

TAKE JUDICIAL NOTICE

Estate Tax Changes

January 26, 2011

New Legislation, in the form of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, has been enacted which affects federal estate taxes.

The new laws are as follows:

1. For calendar years 2011 and 2012 the Federal Estate Tax Exemption Amount is 5 million dollars for persons dying during those years.
2. The highest estate tax bracket will be 35%.
3. Estate taxes remain a lien on real property for 10 years from the date of death.
4. A surviving spouse can continue to convey free of the lien of estate taxes to a purchaser for value.
5. The step-up in income tax basis has been continued for persons dying in 2011 and 2012 will go to the heirs, and give them a cost basis that is equal to the fair market value at the time of death.
6. The law raises the lifetime gift tax exemption to 5 million dollars for gifts made after January 1, 2011.
7. The highest gift tax rate during 2011 and 2012 is also 35%.