

108TH CONGRESS  
1ST SESSION

# H. R. 2480

To amend the Internal Revenue Code of 1986 to reduce estate and gift tax rates to 30 percent, to increase the exclusion equivalent of the unified credit to \$10,000,000, and to increase the annual gift tax exclusion to \$50,000.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2003

Mr. LEACH 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 reduce estate and gift tax rates to 30 percent, to increase the exclusion equivalent of the unified credit to \$10,000,000, and to increase the annual gift tax exclusion to \$50,000.

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. ESTATE AND GIFT TAX RATES REDUCED TO 30**  
4 **PERCENT.**

5 (a) ESTATE TAX.—

6 (1) IN GENERAL.—Section 2001 of the Internal  
7 Revenue Code of 1986 (relating to estate tax) is  
8 amended by striking subsections (b) and (c) and by

1 inserting after subsection (a) the following new sub-  
 2 section:

3 “(b) COMPUTATION OF TAX.—The tax imposed by  
 4 this section shall be the amount equal to the excess (if  
 5 any) of—

6 “(1) 30 percent of the sum of—

7 “(A) the amount of the taxable estate, and

8 “(B) the amount of the adjusted taxable  
 9 gifts, over

10 “(2) the aggregate amount of tax paid under  
 11 chapter 12 with respect to gifts made by the dece-  
 12 dent after December 31, 1976.

13 For purposes of paragraph (1)(B), the term ‘adjusted tax-  
 14 able gifts’ means the total amount of the taxable gifts  
 15 (within the meaning of section 2503) made by the dece-  
 16 dent after December 31, 1976, other than gifts which are  
 17 includible in the gross estate of the decedent.”

18 (2) CONFORMING AMENDMENTS.—

19 (A) Subsection (b) of section 2101 of such  
 20 Code is amended to read as follows:

21 “(b) COMPUTATION OF TAX.—The tax imposed by  
 22 this section shall be the amount equal to the excess (if  
 23 any) of—

24 “(1) 30 percent of the sum of—

25 “(A) the amount of the taxable estate, and

1           “(B) the amount of the adjusted taxable  
2           gifts, over

3           “(2) the aggregate amount of tax paid under  
4           chapter 12 with respect to gifts made by the dece-  
5           dent after December 31, 1976.”

6           (B) Subsection (c) of section 2102 of such  
7           Code is amended—

8                   (i) by striking “\$13,000” each place it  
9                   appears and inserting “\$20,000”, and

10                   “(ii) by striking “\$46,800” and in-  
11                   serting “\$52,500”.

12           (b) GIFT TAX.—

13                   (1) IN GENERAL.—Section 2502 of such Code  
14           is amended to read as follows:

15   **“SEC. 2502. RATE OF TAX.**

16           “(a) GENERAL RULE.—The tax imposed by section  
17   2501 for each calendar year shall be an amount equal to  
18   30 percent of the sum of the taxable gifts for such cal-  
19   endar year.

20           “(b) TAX TO BE PAID BY DONOR.—The tax imposed  
21   by section 2501 shall be paid by the donor.”

22           (2) CONFORMING AMENDMENTS.—

23                   (A) Subchapter A of chapter 12 of such  
24           Code is amended by striking section 2504.

1           (B) The table of sections for such sub-  
2           chapter is amended by striking the item relat-  
3           ing to section 2504.

4           (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to estates of decedents dying, and  
6 gifts made, after the date of the enactment of this Act.

7 **SEC. 2. UNIFIED CREDIT INCREASED TO EQUIVALENT OF**  
8           **\$10,000,000 EXCLUSION; INFLATION ADJUST-**  
9           **MENT OF UNIFIED CREDIT.**

10          (a) IN GENERAL.—Subsection (c) of section 2010 of  
11 the Internal Revenue Code of 1986 (relating to applicable  
12 credit amount) is amended by striking all that follows  
13 “were the applicable exclusion amount” and inserting “.  
14 For purposes of the preceding sentence, the applicable ex-  
15 clusion amount is \$10,000,000.”

16          (b) INFLATION ADJUSTMENT.—Section 2010 of such  
17 Code is amended by redesignating subsection (d) as sub-  
18 section (e) and by inserting after subsection (c) the fol-  
19 lowing new subsection:

20          “(d) COST-OF-LIVING ADJUSTMENT.—In the case of  
21 any decedent dying, and gift made, in a calendar year  
22 after 2003, the \$10,000,000 amount set forth in sub-  
23 section (c) shall be increased by an amount equal to—  
24           “(1) \$10,000,000, multiplied by

1           “(2) the cost-of-living adjustment determined  
2           under section 1(f)(3) for such calendar year by sub-  
3           stituting ‘calendar year 2002’ for ‘calendar year  
4           1992’ in subparagraph (B) thereof.

5 If any amount as adjusted under the preceding sentence  
6 is not a multiple of \$10,000, such amount shall be round-  
7 ed to the nearest multiple of \$10,000.”

8           (c) CONFORMING AMENDMENT.—Subparagraph (A)  
9 of section 2057(a)(3) of such Code is amended by striking  
10 “\$625,000” and inserting “the excess of the applicable ex-  
11 clusion amount (determined without regard to this para-  
12 graph) over \$675,000”.

13           (d) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to estates of decedents dying, and  
15 gifts made, after the date of the enactment of this Act.

16 **SEC. 3. ANNUAL GIFT TAX EXCLUSION INCREASED TO**  
17 **\$50,000.**

18           (a) IN GENERAL.—Subsection (b) of section 2503 of  
19 the Internal Revenue Code of 1986 (relating to exclusion  
20 from gifts) is amended by striking “\$10,000” each place  
21 it appears and inserting “\$50,000”.

22           (b) CONFORMING AMENDMENT.—Paragraph (2) of  
23 section 2503(b) of such Code is amended—

24                   (1) by striking “1998” and inserting “2003”,  
25           and

1           (2) by striking “1997” and inserting “2002”.

2           (c) EFFECTIVE DATE.—The amendments made by  
3 this section shall apply to gifts made after December 31,  
4 2002.

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