



Clinton to propose raising, broadening estate tax

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Hillary Clinton is planning to propose raising the tax rates on estates and taxing more bequests, her campaign indicated Tuesday.

The move to raise taxes on estates is the second tax aimed at raising more revenue from the wealthy that the Democratic candidate has proposed in as many days. On Monday, she outlined a plan for a 4 percent "surcharge" tax on people who earn more than \$5 million annually.

Clinton is planning to call for raising the tax rate on estates from 40-45 percent, and to institute the tax on all bequests over \$3.5 million, a member of the campaign told Bloomberg News. The cutoff for 2016 under current law is \$5.43 million, or \$10.9 million for married couples.

Clinton's proposal would restore the estate tax rate and the exemption for gifts to what they were in 2009.

Clinton, however, would leave the top rate on estates below the 55 percent it was during her husband's presidency. And her proposal is not as aggressive of a plan to tax wealthy estates as the one submitted by her rival, Vermont Senator Bernie Sanders. Sanders has backed a plan to re-institute the 55 percent rate and create a

"billionaire" surtax of an additional 10 percentage points.

Taxation of estates is one more area of tax policy in which Republicans and Democrats are moving further apart. House Republicans voted in 2015 to repeal the estate tax entirely, and several Republican presidential candidates have embraced that policy plank. Meanwhile, President Obama proposed raising inheritance taxes in his budget proposal last year.

While Democrats have pushed for raising inheritance taxes as a matter of fairness, Republicans have increasingly advocated rolling them back as a matter of encouraging investment. GOP lawmakers have argued that estate taxes represent a form of "double taxation" on investments that have already been taxed at the corporate level.

Under current law, only a tiny portion of decedents face the estate tax, thanks to the large exemption and various means of avoiding the tax. Nearly three-quarters of all estate taxes are paid by the top 1 percent of income earners, according to the Congressional Research Service. Clinton's proposal would expose more people to the tax.