

**Comparison of Transfer Tax Treatment of U.S. Citizens,
Resident Aliens, and Nonresident Aliens**

	U.S. CITIZEN	RESIDENT ALIEN	NON RESIDENT ALIEN
UNIFIED CREDIT	A credit for transfers of \$2,000,000 for estate increasing to \$3,500,000 exemption by 2009. Gift tax is limited to \$1,000,000	A credit for transfers of \$2 million for estate increasing to \$3,500,000 exemption by 2009. Gift tax is limited to \$1,000,000	no credit for gift tax; estate tax credit limited to \$13,000 (\$60,000 in transfers); no increase
TAX RATES	37% - 45% graduated	37% - 45% graduated	26% - 45% graduated
ANNUAL EXCLUSION	\$12,000 per donee, adjusted for inflation	\$12,000 per donee, adjusted for inflation; if donee is spouse, increased to \$120,000	\$12,000 per donee, adjusted for inflation; if donee is spouse, increased to \$120,000
GIFT SPLIT	with spouse's consent on gift tax return	with spouse's consent on gift tax return	no splitting
REACH OF ESTATE TAX	worldwide assets	worldwide assets	U.S. situs assets including intangible property
REACH OF GIFT TAX	All gratuitous transfers	all gratuitous transfers	transfers of U.S. situs real and tangible property (intangible property not subject to gift tax)
FOREIGN DEATH TAX CREDIT	available subject to limitations	available subject to limitations if foreign country allows similar credit for U.S. decedents	not available
DEDUCTION FOR DEBTS AND EXPENSES	available for all qualifying expenses not deducted for fiduciary income tax purposes	available for all qualifying expenses not deducted for fiduciary income tax purposes	limited to fraction (U.S. assets/worldwide estate) except for recourse debt
MARITAL DEDUCTION	100% to U.S. citizen spouse or QDOT	100% to U.S. citizen spouse or QDOT; no marital deduction available with respect to gift tax	For U.S. property: 100% to U.S. citizen spouse or QDOT; no marital deduction available with respect to gift tax
CHARITABLE DEDUCTION	100% for donees qualified under §2055	100% for donees qualified under §2055	Only if gift or bequest is to U.S. charity
TREATMENT OF SPOUSAL JOINT PROPERTY	qualifies for marital deduction unless non-citizen spouse did not furnish consideration	qualifies for marital deduction unless non-citizen spouse did not furnish consideration	U.S. property qualifies for marital deduction unless non-citizen spouse did not furnish consideration
GSTT	46% of qualifying transfers (after \$2,000,000 exemption)	46% of qualifying transfers (after \$2,000,000 exemption)	applies to U.S. situs property subject to gift or estate tax
STATE DEATH TAX DEDUCTION	fully available	fully available	limited to fraction (assets subject to state death tax/all property includible in gross estate)

