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(Original Signature of Member)

112TH CONGRESS  
2D SESSION

# H. R.

To provide estate, gift, and generation-skipping transfer tax relief.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. LEVIN (for himself and [see ATTACHED LIST of cosponsors]) introduced the following bill; which was referred to the Committee on

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# A BILL

To provide estate, gift, and generation-skipping transfer tax relief.

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 “Sensible Estate Tax  
5 Relief Act of 2012”.

6 **SEC. 2. ESTATE, GIFT, AND GENERATION-SKIPPING TRANS-**  
7 **FER TAX RELIEF.**

8 (a) **TEMPORARY EXTENSION.**—Section 901(a)(2) of  
9 the Economic Growth and Tax Relief Reconciliation Act

1 of 2001 is amended by striking “December 31, 2012” and  
 2 inserting “December 31, 2013”.

3 (b) MODIFICATIONS TO ESTATE TAX.—

4 (1) EXCLUSION AMOUNT.—Paragraph (3) of  
 5 section 2010(e) of the Internal Revenue Code of  
 6 1986 is amended to read as follows:

7 “(3) BASIC EXCLUSION AMOUNT.—For pur-  
 8 poses of this section, the basic exclusion amount is  
 9 \$3,500,000.”.

10 (2) MAXIMUM ESTATE TAX RATE.—The table in  
 11 subsection (c) of section 2001 of such Code is  
 12 amended by striking “Over \$500,000” and all that  
 13 follows and inserting the following:

|   |   |
|---|---|
| Over \$500,000 but not over<br>\$750,000.     | \$155,800, plus 37 percent of the ex-<br>cess of such amount over<br>\$500,000.     |
| Over \$750,000 but not over<br>\$1,000,000.   | \$248,300, plus 39 percent of the ex-<br>cess of such amount over<br>\$750,000.     |
| Over \$1,000,000 but not over<br>\$1,250,000. | \$345,800, plus 41 percent of the ex-<br>cess of such amount over<br>\$1,000,000.   |
| Over \$1,250,000 but not over<br>\$1,500,000. | \$448,300, plus 43 percent of the ex-<br>cess of such amount over<br>\$1,250,000.   |
| Over \$1,500,000 .....                        | \$555,800, plus 45 percent of the ex-<br>cess of such amount over<br>\$1,500,000.”. |

14 (c) MODIFICATIONS OF ESTATE AND GIFT TAXES TO  
 15 REFLECT DIFFERENCES IN CREDIT RESULTING FROM  
 16 DIFFERENT TAX RATES AND EXCLUSION AMOUNTS.—

17 (1) CHANGING TAX RATES.—Notwithstanding  
 18 section 304 of the Tax Relief, Unemployment Insur-

1       ance Reauthorization, and Job Creation Act of  
2       2010, section 901 of the Economic Growth and Tax  
3       Relief Reconciliation Act of 2001 shall not apply to  
4       the amendments made by section 302(d) of the Tax  
5       Relief, Unemployment Insurance Reauthorization,  
6       and Job Creation Act of 2010.

7               (2) DECREASING EXCLUSIONS.—

8                       (A) ESTATE TAX ADJUSTMENT.—Section  
9               2001 of the Internal Revenue Code of 1986 is  
10              amended by adding at the end the following  
11              new subsection:

12       “(h) ADJUSTMENT TO REFLECT CHANGES IN EX-  
13      CLUSION AMOUNT.—

14               “(1) IN GENERAL.—If, with respect to any gift  
15              to which subsection (b)(2) applies, the applicable ex-  
16              clusion amount in effect at the time of the dece-  
17              dent’s death is less than such amount in effect at  
18              the time such gift is made by the decedent, the  
19              amount of tax computed under subsection (b) shall  
20              be reduced by the amount of tax which would have  
21              been payable under chapter 12 at the time of the  
22              gift if the applicable exclusion amount in effect at  
23              such time had been the applicable exclusion amount  
24              in effect at the time of the decedent’s death and the

1 modifications described in subsection (g) had been  
2 applicable at the time of such gifts.

3 “(2) LIMITATION.—The aggregate amount of  
4 gifts made in any calendar year to which the reduc-  
5 tion under paragraph (1) applies shall not exceed  
6 the excess of—

7 “(A) the applicable exclusion amount in ef-  
8 fect for such calendar year, over

9 “(B) the applicable exclusion amount in ef-  
10 fect at the time of the decedent’s death.

11 “(3) APPLICABLE EXCLUSION AMOUNT.—The  
12 term ‘applicable exclusion amount’ means, with re-  
13 spect to any period, the amount determined under  
14 section 2010(c) for such period, except that in the  
15 case of any period for which such amount includes  
16 the deceased spousal unused exclusion amount (as  
17 defined in section 2010(c)(4)), such term shall mean  
18 the basic exclusion amount (as defined under section  
19 2010(c)(3), as in effect for such period).”.

20 (B) GIFT TAX ADJUSTMENT.—Section  
21 2502 of such Code is amended by adding at the  
22 end the following new subsection:

23 “(d) ADJUSTMENT TO REFLECT CHANGES IN EX-  
24 CLUSION AMOUNT.—

1           “(1) IN GENERAL.—If the taxpayer made a tax-  
2           able gift in an applicable preceding calendar period,  
3           the amount of tax computed under subsection (a)  
4           shall be reduced by the amount of tax which would  
5           have been payable under chapter 12 for such appli-  
6           cable preceding calendar period if the applicable ex-  
7           clusion amount in effect for such preceding calendar  
8           period had been the applicable exclusion amount in  
9           effect for the calendar year for which the tax is  
10          being computed and the modifications described in  
11          subsection (g) had been applicable for such pre-  
12          ceding calendar period.

13          “(2) LIMITATION.—The aggregate amount of  
14          gifts made in any applicable preceding calendar pe-  
15          riod to which the reduction under paragraph (1) ap-  
16          plies shall not exceed the excess of—

17                 “(A) the applicable exclusion amount for  
18                 such preceding calendar period, over

19                 “(B) the applicable exclusion amount for  
20                 the calendar year for which the tax is being  
21                 computed.

22          “(3) APPLICABLE PRECEDING CALENDAR YEAR  
23          PERIOD.—The term ‘applicable preceding calendar  
24          year period’ means any preceding calendar year pe-  
25          riod in which the applicable exclusion amount ex-

1       ceeded the applicable exclusion amount for the cal-  
2       endar year for which the tax is being computed.

3           “(4) APPLICABLE EXCLUSION AMOUNT.—The  
4       term ‘applicable exclusion amount’ means, with re-  
5       spect to any period, the amount determined under  
6       section 2010(c) for such period, except that in the  
7       case of any period for which such amount includes  
8       the deceased spousal unused exclusion amount (as  
9       defined in section 2010(c)(4)), such term shall mean  
10      the basic exclusion amount (as defined under section  
11      2010(c)(3), as in effect for such period).”.

12      (d) EFFECTIVE DATE.—

13           (1) IN GENERAL.—Except as otherwise pro-  
14      vided in this subsection, the amendments made by  
15      this section shall apply to estates of decedents dying,  
16      and generation-skipping transfers and gifts made,  
17      after December 31, 2012.

18           (2) EXTENSION.—The amendment made by  
19      subsection (a) shall take effect as if included in the  
20      enactment of the Economic Growth and Tax Relief  
21      Reconciliation Act of 2001.

22      (e) APPLICATION OF EGTRRA SUNSET.—Section  
23      901 of the Economic Growth and Tax Relief Reconcili-  
24      ation Act shall apply to the amendments made by sub-  
25      section (b).

**1 SEC. 3. TREATMENT FOR PAYGO PURPOSES.**

2       The budgetary effects of this Act shall not be entered  
3 on either PAYGO scorecard maintained pursuant to sec-  
4 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.