

THE NEW BIDEN TAX INITIATIVE

By Richard K. Citron and David Deutsch

LOS ANGELES, CA, UNITED STATES, April 6, 2021 /EINPresswire.com/ -- As you know there is going to be new legislation presented to Congress which increases taxes across the board for wealthier individuals. Although we do not know what will wind up in the new law, we do know what the President has presented in his platform.

Estate taxes are not paid today for estates of US Citizens up to \$23.4M (married couple). President Biden wants to reduce this number to \$7.0M. The word around town is that this number (\$23.4M.) will most likely be cut to about half, the level it is slated to return to in January 2026. Also, we don't know when the law will take effect. It could be back to January 1, 2021, or January 1, 2022, or it could be the date the bill is introduced to Congress or the date the bill passes and is signed into law.

Biden also proposes a graduated increase in the Estate Tax Rate, beginning at the current 40% and increasing with the estate size.

There are legitimate methods for mitigating these tax increases, most of which revolve around gifting to your children as soon as you are comfortable with making gifts. You can maintain direct or indirect control of these gifts based upon the type of assets. For real estate, you can use a Family LLC where you are the managing partner. For securities and other liquid assets, you can



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place them into irrevocable trusts with a friendly trustee and thoughtful language on distributions. There are other tools as well which should be explored based upon your personal wishes.

In order to properly evaluate gifting options, you need to review your entire estate plan and the makeup of your assets. The decision is very thoughtful, and includes looking at:

- Type of Asset and where it is located
- How title is held today
- Your estimated value today
- Loans against the asset
- Basis on the property for tax purposes
- Current annual property taxes
- Cash flow from the property
- Do you anticipate low, medium, or high appreciation

And other things.

If you are concerned about estate taxes, you should review as soon as possible.

Best regards,

[Citron & Deutsch](#)

Please feel free to contact Citron & Deutsch at the contact information below if you wish to discuss any of the items contained in this Newsletter.

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