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The *State Death Tax Credit Table* below is used to determine the amount of state death taxes assessed against an estate that can be used as a credit against the federal estate taxes assessed against the same estate. One dollar of credit reduces the federal estate tax by one dollar.

2001

Adjusted Taxable Estate*	Credit	+ %	Of Excess Over
\$0 - \$40,000	\$0	0	\$0
40,000 - 90,000	0	0.8	40,000
90,000 - 140,000	400	1.6	90,000
140,000 - 240,000	1,200	2.4	140,000
240,000 - 440,000	3,600	3.2	240,000
440,000 - 640,000	10,000	4.0	440,000
640,000 - 840,000	18,000	4.8	640,000
840,000 - 1,040,000	27,600	5.6	840,000
1,040,000 - 1,540,000	38,800	6.4	1,040,000

1,540,000 - 2,040,000	70,800	7.2	1,540,000
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2,040,000 - 2,540,000	106,800	8.0	2,040,000
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2,540,000 - 3,040,000	146,800	8.8	2,540,000
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3,040,000 - 3,540,000	190,800	9.6	3,040,000
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3,540,000 - 4,040,000	238,800	10.4	3,540,000
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4,040,000 - 5,040,000	290,800	11.2	4,040,000
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5,040,000 - 6,040,000	402,800	12.0	5,040,000
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6,040,000 - 7,040,000	522,800	12.8	6,040,000
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7,040,000 - 8,040,000	650,800	13.6	7,040,000
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8,040,000 - 9,040,000	786,800	14.4	8,040,000
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9,040,000 - 10,040,000	930,800	15.2	9,040,000
10,040,000+	1,082,800	16.0	10,040,000

Source: CCH 1999 U.S. Master Tax Guide.

* The adjusted taxable estate is the taxable estate reduced by \$60,000

Transformation of State Death Tax Credit into a State Death Tax Deduction under the 2001 Tax Act

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) provides for the step-wise reduction of the State Death Tax Credit from 2002 – 2004, followed by repeal of the credit in 2005. In its place, the Act allows for a deduction of state death taxes paid against the taxable estate for federal estate tax purposes.

In 2002, the state death tax credit computed using the 2001 table above was reduced 25%. It was reduced 50% in 2003 and 75% in 2004. It was eliminated entirely in 2005 and beyond.

If the tentative state death tax credit using the table above was computed to be \$200,000 in 2003, for example, the credit allowed was $\$200,000 \times 50\% = \$100,000$.

Starting in 2005, a deduction against federal estate tax equal to the amount of state death tax actually paid became available in place of the state death tax credit.

The [Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010](#) extended the state death tax deduction in place of a state death tax credit for 2011 – 2012 and the American Taxpayer Relief Act of 2012 made the deduction in place of the credit permanent.

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