PREFACE

Much has changed since the First Edition of this casebook was published 20 years ago, and this Fifth Edition reflects those changes. Professor Alyssa A. DiRusso has joined as a co-author. She brings a wealth of knowledge and a new perspective. We are grateful to our students and our research assistants for their many contributions.

The Fifth Edition includes a new introduction to gratuitous transfers in Chapter 1, more detailed analysis of defined value clauses in Chapter 3, and a new section on nonprofit organizations in Chapter 14. There are some new cases and revisions to the text throughout the book. We have also revised some of the names in the examples and problems to promote diversity and inclusivity.

Much has remained constant in this edition. The book continues to be designed for problem-based teaching. The problems focus primarily on the rules of law contained in the Code, the regulations, the cases, and the administrative interpretations. They also provide a base for discussing policy and planning. This book is also designed for teaching the fundamentals of transfer taxation, and it does not explore advanced estate planning techniques in any depth.

The substance and structure of all three transfer taxes remains essentially the same. The exemption amounts and the rate continue to change. There continue to be attempts to repeal the transfer taxes, while reformers also consider alternatives to taxing wealth. Taxpayers continue to develop techniques to avoid or minimize the tax. Estate planning has shifted to emphasize broad wealth management goals, like income tax planning, investment options, and asset protection, topics which are beyond the scope of this book. Courts continue to refine doctrines to balance the taxpayers' right to structure their transactions to minimize tax with the taxpayers' attempts to evade taxes through devices and schemes designed to obscure the substance of the transaction.

The Tax Cuts and Jobs Act of 2017 (TCJA) doubled the exemption amount to $10 million adjusted for inflation, but it provided that this increase would expire on December 31, 2025. It is impossible to predict what might happen. A reversion to a $5 million exemption amount, even indexed for inflation, presents complexities for estate planning. The state of the economy as well as political sentiment will undoubtedly influence the final solution. One should also remember that politics plays a central role in all tax legislation.

Stephanie J. Willbanks
Alyssa A. DiRusso

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