

No estate or any part of an estate under \$11.58 million will be taxed:

... If the taxable estate is \$15 million, only \$3.2 million will be taxed under the federal minimum threshold.

... The threshold will rise with inflation. In just 3 years, under the federal estate tax law, it has grown from \$10 million to almost \$12 million.

Fewer than 20 estates in Virginia will be effected per year:

... Nationwide about 2,000 estates per year are currently liable for federal estate tax.

Does not apply to closely held businesses or farms:

... In 2018, there were only 20 nationwide that paid the federal estate tax.

Absolutely no tax on the surviving spouse:

... If ownership is split between husband and wife, the estate tax could be only on the amount over \$23 million.

While the threshold was increased, the estate tax stayed in place both under the Bush 2010 tax plan and the 2018 Republican controlled tax reform.

### **Why has the federal estate tax survived even through major Republican controlled tax reforms?**

**The estate tax is the only way to tax the capital gains of the very rich  
that every other taxpayer of more modest means pays.**

For regular taxpayers, capital gains tax is paid on every 401K (or other asset) that's cashed-in. If we're lucky, we won't out-live our assets and what remains will be the last gift we give to our loved ones.

However, any asset passed-on at death is inherited at the asset's current value. No one will ever pay the capital gains tax on the increased value since the asset was obtained. For the very rich, this loophole becomes a very large inequity to 99.9% of the other Virginia taxpayers.

Because the tax is only on the amount over the exclusion limit, the effective federal estate tax rate is substantially lower than the statutory rate of 40%.

For example, an estate worth \$15 million will only pay the estate tax on \$3million, or about 1/5 of its total assets. That would be about an 8% rate.

The capital gain rate for everyone else is typically 15% (sometimes 20%)

The Fiscal Impact Statement for HB763 estimates that **this capital gains loophole allows the very rich – one-tenth of one percent of Virginia taxpayers – to escape paying well over \$50 million dollars a year.**