

## ESTATE AND GIFT TAX ALERT

### HOUSE TO VOTE ON ESTATE TAX

The U. S. House of Representatives is expected to vote this week on H.R. 4154, which would make permanent the current 45 percent federal estate tax rate and \$3.5 million federal estate tax exemption.

Importantly, the House bill does not increase the federal gift tax exemption to “reunify” it with the federal estate tax exemption, does not provide for portability of the federal estate tax exemption between spouses and does not provide for any increases in the federal estate tax exemption over time, all provisions that have been included in certain previous bills. The House bill also does not include the Obama administration’s proposal requiring a grantor retained annuity trust (GRAT) to have a minimum term of 10 years (previously discussed in our May 20, 2009, [client alert](#), “Proposed Green Book Revisions Could Affect GRAT and Valuation Rules”), and does not include the several modifications to the current federal estate tax valuation and minority discount rules proposed in an earlier bill, H.R. 436.

Our legislation trackers in Washington, D.C. have advised us that a majority in the Senate may find many of the proposals in the House bill—including the configuration of the federal estate tax rate and exemption—objectionable. Therefore, we caution that we cannot predict whether the House bill, or any bill with similar provisions, will be enacted before the

end of this year, even if the House passes H.R. 4154. Nevertheless, we expect these issues to be actively debated in both the House and Senate prior to the scheduled expiration of the federal estate tax on December 31, 2009.

Akin Gump Strauss Hauer & Feld LLP will continue to monitor and keep you informed of developments in this area on a real-time basis.

#### CONTACT INFORMATION

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