

More on Taxing Unrealized Appreciation at Death

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2021-3

After 2021-2 was posted to our website, another article on the subject was published by Lee Sheppard. *Woke Wealth Taxation*, Tax Notes Federal, July 19, 2021, p. 357. It discusses the Administration proposal in detail and, in doing so, uses the case of an owner of a "self-developed plumbing business held in an S corporation" who dies and concludes that the rate of taxation at his death would be about two-thirds of the value of the business. The article is critical of a rule taxing built-in capital gains on assets held by trusts, partnerships and other noncorporate entities which is described as being "bizarre" and "an effort to squeeze every dram of gain out of the system. The idea is to tax unrealized gain taxed once a generation whether anyone has died or not." The article also provided an interesting fact when it said:

The Congressional Research Service says having a \$1 million exclusion reduces the potential revenue available from taxing gains at death by 45 percent.

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