

105TH CONGRESS  
1ST SESSION

# H. R. 324

To amend the Internal Revenue Code of 1986 to increase the unified estate and gift tax credit to an exemption equivalent of \$1,200,000, and to provide a cost-of-living adjustment for such amount.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. SOLOMON introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the unified estate and gift tax credit to an exemption equivalent of \$1,200,000, and to provide a cost-of-living adjustment for such amount.

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. INCREASE IN UNIFIED ESTATE AND GIFT TAX**  
4               **CREDIT.**

5               (a) IN GENERAL.—

6               (1) Subsection (a) of section 2010 of the Inter-  
7               nal Revenue Code of 1986 (relating to unified credit  
8               against estate tax) is amended by striking

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1 “\$192,800” and inserting “the applicable credit  
2 amount”.

3 (2) Section 2010 of such Code is amended by  
4 redesignating subsection (c) as subsection (d) and by  
5 inserting after subsection (b) the following new sub-  
6 section:

7 “(c) APPLICABLE CREDIT AMOUNT.—

8 “(1) IN GENERAL.—The applicable credit  
9 amount is the amount of the tentative tax which  
10 would be determined under the rate schedule set  
11 forth in section 2001(c) if the amount with respect  
12 to which such tentative tax is to be computed were  
13 \$1,200,000.

14 “(2) COST-OF-LIVING ADJUSTMENTS.—In the  
15 case of any decedent dying, and gift made, in a cal-  
16 endar year after 1998, the \$1,200,000 amount set  
17 forth in paragraph (1) shall be increased by an  
18 amount equal to—

19 “(A) \$1,200,000, multiplied by

20 “(B) the cost-of-living adjustment deter-  
21 mined under section 1(f)(3) for such calendar  
22 year by substituting ‘calendar year 1997’ for  
23 ‘calendar year 1992’ in subparagraph (B)  
24 thereof.

1       If any amount as adjusted under the preceding sen-  
2       tence is not a multiple of \$10,000, such amount  
3       shall be rounded to the nearest multiple of  
4       \$10,000.”

5           (3) Paragraph (1) of section 6018(a) of such  
6       Code is amended by striking “\$600,000” and insert-  
7       ing “the applicable exclusion amount in effect under  
8       section 2010(c) (as adjusted under paragraph (2)  
9       thereof) for the calendar year which includes the  
10      date of death”.

11          (4) Paragraph (2) of section 2001(c) of such  
12      Code is amended by striking “\$21,040,000” and in-  
13      serting “the amount at which the average tax rate  
14      under this section is 55 percent”.

15          (5) Subparagraph (A) of section 2102(c)(3) of  
16      such Code is amended by striking “\$192,800” and  
17      inserting “the applicable credit amount in effect  
18      under section 2010(c) for the calendar year which  
19      includes the date of death”.

20      (b) UNIFIED GIFT TAX CREDIT.—Paragraph (1) of  
21      section 2505(a) of such Code is amended by striking  
22      “\$192,800” and inserting “the applicable credit amount  
23      in effect under section 2010(c) for such calendar year”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to the estates of decedents dying,  
3 and gifts made, after December 31, 1997.

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