

108TH CONGRESS
1ST SESSION

H. R. 2502

To amend the Internal Revenue Code of 1986 to reduce estate and gift tax rates, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 2003

Mr. BEREUTER 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 reduce estate and gift tax rates, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Estate Tax Relief Act
5 of 2003”.

6 **SEC. 2. REDUCTION OF ESTATE TAX RATES.**

7 (a) IN GENERAL.—Section 2001 of the Internal Rev-
8 enue Code of 1986 (relating to estate tax) is amended by
9 striking subsections (b) and (c) and by inserting after sub-
10 section (a) the following new subsections:

1 “(b) COMPUTATION OF TAX.—The tax imposed by
2 this section shall be applicable percentage of the amount
3 equal to the excess (if any) of—

4 “(1) the sum of—

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

6 “(B) the amount of the adjusted taxable
7 gifts, over

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

11 For purposes of the preceding sentence, the term ‘applica-
12 ble percentage’ means the highest rate of tax applicable
13 under section 1 for a taxable year beginning in the cal-
14 endar year in which the decedent dies (or, for purposes
15 of section 2502, the gift is made).

16 “(c) ADJUSTED TAXABLE GIFTS.—For purposes of
17 paragraph (1)(B), the term ‘adjusted taxable gifts’ means
18 the total amount of the taxable gifts (within the meaning
19 of section 2503) made by the decedent after December 31,
20 1976, other than gifts which are includible in the gross
21 estate of the decedent.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 2010(c) of such Code is amended by
24 striking “the rate schedule set forth in section
25 2001(c)” and inserting “section 2001”.

1 (2) Subsection (b) of section 2101 of such Code
2 is amended to read as follows:

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

6 “(1) a tax computed under section 2001 on the
7 sum of—

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

9 “(B) the amount of the adjusted taxable
10 gifts, over

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

14 (3) Section 2502 of such Code is amended to
15 read as follows:

16 **“SEC. 2502. RATE OF TAX.**

17 “(a) GENERAL RULE.—The tax imposed by section
18 2501 for each calendar year shall be an amount equal to—

19 “(1) the tax computed under section 2001 on
20 the sum of the taxable gifts for such calendar year,
21 over

22 “(2) the tax computed under section 2001 on
23 the sum of the taxable gifts for each of the pre-
24 ceding calendar periods.

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

3 (4) Section 6601(j)(2)(A)(i) of such Code is
4 amended by striking “the rate schedule set forth in
5 section 2001(c)” and inserting “section 2001”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to estates of decedents dying, and
8 gifts made, after the date of the enactment of this Act.

9 **SEC. 3. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES**

10 **INCREASED TO EXCLUSION EQUIVALENT OF**
11 **\$10,000,000; INFLATION ADJUSTMENT OF**
12 **CREDIT.**

13 (a) IN GENERAL.—Subsection (c) of section 2010 of
14 the Internal Revenue Code of 1986 (relating to applicable
15 credit amount) is amended to read as follows:

16 “(c) APPLICABLE CREDIT AMOUNT.—For purposes
17 of this section, the applicable credit amount is the amount
18 of tax which would be determined under section 2001 if
19 the amount with respect to which such tax is to be com-
20 puted were the applicable exclusion amount. For purposes
21 of the preceding sentence, the applicable exclusion amount
22 is \$10,000,000.”.

23 (b) INFLATION ADJUSTMENT.—

24 (1) IN GENERAL.—Section 2010 of such Code
25 is amended by redesignating subsection (d) as sub-

1 section (e) and by inserting after subsection (c) the
 2 following new subsection:

3 “(d) INFLATION ADJUSTMENT.—In the case of any
 4 decedent dying, and gift made, in a calendar year after
 5 2003, the \$10,000,000 amount set forth in subsection (c)
 6 shall be increased by an amount equal to—

7 “(1) \$10,000,000, multiplied by

8 “(2) the cost-of-living adjustment determined
 9 under section 1(f)(3) for such calendar year by sub-
 10 stituting ‘calendar year 2002’ for ‘calendar year
 11 1992’ in subparagraph (B) thereof.

12 If any amount as adjusted under the preceding sentence
 13 is not a multiple of \$10,000, such amount shall be round-
 14 ed to the nearest multiple of \$10,000.”.

15 (2) CONFORMING AMENDMENT.—Section
 16 6018(a)(1) of such Code is amended by striking
 17 “section 2010(c)” and inserting “section 2010”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to estates of decedents dying, and
 20 gifts made, after the date of the enactment of this Act.

21 **SEC. 4. REPEAL OF ESTATE TAX BENEFIT FOR FAMILY-**
 22 **OWNED BUSINESS INTERESTS.**

23 (a) IN GENERAL.—Section 2057 of the Internal Rev-
 24 enue Code of 1986 (relating to family-owned business in-
 25 terests) is hereby repealed.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Paragraph (10) of section 2031(c) of such
3 Code is amended by inserting “(as in effect on the
4 day before the date of the enactment of the Estate
5 Tax Relief Act of 2001)” before the period.

6 (2) The table of sections for part IV of sub-
7 chapter A of chapter 11 of such Code is amended by
8 striking the item relating to section 2057.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to estates of decedents dying, and
11 gifts made, after the date of the enactment of this Act.

○