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Pending Tax Legislation

by Bill Roberts

On December 3, the House of Representatives passed HR-4154, a permanent extension of the current estate tax law. 2009 rules would be extended with an exemption amount of \$3.5 million/person (\$7 million for couples) and a 45 percent maximum tax rate.

This bill if passed would extend current law and prevent the estate tax from expiring in 2010 and then coming back in 2011 to the pre-Bush tax levels (1.0 million/person exemption).

The bill now goes to the Senate for passage. **Here is where you need to pay attention:** the Senate may bring up legislation similar to HR-4154, and pass it. The other option is an estate tax extension attached to a bill that will be passed prior to the end of 2009. Most practitioners are predicting the latter result with more comprehensive tax legislation addressed in 2010.

The estate tax is not the only tax law affecting family business owners that is likely to be affected by the aforementioned 2010 comprehensive tax legislative. Most practitioners expect capital gains rate to increase in 2011. Some owners are actively considering a possible save of assets that could be impacted by increased capital gains tax in 2010.

We would recommend staying in touch with your advisors so that you can react appropriately to any tax law passage that could affect your planning. You are also welcome to send your e-mail address to info@benconinc.com and we will send alerts to you as tax law change progresses.