

106TH CONGRESS
2D SESSION

H. R. 4324

To amend the Internal Revenue Code of 1986 to increase the estate and gift tax unified credit to an exclusion equivalent of \$2,500,000 and to reduce the rate of the estate and gifts taxes to the generally applicable capital gains income tax rate.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2000

Mr. PETERSON of Minnesota (for himself, Mr. EWING, Mr. LATHAM, Mr. THOMPSON of California, Mr. CONDIT, and Mr. HUNTER) 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 increase the estate and gift tax unified credit to an exclusion equivalent of \$2,500,000 and to reduce the rate of the estate and gifts taxes to the generally applicable capital gains income tax rate.

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. ESTATE AND GIFT TAX RATES REDUCED TO 20**
4 **PERCENT OR, IF LOWER, THE GENERALLY**
5 **APPLICABLE CAPITAL GAINS RATE FOR INDI-**
6 **VIDUALS.**

7 (a) ESTATE TAX.—

1 (1) IN GENERAL.—Section 2001 of the Internal
2 Revenue Code of 1986 (relating to estate tax) is
3 amended by striking subsections (b) and (c) and by
4 inserting after subsection (a) the following new sub-
5 section:

6 “(b) COMPUTATION OF TAX.—

7 “(1) IN GENERAL.—The tax imposed by this
8 section shall be the amount equal to the excess (if
9 any) of—

10 “(A) the applicable percentage of the sum
11 of—

12 “(i) the amount of the taxable estate,
13 and

14 “(ii) the amount of the adjusted tax-
15 able gifts, over

16 “(B) the aggregate amount of tax paid
17 under chapter 12 with respect to gifts made by
18 the decedent after December 31, 1976.

19 For purposes of subparagraph (A)(ii), the term ‘ad-
20 justed taxable gifts’ means the total amount of the
21 taxable gifts (within the meaning of section 2503)
22 made by the decedent after December 31, 1976,
23 other than gifts which are includible in the gross es-
24 tate of the decedent.

1 “(2) APPLICABLE PERCENTAGE.—For purposes
2 of paragraph (1), the term ‘applicable percentage’
3 means the lesser of 20 percent or the rate contained
4 in section 1(h)(1)(C) (determined without regard to
5 section 1(h)(2)).”

6 (2) CONFORMING AMENDMENTS.—

7 (A) Subsection (c) of section 2010 of such
8 Code is amended by striking “the applicable
9 credit amount” and all that follows through
10 “the applicable exclusion amount” and inserting
11 “the applicable credit amount shall be the ap-
12 plicable percentage (as defined in section
13 2001(b)(2)) of the applicable exclusion
14 amount”.

15 (B) Subsection (b) of section 2101 of such
16 Code is amended to read as follows:

17 “(b) COMPUTATION OF TAX.—The tax imposed by
18 this section shall be the amount equal to the excess (if
19 any) of—

20 “(1) the applicable percentage (as defined in
21 section 2001(b)(2)) of the sum of—

22 “(A) the amount of the taxable estate, and

23 “(B) the amount of the adjusted taxable
24 gifts, over

1 “(2) the aggregate amount of tax paid under
2 chapter 12 with respect to gifts made by the dece-
3 dent after December 31, 1976.”

4 (C) Subsection (c) of section 2102 of such
5 Code is amended—

6 (i) by striking “\$13,000” each place it
7 appears and inserting “\$12,000”, and

8 “(ii) by striking “\$46,800” and in-
9 serting “\$35,000”.

10 (b) GIFT TAX.—

11 (1) IN GENERAL.—Section 2502 of such Code
12 is amended to read as follows:

13 **“SEC. 2502. RATE OF TAX.**

14 “(a) GENERAL RULE.—The tax imposed by section
15 2501 for each calendar year shall be an amount equal to
16 the applicable percentage (as defined in section
17 2001(b)(2)) of the sum of the taxable gifts for such cal-
18 endar year.”

19 “(b) TAX TO BE PAID BY DONOR.—The tax imposed
20 by section 2501 shall be paid by the donor.”

21 (2) CONFORMING AMENDMENTS.—

22 (A) Subchapter A of chapter 12 of such
23 Code is amended by striking section 2504.

