

How many people pay the estate tax?

About 9,500 estate tax returns were filed for people who died in 2011, of which only 4,400 were taxable, less than 1 in 500 of the 2.5 million people who died in that year.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) raised the estate tax exemption from \$675,000 in 2001 to \$1 million in 2002 and to \$3.5 million in a series of steps through 2009, sharply reducing the number of estates that have to pay estate taxes. EGTRRA repealed the estate tax for 2010, but after that, the estate tax was scheduled to revert to pre-EGTRRA rules.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reinstated the estate tax and generation-skipping transfer tax (GST) and extended them through 2012, with a \$5 million estate tax exemption (indexed for inflation after 2011) and a top rate of 35 percent. The 2012 rules were permanently extended by the American Taxpayer Relief Act of 2012, but the top rate was increased to 40 percent.

- IRS data show that roughly 109,500 estate tax returns were filed for decedents in 2001, the year before the EGTRRA changes began to go into effect. Fewer than half—about 50,500—of those estates had any estate tax liability after credits. Estate tax liability totaled \$23.7 billion.
- For decedents in 2009, the year the final increase in the estate tax exemption under EGTRRA went into effect, only about 12,900 estate tax returns were filed, of which only 5,700 were taxable.
- For those who died in 2010, executors could elect to have the EGTRRA rules apply, which meant that no estate tax was imposed on the estate. However, instead of a full step-up in basis for recipients of bequests, their step-up was limited to \$1.3 million (plus an additional \$3 million for surviving spouses) with any additional unrealized gains required to be carried over. So some deferred tax on these additional unrealized gains will be paid by recipients of bequests under the income tax.
- For decedents in 2015 (with an exemption of \$5.43 million), the Tax Policy Center estimates there will be only about 10,800 estate tax returns filed, of which 5,300 will be taxable. Estate tax liability will total \$18.4 billion after credits (table 1).
- To put the number of estate tax returns filed in perspective, the Population Division of the Bureau of the Census projects that 2.6 million people will die in 2015. Thus, an estate tax return will be filed for only 1 in 240 decedents, and only 1 in 495 will pay any estate tax.

TABLE 1**Estimated Estate Tax Returns and Liability
2001, 2007-2015**

	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015
Estate tax returns (thousands)	110	37	29	13	^a	10	10	11	11	11
Taxable returns (thousands)	51	17	15	6	^a	4	4	5	5	5
Estate tax liability (\$ billions)	24	25	19	14	^a	11	12	18	18	18

Source: For 2001, 2007, 2009 and 2011: Internal Revenue Service, Statistic of Income (SOI) Division of IRS; for other years, the Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-1 for 2008, version 0515-1 for 2012-15).

Notes: Figures are for estate tax returns filed for decedents dying in each calendar year.

(a) The estate tax was repealed for 2010 decedents by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), but reinstated by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 with an option for executors to elect the EGTRRA rules. SOI has not published statistics for 2010 decedents.

DATA SOURCES

Internal Revenue Service, Statistics of Income Division. [“SOI Tax Stats - Estate Tax Year of Death Tables.”](#) Accessed October 2, 2015.

Urban-Brookings Tax Policy Center. “Microsimulation Model.” Versions 0613-1 and 0515-1.

US Census Bureau, Population Division. *2014 National Population Projections: Summary Tables*. [Table 1. “Projections of the Population and Components of Change for the United States: 2015 to 2060.”](#)

FURTHER READING

Harris, Benjamin. 2013. [“The Estate Tax After ATRA.”](#) *Tax Notes*. February 25.

Joint Committee on Taxation. 2015. [“History, Present Law and Analysis of the Federal Wealth Transfer System.”](#) JCX-52-15. Washington, DC: Joint Committee on Taxation.