

Key Elements of the U.S. Tax System

How many people pay the estate tax?

WEALTH TRANSFER TAXES

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Q. How many people pay the estate tax?

A. About 4,000 estate tax returns will be filed for people who die in 2018, of which only about 1,900 will be taxable—less than 0.1 percent of the 2.7 million people expected to die in that year.

Because of a series of increases in the estate tax exemption, few estates pay the tax. 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 paid 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 EGTRRA repealed the estate tax for 2010 but after that, the estate tax was scheduled to revert to pre-EGTRRA rules.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 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 American Taxpayer Relief Act of 2012 permanently extended the exemption, but the top rate was increased to 40 percent.

The Tax Cuts and Jobs Act doubled the exemption to \$11.2 million in 2018, but the estate tax cut is scheduled to expire after 2025 (along with most other provisions of the new law).

Internal Revenue Service data show that roughly 109,600 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 (table 1).

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. Estate tax liability totaled \$13.6 billion (table 1).

For those who died in 2010, executors could elect to have the EGTRRA rules apply, which meant that no estate tax was imposed. However, instead of recipients of bequests receiving a full step-up in basis, they were limited to \$1.3 million (plus an additional \$3 million for surviving spouses), with any additional unrealized gains required to be carried over. Recipients, therefore, will pay deferred income tax on these additional unrealized gains when the gains are realized.

For decedents in 2018 (with an exemption of \$11.2 million), the Urban-Brookings Tax Policy Center estimates only about 4,000 estate tax returns will be filed, of which 1,900 will be taxable. Estate tax liability will total \$14.9 billion after credits (table 1).

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To put the number of estate tax returns filed in perspective, the Population Division of the Bureau of the Census projects that 2.7 million people will die in 2018. Thus, an estate tax return will be filed for only about 0.15 percent of decedents, and only about 0.07 percent will pay any estate tax.

TABLE 1

Estate Tax, Number of Returns, and Tax Liability 2001, 2007–2018



Year	Number of Returns ^a	Number of Taxable Returns ^a	Estate tax liability (\$ billions) ^b
2001	109,600	50,500	\$23.7
2007	36,700	16,600	\$24.6
2008	29,000	15,100	\$18.9
2009	12,900	5,700	\$13.6
2010	*	*	*
2011	9,400	4,400	\$10.9
2012	9,600	4,100	\$12.0
2013	11,300	4,700	\$16.6
2014	11,000	5,400	\$18.3
2015	11,000	5,300	\$18.6
2016	11,200	5,300	\$19.3
2017	11,300	5,500	\$20.0
2018	4,000	1,900	\$14.9

Sources: For 2001, 2007, 2009, 2011, and 2013: Internal Revenue Service. Statistics of Income. "Estate Tax Year of Death Tables." For 2008, 2012, and 2014–2018, Urban-Brookings Tax Policy Center Microsimulation Model (versions 0217-1 and 0718-1).

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

* 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; IRS SOI did not publish statistics for 2010 decedents.

(a) Number of returns is rounded to nearest multiple of one hundred.

(b) Estate tax paid is rounded to nearest multiple of \$10 million.

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Data Sources

Internal Revenue Service. *Statistics of Income*. "[Estate Tax Year of Death Tables](#)."

Urban-Brookings Tax Policy Center. "Microsimulation Model, versions 0217-1 and 0718-1."

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

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