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Major Tax Law Changes are One Step Closer to becoming Reality!



Good morning. Last week the House Ways and Means Committee released their tax law proposals which shall result in higher estate, gift and income taxes.

These draconian new laws are very likely to include an increase in the long term capital gains rate to 25% effective as of 9/13/2021 (reduced from former proposal of 39.6%). Other developments are as follows: 1. highest income tax rate raised to 39.6%; 2. capital tax gains rate raised to 25% (last proposal was 39.6%), effective as of 9/13/21; 3. 3% income tax surtax on high income taxpayers; 4. decreasing the estate unified credit to \$5 million per person from current \$11.7 million by year end;

5. changes to pension plan required/forced distributions from wealthy plans to require a forced distribution and prevent tax deferral; 6. eliminate valuation discount planning with limited exceptions for farm and certain businesses; 7. new enactment date affecting forming/funding certain grantor trusts when Senate passes tax bill which may be as soon as next month which in essence serves to reduce further the timeframe for forming new trusts and transfers to new trusts to before year-end; 8. higher income taxes on investment income; 9. death of GRATS and IDGT trusts which are two very popular estate planning tools.

You should act quickly because most of the changes affecting trusts will take effect **AT TIME OF ENACTMENT OF THE NEW TAX LAW NOT NEXT YEAR** if passed by Congress.

Call us today to see if you can implement an estate plan/tax savings strategy as soon as possible to take advantage of current tax planning techniques which may still be still available.

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