Support Full Repeal of the Estate Tax
S. 205 DEATH TAX REPEAL ACT Sen. John Thune [R-SD]

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WHY IS THE ESTATE TAX BAD FOR OUR INDUSTRY?

- The estate tax disproportionately impacts small and family-owned businesses and the threat of the looming tax prevents investment in business. Removing the costs associated with preparation for the tax and the substantial burden of the tax itself will create nearly 160,000 jobs, add $119 billion to GDP and boost workers’ income by $79 billion.

- The National Association of Manufacturers found that one-third of small business owners will have to sell or liquidate part of their companies to pay estate taxes.

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MORE DETAIL

The estate tax is levied on the assets of an estate before it is passed on to heirs. The 2017 tax overhaul temporarily doubles the exemption amount for estate, gift and generation-skipping taxes from the $5 million base, to a $10 million base through 2025 (with the base indexed for inflation). Couples can take advantage of another federal estate law provision called portability to double that exemption with proper planning.

The death tax imposes burdensome compliance costs and forces many NAED businesses to divert productive capital into large life insurance policies and expensive estate planning.

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While the estate tax may be devastating to family businesses, it is a drop in the bucket of the federal budget – typically amounting to around 1% of annual federal revenues. If policy makers need revenue, there are better places to look.

The death tax contributes such a small portion of federal revenues that there is a good argument that not collecting the death tax would lead to higher economic growth and thereby increase federal revenue from other taxes. Former undersecretary of the Treasury Steve Entin found, by using a “dynamic” economic analysis, that repealing the death tax would increase tax revenues by nearly $89 billion over 10 years.