

Estate/Gift Exemptions and Rates Under 2001 Tax Act

Calendar Year	Estate and GST Exemption	Highest Estate and Gift Tax Rates	Minnesota Estate Tax Exemption	Wisconsin Estate Tax Exemption	MN and WI Estate Tax Rates
2003	\$1.0 Million*	49	\$700,000	\$675,000	4.8% to 16%
2004	\$1.5 Million**	48	\$850,000	\$675,000	4.9% to 16%
2005	\$1.5 Million	47	\$950,000	\$675,000	4.8% to 16%
2006	\$2.0 Million	46	\$1 Million	\$675,000	4.8% to 16%
2007	\$2.0 Million	45	\$1 Million	\$675,000	4.8% to 16%
2008	\$2.0 Million	45	\$1 Million	No WI Estate Tax	4.8% to 16%
2009	\$3.5 Million	45	\$1 Million	No WI Estate Tax	4.8% to 16%
2010	Repeal	35%***	\$1 Million	No WI Estate Tax	4.8% to 16%
2011	\$1.0 Million	50%	\$1 Million	\$1 million	4.8% to 16%

* GST Exemption \$1,120,000 in 2003

** Gift tax exemption remaining at \$1 Million after 2003

***Applies to Gift Tax Only (on gifts >\$1 Million)

1. State Death Tax Credit. Phased out at 25% each year from 2002 to 2005.
2. Family-Owner Business Deduction. Repealed after 2005.
3. Carryover Basis. After 2009, the decedent's basis in assets (or fair market value, if lower) will be acquired by the decedent's beneficiaries.

Exceptions.

1. Increase basis by \$1.3 Million
2. Increase basis by another \$3 Million for transfers to a surviving spouse (a total of \$4.3 Million for the spouse)
3. Plus \$250,000 exclusion on sale of a principal residence
4. Add back unused capital losses. Net Operating Losses, and "built-in losses."