

# THE TAX POLICY BRIEFING BOOK

**Tax Policy Center**  
Urban Institute and Brookings Institution



## Wealth Transfer Taxes: Who pays the estate tax?

The estate tax is highly progressive. The top ten percent of income earners pays virtually all of the tax; over half is paid by the richest 1 in 1,000. Much of the political debate about the estate tax centers around its impact on family farms and small businesses. In fact, very few farms or businesses actually pay the tax.

Number of Estate Taxpayers and Distribution of Estate Tax Burden, 2011 Current Law <sup>a</sup>

	Cash Income category					Business & farms	
	All	Top 10 Percent	Top 5 Percent	Top 1 Percent	Top 0.1 Percent	All <sup>b</sup>	Small <sup>c</sup>
Number of returns <sup>d</sup>	8,600	7,650	7,360	4,020	900	430	210
Number taxable <sup>d</sup>	3,270	2,960	2,880	1,550	380	120	40
Percent of all taxable returns	100.0	90.5	88.2	47.4	11.7	3.7	1.2
Estate tax paid (\$ millions) <sup>e</sup>	10,560	10,360	10,300	8,280	5,410	660	10
Percent of all estate tax paid	100.0	98.1	97.6	78.5	51.3	6.3	0.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2)

(a) Figures are for estate tax returns filed for individuals who die in 2011.

(b) Estate tax returns on which farm and business assets represent at least half of gross estate.

(c) Estate tax returns on which farm and business assets represent at least half of gross estate and these assets are no more than \$5 million.

(d) Number of returns is rounded to nearest multiple of ten.

(e) Estate tax paid is rounded to nearest multiple of ten million.

Underlying Data: [Download](#) (/briefing-book/key-elements/estate/upload/underlying-data-06-13-11.xls)

- TPC estimates that 8,600 individuals dying in 2011 will leave estates large enough to require filing an estate tax return (estates with a gross value

under \$5 million need not file a return in 2011). After allowing for deductions and credits, an estimated 3,270 estates will owe tax. Roughly 90 percent of these taxable estates will come from the top ten percent of income earners and nearly half will come from the top one percent alone (see table).

- Estate tax liability will total an estimated \$10.6 billion in 2011. The top ten percent of income earners will pay 98 percent of this total. The richest 1 in 1,000 will pay \$5.4 billion or 51 percent of the total.
- Less than 50 small farms and businesses - estates with farm and business assets making up at least half of gross estate and totaling \$5 million or less - will pay any estate tax in 2011. Such estates will represent just 1.2 percent of all taxable estate tax returns.
- TPC estimates that small farms and businesses will pay under \$10 million in estate tax in 2011, less than one tenth of 1 percent point of the total revenue the tax will collect.

For the latest on the estate tax, see: [www.taxpolicycenter.org/taxtopics/estatetax.cfm](http://www.taxpolicycenter.org/taxtopics/estatetax.cfm) (<http://www.taxpolicycenter.org/taxtopics/estatetax.cfm>)

**See Also**

Wealth Transfer Taxes: [How do the estate, gift, and generation-skipping transfer \(GST\) taxes work? \(what-is.cfm\)](#)

Wealth Transfer Taxes: [How many people pay the estate tax? \(how-many.cfm\)](#)

Wealth Transfer Taxes: [What did EGTRRA do to estate, gift, and generation skipping transfer \(GST\) taxes? \(EGTRRA.cfm\)](#)

Wealth Transfer Taxes: [What is an Inheritance Tax? \(inheritance.cfm\)](#)

**Further Reading**

Burman, Leonard E., Katherine Lim, Jeffrey Rohaly, "[Back from the Grave: Revenue and Distributional Effects of Reforming the Federal Estate Tax](#)

(<http://www.taxpolicycenter.org/publications/url.cfm?ID=411777>) " (Washington: Urban Institute, 2008)

Burman, Leonard E., William G. Gale, and Jeffrey Rohaly, "[Options to Reform the Estate Tax](http://www.taxpolicycenter.org/publications/url.cfm?ID=311153)" (<http://www.taxpolicycenter.org/publications/url.cfm?ID=311153>) " (Washington: Urban Institute, 2005).

Burman, Leonard E. and William G. Gale, "[The Estate Tax is Down but not Out](http://www.taxpolicycenter.org/publications/url.cfm?ID=310382)" (<http://www.taxpolicycenter.org/publications/url.cfm?ID=310382>) " (Washington: Urban Institute, 2001).

Congressional Budget Office. "[Effects of the Federal Estate Tax on Farms and Small Businesses](http://www.cbo.gov/ftpdocs/65xx/doc6512/07-06-EstateTax.pdf)" (<http://www.cbo.gov/ftpdocs/65xx/doc6512/07-06-EstateTax.pdf>) " (July 2005).

Steuerle, C. Eugene, "[Estate Tax Reform: A Third Option](http://www.taxpolicycenter.org/publications/url.cfm?ID=1000797)" (<http://www.taxpolicycenter.org/publications/url.cfm?ID=1000797>) " (Washington: Urban Institute, 2005).

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