

[admin](#) - Wed, 2/12/2014 - 14:36

The Economic Growth and Tax Relief Reconciliation Act of 2001 enacted a schedule of federal estate tax and gift tax rate reductions that apply to tax years from 2002 to 2010. The Act repeals the federal estate tax as of 2010, but provides for the continuation of the gift tax, so the 2010 schedule below applies to federal gift tax only.

The [Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010](#) (TRUIRJC) created a new unified federal estate and gift tax schedule for 2011-2012. The American Taxpayer Relief Act of 2012 made permanent a revised and still unified federal estate and gift tax schedule for 2013 and beyond.

[Unified Gift and Estate Tax Rate Schedule: 1988 -2001](#)

Computing federal estate tax

To compute the federal estate tax due on a gift, you need to know the amount of the taxable estate and the donor's prior taxable gifts.

For example, if a taxpayer has a taxable estate of \$5,000,000 in 2006 and has made \$400,000 in taxable gifts in the past, the estate tax would be computed as follows:

Add prior taxable gifts: $\$5,000,000 + \$400,000 = \$5,400,000$

Tentative tax (from 2006 table) = tax on \$5,400,000 = $(\$5,400,000 - \$2,000,000) \times .46 + \$780,800 = \$2,344,800$

Estate tax (from 2006 table) = tentative tax - [estate tax credit](#) = $\$2,344,800 - \$780,800 = \$1,564,000$

Computing federal gift tax

To compute the federal gift tax due on a gift, you need to know the amount of the gift, the amount

of annual gift tax exclusion available to use against it, the amount of other taxable gifts made during the same year, and the donor's prior taxable gifts.

For example, if a taxpayer makes a gift of \$1,000,000 to a child in 2006, applies \$12,000 in annual gift tax exclusion, makes no other taxable gifts during the same year, and has made \$400,000 in taxable gifts in the past, the gift tax would be computed as follows:

$$\text{Taxable gift} = \$1,000,000 - 12,000 = \$988,000$$

$$\text{Add prior taxable gifts: } \$988,000 + \$400,000 = \$1,388,000$$

$$\text{Tentative tax} = \text{tax on } \$1,388,000 = (\$1,388,000 - \$1,250,000) \times .43 + \$448,300 = \$507,640$$

$$\text{Gift tax} = \text{tentative tax} - \text{gift tax credit} = \$507,640 - \$345,800 = \$161,840$$

Gift and Estate Tax Rate Schedule in 2002

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22

40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30
150,000	38,800	32
250,000	70,800	34
500,000	155,800	37
750,000	248,300	39
1,000,000	345,800	41
1,250,000	448,300	43
1,500,000	555,800	45
2,000,000	780,800	49
2,500,000	1,025,800	50

Top estate tax bracket = 50%

Gift and Estate Tax Rate Schedule in 2003

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30
150,000	38,800	32
250,000	70,800	34
500,000	155,800	37
750,000	248,300	39
1,000,000	345,800	41
1,250,000	448,300	43

1,500,000 555,800 45

2,000,000 780,800 49

Top estate tax bracket = 49%

Gift and Estate Tax Rate Schedule in 2004

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30
150,000	38,800	32
250,000	70,800	34

500,000	155,800 37
750,000	248,300 39
1,000,000	345,800 41
1,250,000	448,300 43
1,500,000	555,800 45
2,000,000	780,800 48

Top estate tax bracket = 48%

Gift and Estate Tax Rate Schedule in 2005

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26

80,000	18,200	28
100,000	23,800	30
150,000	38,800	32
250,000	70,800	34
500,000	155,800	37
750,000	248,300	39
1,000,000	345,800	41
1,250,000	448,300	43
1,500,000	555,800	45
2,000,000	780,800	47

Top estate tax bracket = 47%

Gift and Estate Tax Rate Schedule in 2006

Taxable Transfer	Tax	% on Excess
0	0	18

10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30
150,000	38,800	32
250,000	70,800	34
500,000	155,800	37
750,000	248,300	39
1,000,000	345,800	41
1,250,000	448,300	43
1,500,000	555,800	45
2,000,000	780,800	46

Top estate tax bracket = 46%

Gift and Estate Tax Rate Schedule in 2007-2009

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30
150,000	38,800	32
250,000	70,800	34
500,000	155,800	37
750,000	248,300	39
1,000,000	345,800	41

1,250,000 448,300 43

1,500,000 555,800 45

Top estate tax bracket = 45%

Federal Estate Tax repealed as of 2010. Schedule not applicable.

Gift Tax Rate Schedule in 2010

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30

150,000	38,800	32
250,000	70,800	34
500,000	155,800	35

Gift and Estate Tax Rate Schedule in 2011 - 2012

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30
150,000	38,800	32

250,000 70,800 34

500,000 155,800 35

Top estate tax bracket = 35%

Gift and Estate Tax Rate Schedule in 2013

Taxable Transfer	Tax	% on Excess
0	0	18
10,000	1,800	20
20,000	3,800	22
40,000	8,200	24
60,000	13,000	26
80,000	18,200	28
100,000	23,800	30
150,000	38,800	32

250,000 70,800 34

500,000 155,800³⁷

750,000 248,300 39

1,000,000 345,800 40

Top estate tax bracket = 40%

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