

Congress Contemplates Changes to Estate Planning Laws

H.R. 436 (<http://www.govtrack.us/congress/bill.xpd?bill=h111-436&tab=summary>) is a bill currently being reviewed by the House Ways & Means Committee. The bill amends the Internal Revenue Code to provide for an increase to \$3.5 million of the estate tax exclusion and to impose a maximum estate tax rate of 45%. The bill also restores the phaseout of graduated estate tax rates against the estate tax. In addition, the bill sets forth valuation rules for certain transfers of nonbusiness assets. Finally, the bill limits estate tax discounts for certain individuals with minority interests in a business acquired from a decedent. **A key part of H.R. 436 is to restrict the discounting techniques on transferring wealth.** Because discounting is a very powerful and advantageous technique used in estate planning, especially when transferring real estate and business assets from an older to a younger generation, this bill, if passed, could significantly affect estate planning strategies for many families. It is expected to be voted on this summer.