



“estate and gift” taxes. It was the highest collection of that kind of tax since at least

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The huge tax return was first spotted by John Ricco, the associate director of budget analysis at the Penn Wharton Budget Model, a group at the University of Pennsylvania that tracks the impact of economic policy changes. Ricco has been tracking estate tax deposits because of a strange natural experiment: Though the estate tax **was reduced in 2017** during president Donald Trump's tax overhaul, **collections have soared** in recent years, likely due to excess deaths of the elderly during the pandemic.

But even the high collections in recent years pale in comparison to the current fiscal year. The U.S. government has collected nearly \$8 billion more in estate and gift taxes in the fiscal year that began last October than it did in 2022.

The other surprise is that the two possible sources for the payment, gift and estate taxes can be significantly reduced through the kind of strategic planning typically used by wealthy individuals. After the 2017 law change, **estates are taxed at 40%**, but there are significant exemptions. For example, the first \$11.58 million of an estate is exempt from taxation, and estates can benefit from flexible rules for valuing private companies. Tax payments can also be reduced through the creation of trusts and charities to shield income from taxes.

Based on the tax rate, that \$7 billion payment implies an estate or gift of some \$17.5 billion. However, the Tax Policy Center, a think tank in Washington, D.C, has estimated that estates typically pay **a 17% effective tax rate** after exemptions and other forms of avoidance. Even if only 50% of the estate was taxable, that's a potential value of \$35 billion. Even the lowest estimate would make the estate's owner one of the 100 richest people in the world, according to **Bloomberg News**.

## Where did that money come from?

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example, someone could make a \$17.5 billion gift to an heir and pay the 40% gift tax of \$7 billion. That would save them money in the long term, because if they died with an estate worth \$24.5 billion, it would require paying some \$9.8 billion in estate taxes.

The typical filing deadline for the estate tax is nine months after death, though it can be extended an additional six months; an after-the-fact legal tussle with the IRS could presumably add more time.

Forbes, which makes net-worth tracking efforts that are dependent either on public assets or the [often-dubious cooperation](#) of the wealthy person in question, doesn't offer up any obvious answers to the question of whose estate made such a large tax payment. The publication's list of billionaires who passed in 2022 doesn't include any Americans with large enough estates. Non-US citizens can be billed for estate taxes if they own US assets in their own names, but it would be unusual for a foreigner to have investments of that size without sophisticated planning.

Forbes' 2021 list does note the death of Sheldon Adelson in Jan. 2021; the casino tycoon's fortune was estimated at \$35 billion. That's about the right magnitude, but unless ProPublica is sitting on the answer in its [collection of leaked IRS data](#), we may never know.

*Correction: This piece originally reported that unrealized capital gains are exempt from the estate tax; in fact, unrealized capital gains at time of death are covered by the estate tax, but heirs do not pay income taxes on those gains.*

*This story has been updated to include comments from tax law professor Ray Madoff.*

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