

Andy Howlett Comments on Impact of Biden's Proposed Capital Gains Tax in Wall Street Journal

"Biden's Capital Gains Tax Proposal Puts Estate Planners to Work"

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Andy Howlett commented on President Biden's proposal to raise the top capital gains tax rate to 43.4 percent from 23.8 percent and to tax appreciated assets at death as if they had been sold. Under current law, appreciated assets held until death escape the income tax. Heirs pay capital gains taxes only when they sell and only on gains since the prior owner's death. Tax lawyers are looking at two basic approaches – act now or wait it out. Acting now entails using any room available to get assets to heirs and trusts this year without paying gift taxes. Waiting means delaying decisions until it is clearer what this Congress will do – or until a future Congress reverses any tax increases. Howlett pointed out the 2022 effective date would also create a big difference if someone with substantial appreciated assets dies this year as opposed to next year.