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## No Estate Tax this Year

If you are an heir to a large estate this year, count your lucky stars. This year, Congress has allowed the estate tax to lapse so whoever inherits anything from a dearly departed is free from tax as far as the inheritance goes. Some of the biggest gainers in 2010 are the heirs of New York Yankees owner George Steinbrenner who passed away recently. Experts estimate his heirs will save on about \$500 million in estate taxes.

Many have debated whether it is more beneficial to tax or ease taxes in difficult economic times. The decision not to impose estate tax, which is a first in almost 100 years, has been questioned by some lawmakers themselves. Sen. Byron Dorgan (D – N.D.) lamented the fact that 4 or 5 of America's billionaires have died this year and the government has not collected a single cent out of it. According to Forbes, some of the deceased billionaires include California-based real estate magnate Walter H. Shorenstein, Houston oil dealer Dan Duncan and a member of the Minnesota family that founded agricultural company Cargill Inc.

This year's tax break is quite an aberration. During the term of George W. Bush in 2001, the estate tax was reduced from 55% to 45% and the amount that could be bequeathed without being taxed was raised from \$1 million to \$3.5 million. This law was put in place and was to expire in 2009. Then the law is to resume to its pre-Bush rate in 2011. But lawmakers have not agreed to any new tax structure this year so the whole tax requirement is suspended.

On one hand the Democrats have stressed the need for funds to help the unemployed whereas the GOP has advocated tax breaks for inheritance tax breaks although there are lawmakers who have broken ranks with their respective parties on this issue.

Republican Jon Kyl of Arizona and Democrat Blanche Lincoln of Arkansas (who faces and upcoming reelection battle) recently introduced measures to further ease estate tax and are now trying to figure out how to make up for some of that lost revenue. But when it comes to employment benefits (that cost the government some \$33.9 billion annually), the Republicans are demanding that the government cuts its expenditure instead of increase taxes.

However, the scene now is very different from 2001 when the estate tax cuts were introduced. Back then, the war against terror had hardly begun and the nation was enjoying budget surpluses. But today, the notion of exempting the wealthy from estate tax may be a tough call to make.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.