

109TH CONGRESS
1ST SESSION

H. R. 1614

To amend the Internal Revenue Code of 1986 to reduce estate tax rates by 20 percent, to increase the unified credit against estate and gift taxes to the equivalent of a \$3,000,000 exclusion and to provide an inflation adjustment of such amount, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2005

Mrs. LOWEY introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to reduce estate tax rates by 20 percent, to increase the unified credit against estate and gift taxes to the equivalent of a \$3,000,000 exclusion and to provide an inflation adjustment of such amount, and for other purposes.

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 “Estate Tax Reduction
5 Act of 2005”.

1 **SEC. 2. 20 PERCENT REDUCTION IN ESTATE TAX RATES.**

2 (a) IN GENERAL.—Subsection (c) of section 2001 of
 3 the Internal Revenue Code of 1986 is amended to read
 4 as follows:

5 “(c) RATE SCHEDULE.—

“If the amount with respect to which the tentative tax is to be computed is:	The tentative tax is:
Not over \$10,000	14.4% of such amount.
Over \$10,000 but not over \$20,000.	\$1,440, plus 16% of the excess of such amount over \$10,000
Over \$20,000 but not over \$40,000.	\$3,040, plus 17.6% of the excess of such amount over \$20,000
Over \$40,000 but not over \$60,000.	\$6,560, plus 19.2% of the excess of such amount over \$40,000
Over \$60,000 but not over \$80,000.	\$10,400, plus 20.8% of the excess of such amount over \$60,000
Over \$80,000 but not over \$100,000.	\$14,560, plus 22.4% of the excess of such amount over \$80,000
Over \$100,000 but not over \$150,000.	\$19,040, plus 24% of the excess of such amount over \$100,000
Over \$150,000 but not over \$250,000.	\$31,040, plus 25.6% of the excess of such amount over \$150,000
Over \$250,000 but not over \$500,000.	\$56,640, plus 27.2% of the excess of such amount over \$250,000
Over \$500,000 but not over \$750,000.	\$124,640, plus 29.6% of the excess of such amount over \$500,000
Over \$750,000 but not over \$1,000,000.	\$198,640, plus 31.2% of the excess of such amount over \$750,000
Over \$1,000,000 but not over \$1,250,000.	\$276,640, plus 32.8% of the excess of such amount over \$1,000,000
Over \$1,250,000 but not over \$1,500,000.	\$358,640, plus 34.4% of the excess of such amount over \$1,250,000
Over \$1,500,000 but not over \$2,000,000.	\$444,640, plus 36% of the excess of such amount over \$1,500,000
Over \$2,000,000	\$624,640, plus 39.2% of the excess of such amount over \$2,000,000.”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 this section shall apply to estates of decedents dying, and
 8 gifts made, after the date of the enactment of this Act.

1 **SEC. 3. UNIFIED CREDIT INCREASED TO EQUIVALENT OF**
2 **\$3,000,000 EXCLUSION; INFLATION ADJUST-**
3 **MENT OF UNIFIED CREDIT.**

4 (a) INCREASE IN UNIFIED CREDIT.—Subsection (c)
5 of section 2010 of the Internal Revenue Code of 1986 (re-
6 lating to applicable credit amount) is amended by striking
7 all that follows “were the applicable exclusion amount”
8 and inserting “. For purposes of the preceding sentence,
9 the applicable exclusion amount is \$3,000,000.”

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

14 “(d) COST-OF-LIVING ADJUSTMENT.—In the case of
15 any decedent dying, and gift made, in a calendar year
16 after 2005, the \$3,000,000 amount set forth in subsection
17 (c) shall be increased by an amount equal to—

18 “(1) \$3,000,000, multiplied by

19 “(2) the cost-of-living adjustment determined
20 under section 1(f)(3) for such calendar year by sub-
21 stituting ‘calendar year 2004’ for ‘calendar year
22 1992’ in subparagraph (B) thereof.

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

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

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