

Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, DC 20515-6453

TO:

[REDACTED]

Page 2

SUBJECT: Revenue Estimate

You requested an estimate of: (1) the number of estates required to file an estate tax return,³ the number of estates with a tax liability, the number of small business estates with a tax liability, and the number of farm estates with a tax liability under a permanent extension of the estate and gift tax provisions of the Tax Relief Act; and (2) these same statistics for gross estates of between \$1 million and the inflation-adjusted \$5 million exemption amount (the indexed estate tax effective exemption amount under the Tax Relief Act, if such Act were permanent) if the present-law estate tax structure (which provides for a \$1 million estate tax exemption and a top rate of 55 percent beginning in 2013) were retained. These statistics are presented in the attached table.

In performing the analysis presented in the table we identified farming estates as estates reporting positive values of farm assets or farm land if the sum of the values of the farm assets, farm land, improved real estate, vacant land, and mortgages and notes is at least one-half of the value of the total gross estate.⁴ Small business estates were identified as non-farm estates reporting positive values for non-corporate business assets, closely held stock, or real estate partnerships and where the sum of the values of these assets plus cash is less than \$10 million and at least one-half the value of the total gross estate.

In the attached table, we round the estimated number of estates to the nearest 100. Note that our estimates of taxable farming estates and taxable small business estates under a permanent extension of the estate and gift provisions of the Tax Relief Act are constant across all years. This is a consequence of the rounding convention. A small number of calendar year 2012 decedents with total gross estate values of less than \$5.12 million have a tax liability; this generally occurs when a decedent uses a portion of his or her lifetime exemption on inter vivos gifts prior to death and thus has less than the full exemption available to offset estate tax at death.

Attachment

³ Our estimates of the numbers of taxpayers required to file a return exclude taxpayers who elect to file solely to preserve the unused exemption amount of the deceased spouse.

⁴ For purposes of identifying farming estates and small business estates, the valuation discounts claimed are eliminated from the computation of the numerator and denominator to more accurately measure the economic activity of the relevant estates.

Number of Estates of Decedents Dying in Calendar Years 2012 Through 2021

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Permanent Extension of Estate and Gift Tax provisions of the Tax Relief Act of 2010										
Filers.....	8,600	9,200	9,500	10,100	10,500	11,000	11,400	11,800	12,100	12,500
Taxable Estates.....	3,600	3,600	3,700	3,900	4,000	4,200	4,300	4,400	4,500	4,600
Farming Taxable Estates.....	100	100	100	100	100	100	100	100	100	100
Small Business Taxable Estates.....	200	200	200	200	200	200	200	200	200	200
Estates with Total Gross Estate Values Between \$1 Million and \$5 Million, Indexed for Inflation - Filing or Taxable Status as Determined Under Present Law										
Filers.....	500	97,300	103,100	111,000	119,600	128,800	138,800	148,800	159,100	170,700
Taxable Estates.....	100	46,700	49,600	53,400	57,700	62,200	67,200	72,200	77,400	83,200
Farming Taxable Estates.....	[1]	2,100	2,200	2,400	2,600	2,700	3,000	3,200	3,400	3,600
Small Business Taxable Estates.....	[1]	2,000	2,000	2,200	2,400	2,600	2,800	3,000	3,200	3,500

[1] = Fewer than 50 returns.