



## CPR Principles: Estate Tax

*The federal estate tax, also known as the “Death Tax,” is a tax assessed on the total value of all assets owned by an individual at the time of death. This is a property rights issue because it strikes at the heart of the right to own property, which means little if it does not include the right to dispose of that property by leaving it to heirs. The following outlines the property rights principles CPR applies in assessing the merits of policy matters relating to the “Death Tax.”*

- Taxes should be based on the revenue needs of government and not designed to redistribute wealth. Article 1, Section 9 of the Constitution limited direct taxes to those administered in “proportion to the Census or Enumeration.” This was overcome by the 16<sup>th</sup> Amendment, which ushered in the income tax. The estate tax, which at one time reached 77 percent, is clearly aimed at redistribution of wealth. The Death Tax turns what should be a blessing into a curse for a property owner’s survivors.
- Taxes should not prevent or inhibit the ability to pass on the fruits of one’s labor to the next generation. As with the fundamental rights to life, liberty, and property, no tax should be based on the assumption that inheritance is not part of these fundamental rights, but merely a civil convenience granted by a “benevolent government.” No true right to property exists without the right of inheritance.
- Taxes should encourage savings and investment. A tax on assets at the time of death encourages consumption before death and spending a great deal of time and money on tax avoidance in order to leave one’s property to the next generation.
- Taxes should not be levied on one’s final, cumulative assets because they have been taxed many times over. Land is taxed as property, and money derived from land or from the fruits of one’s labor are taxed as income throughout one’s life. No estate tax should allow all these assets to be taxed once again at the time of death.
- The government should not punish those who own land, farms, family businesses, liquid assets, or other forms of property.