



Quick Guide to Gift, Estate, and Business Income Taxes

	2010	2011	2012
Federal Annual Gifting Exclusion	\$13,000 per recipient	\$13,000 per recipient	\$13,000 per recipient ¹
Federal Gift Tax Exemption	\$1,000,000	\$5,000,000	\$5,000,000 ²
Federal Gift Tax Rate	35%	35%	35%
Federal Estate Tax Exemption	\$5,000,000 (Estates of persons dying in 2010 can "opt out" and take carryover basis subject to limited basis adjustments)	\$5,000,000	\$5,000,000 ³
Federal Estate Tax Rate	35%	35%	35%
Basis on Death	Step up to fair market value on date of death	Step up to fair market value on date of death	Step up to fair market value on date of death
Generation-Skipping Transfer ("GST") Tax Exemption	\$5,000,000	\$5,000,000	\$5,000,000 ⁴
GST Tax Rate	0	35%	35%
Minnesota Estate Tax Exemption	\$1,000,000	\$1,000,000	\$1,000,000
Maximum Minnesota Estate Tax Rate	16%	16%	16%
Bonus Depreciation	100% for new property placed in service after 9/8/10	100%	50%
Section 179 Expense Limit	\$500,000	\$500,000	\$25,000
S-Corp Built-in Gains Tax Period	7 Years	5 Years	10 Years
Employee Social Security Tax Rate	6.2%	4.2%	6.2%

¹ Will be indexed for inflation in increments of \$1,000 thereafter.

² Will be indexed for inflation in increments of \$10,000 thereafter.

³ Will be indexed for inflation in increments of \$10,000 thereafter. In 2011 and 2012, the unused federal estate tax exemption of first spouse to die is portable to surviving spouse.

⁴ Will be indexed for inflation in increments of \$10,000 thereafter.

IMPORTANT NOTICE

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