gifts.

7 “(2) LIMITATION.—The aggregate amount of
8 gifts made in any calendar year to which the reduc-
9 tion under paragraph (1) applies shall not exceed
10 the excess of—

11 “(A) the applicable exclusion amount in ef-
12 fect for such calendar year, over

13 “(B) the applicable exclusion amount in ef-
14 fect at the time of the decedent’s death.

15 “(3) APPLICABLE EXCLUSION AMOUNT.—The
16 term ‘applicable exclusion amount’ means, with re-
17 spect to any period, the amount determined under
18 section 2010(c) for such period, except that in the
19 case of any period for which such amount includes
20 the deceased spousal unused exclusion amount (as
21 defined in section 2010(c)(4)), such term shall mean
22 the basic exclusion amount (as defined under section
23 2010(c)(3), as in effect for such period).”.

1 (B) GIFT TAX ADJUSTMENT.—Section
2 2502 of such Code is amended by adding at the
3 end the following new subsection:

4 “(d) ADJUSTMENT TO REFLECT CHANGES IN EX-
5 CLUSION AMOUNT.—

6 “(1) IN GENERAL.—If the taxpayer made a tax-
7 able gift in an applicable preceding calendar period,
8 the amount of tax computed under subsection (a)
9 shall be reduced by the amount of tax which would
10 have been payable under chapter 12 for such appli-
11 cable preceding calendar period if the applicable ex-
12 clusion amount in effect for such preceding calendar
13 period had been the applicable exclusion amount in
14 effect for the calendar year for which the tax is
15 being computed and the modifications described in
16 subsection (g) had been applicable for such pre-
17 ceding calendar period.

18 “(2) LIMITATION.—The aggregate amount of
19 gifts made in any applicable preceding calendar pe-
20 riod to which the reduction under paragraph (1) ap-
21 plies shall not exceed the excess of—

22 “(A) the applicable exclusion amount for
23 such preceding calendar period, over

1 “(B) the applicable exclusion amount for
2 the calendar year for which the tax is being
3 computed.

4 “(3) APPLICABLE PRECEDING CALENDAR YEAR
5 PERIOD.—The term ‘applicable preceding calendar
6 year period’ means any preceding calendar year pe-
7 riod in which the applicable exclusion amount ex-
8 ceeded the applicable exclusion amount for the cal-
9 endar year for which the tax is being computed.

10 “(4) APPLICABLE EXCLUSION AMOUNT.—The
11 term ‘applicable exclusion amount’ means, with re-
12 spect to any period, the amount determined under
13 section 2010(c) for such period, except that in the
14 case of any period for which such amount includes
15 the deceased spousal unused exclusion amount (as
16 defined in section 2010(c)(4)), such term shall mean
17 the basic exclusion amount (as defined under section
18 2010(c)(3), as in effect for such period).”.

19 (d) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, the amendments made by
22 this section shall apply to estates of decedents dying,
23 and generation-skipping transfers and gifts made,
24 after December 31, 2012.

1 (2) EXTENSION.—The amendment made by
2 subsection (a) shall take effect as if included in the
3 enactment of the Economic Growth and Tax Relief
4 Reconciliation Act of 2001.

5 (e) APPLICATION OF EGTRRA SUNSET.—Section
6 901 of the Economic Growth and Tax Relief Reconcili-
7 ation Act shall apply to the amendments made by sub-
8 section (b).

9 **SEC. 3. TREATMENT FOR PAYGO PURPOSES.**

10 The budgetary effects of this Act shall not be entered
11 on either PAYGO scorecard maintained pursuant to sec-
12 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

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