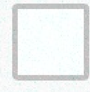
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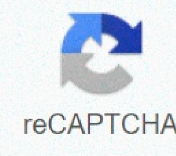
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Ocean city nj real estate tax records

Under the Internal Revenue Service (IRS) act of 2012, an executor of an estate worth more than $5 million submits a real estate tax return (Form 706 if you are curious) within nine months of a person's death. This $5 million exclusion threshold was set by the 2010 tax breaks, reauthorisation of unemployment insurance and the Job Creation Act, but the exclusion has not always been so high. In 1940, real estate worth $40,000 or more was a real estate tax trap, and as recently as 2000, a property worth more than $675,000 owed property taxes [source: Jacobson et al]. Bush-era tax cuts chipped away at the estate tax, gradually increasing the exclusion of the estate tax from 2001 to 2009 - a high of $3.5 million - before the property tax was repealed altogether in 2010. The current exclusion of $5 million was the result of a fierce compromise between lawmakers who wanted to kill in favor of the estate tax and those who argued it was important for paying off the national debt. Ad Since the exclusion threshold has changed significantly over the years, the property tax has affected different segments of the U.S. population. When exclusion was lower, the taxable population was wider, including middle-class households, who had invested wisely and saved a significant nest egg. Since 2001, when the threshold continuously increased, the number of real estate tax returns fell from 108 000 to 15 000 [source: internal tax administration]. In its current form, the estate tax affects only the wealthiest Americans. According to a study by the Urban-Brookings Tax Policy Center: The top 0.1 percent of income earners pay 51.2 percent of property taxes. The top 1 per cent of wage and salary earners pay 78.4 per cent of real estate taxes. The top 10 percent of wage and salary earners pay 98.2 percent of real estate taxes, making the other 90 percent of Americans pay 1.8 percent of real estate taxes [source: Tax Policy Center]. To put these percentages into perspective, the Tax Policy Center estimates that only 8,600 of the 2.5 million Americans who died in 2011 leave properties with a gross value of more than $5 million [source: Tax Policy Center]. But that doesn't mean each of those 8,600 properties owes federal property tax. The tax code allows for several significant deductions and credits, reducing the taxable net worth of the estate to less than $5 million. One of the biggest reductions is the deduction for charitable donations. According to Internal Revenue Service (IRS) statistics, an average of 24 per cent of properties worth $1 million or more left money such as religious organisations, educational institutions and other non-profit organisations. Of this 24 %, the estates each contributed an average of 20 % of the total assets [source: Jacobson et al. Other deductions that reduce the rateable value of the estate are: surviving spouse; outstanding debts at the time of death; funeral expenses; taxes on estates or inheritances paid to state governments. When the Tax Policy Center calculates the amount and monetary value of all these deductions, it estimates that only 3,300 of the 8,600 properties with a gross value of more than $5 million will pay property taxes in 2011. With a marginal tax rate of 35 percent, these 3,300 properties pay an estimated $10 billion in property taxes [source: Tax Policy Center]. Speaking of tax rates, what is the difference between the marginal tax rate and the effective tax rate? Let's take a closer look on the next page. Page 2 Is there any regulation with a darker name than a death tax? What could be worse than a tax on something we can't control? The name death tax conjure up images of grieving family members of greedy tax collectors, heartless bureaucrats lining their pockets with the hard-earned wealth of the dead. I'm glad it's a myth. Advertisement The term death tax is simply that: a term used to intimidate taxpayers and motivate lawmakers to change tax laws. And while federal and state governments levy taxes on wealth that a person transfers to others when they die, governments simply don't charge taxpayers for death. However, taxes, which are most often part of the death tax moniker, can be complex and confusing. To distinguish fact from fiction, some of the most common myths about taxes collectively referred to as the death tax are considered. Content While proponents of the tax cut often use the term death tax, there is no state or federal tax officially referred to as this. In fact, the term refers to a tax pair levied by the State: property tax and inheritance or gift tax [source: IRS]. These taxes have existed in various forms since the roman emperor era. Transfers of wealth, gifts or inheritance were often subject to taxes that allow nations to pay for wars or other major unexpected events that threatened tax integrity. In many cases, these taxes were repealed after the end of the war or event [source: Jacobson]. An advertisement in the United States for real estate taxes was first used to fund wars in the late 18th century. The property tax reappeared during the rest of the conflict into the 19th century. The tax later became an official non-war tax when the federal government passed the 1916 tax code [source: Jacobson]. Tax rates, exemptions and other details have changed drastically since then, but taxes have never been officially called a death tax. Similarly, the Internal Revenue Service (IRS) does not charge taxpayers a fee simply for death, because the name death tax can mean IRS]. Taxpayers sometimes confuse property taxes with inheritance taxes or anund both taxes The term death tax. Although both taxes concern the transfer of assets to others, both focus on certain types of asset transfers. The estate taxes your right to transfer your property to others when you die. If you amassed a fortune during your lifetime or amassed a major art gallery, it's clear that you should have the right to decide which relatives, friends or organizations will receive your wealth when you die. The state can't just come in and take these items just because you're no longer there to protect them [source: Jacobson]. Advertisement Inheritance taxes, i.e. gift taxes, are slightly different. These are taxes on gifts you give to another person where you get nothing (or something much lower monetary value) in return [source: IRS]. The transfer of wealth does not have to be a real gift in order to receive this tax; the recipient simply needs to get much less for it in return. One fierce aspect of the so-called death tax is the lifetime restriction on tax-free transfer of property. The federal government allows taxpayers to transfer a certain amount of wealth, either during their lifetime or after death, before it starts taxing these gifts. Throughout this century, the protected lifetime has increased from USD 1 million in 2001 to USD 3.5 million in 2009. However, the 2001 Tax Act contained a clause that will reinstate this exemption to $1 million at the end of 2010 (more on this later) [source: Schwab]. Ad Exception amounts can seem huge in amounts. Who's got a million dollars or more to give? But remember, this is a lifetime amount. Combine the value of a person's real estate, assets, and investments, as well as the amount of property inherited by heirs, and it can easily approach the border. Add to this the gifts a person can give to charities, family members, alumni associations and other organizations during their lifetime, and it's easy to imagine that even a middle-income person will hit the release cap. Websites of anti-tax advocacy groups offer a variety of stories about families who have lost farms, businesses and generations of old family farms due to the high burden of property taxes [sources: Policy and Taxation Group, American Family Business Institute]. If a family member transfers your family business through a gift or inheritance without proper planning, the resulting taxes can make it difficult for the family business to remain intact. Part of the problem may arise when a person's estate, especially business or land holdings, is not properly valued before death. For example, a family farm in an area where suburban development has engulfed other farms can maintain a lower rateable value than its surroundings while the farmer lives and works on land. But when a farmer dies, the land. revaluation at a much higher rateable value, as the land around it has been converted into residential areas. In the eyes of tax assessors, the farm is now very valuable land that is not exploited with the best possible means. In this situation, the heirs of the holding may not be able to afford the increased tax rate. Advertisement Avoiding this type of situation requires early and thorough planning. If you have an estate that you want to give to the heirs, and if this estate exceeds the IRS exemption limit, contact an experienced tax agent, accountant, or financial planner. Inheritance and property taxes are like most other taxes because there are both state and federal versions. In the same way that you have to report separate state and federal income taxes every year, you may face similar - but slightly different - tax situations when paying federal and state inheritance and property taxes. Since each state has the right to impose its own taxes, estate and inheritance taxes vary. Some states base their exempt amounts, tax rates, and filing and payment procedures on federal government amounts [source: Oregon IRS]. Others base part of their inheritance tax structure on market factors [source: Combs]. Advertisement If you have substantial real estate and are thinking about moving to another state, it can cost you to study the tax structures of different states. Because of state law, some may offer you a better economic scenario than others. A tax advisor familiar with property planning issues can help you understand the nuances of the state tax code. While this is unlikely to be a determining factor in where you choose to move or retire, it is valuable information when planning the future of your estate [source: Retirement Living Information Center]. The nature of estate and inheritance taxes - that they are paid from your estate or heirs after you die - can make them look completely out of control. However, leaving the problem to the heirs is not just thoughtless; it may also add unnecessary costs to the material and economic heritage. It's a good idea to make moves in your lifetime that can protect your estate for your heirs. One item of inheritance and property taxes is the income you would make if you were still alive. This often takes the form of investments and retirement accounts, and they are taxable in the same way as they would be if you were alive. If your spouse is alive, one very effective way to minimize this tax is to plan the transfer of the spouse's property. This not only helps you support your spouse's income after death, but it also means that inheritance taxes can be deferred after your spouse's death [source: Mayerhoff]. Similarly, gifting property during your lifetime can minimize the cost to your heirs if these gifts are taxed more severely after you die. Regardless of your status, asset type or financial situation, handing over assets during your lifetime requires careful and planned to sell the right assets to the right recipient at the right time to minimize the tax burden [source: Mayerhoff]. Any tax code can be complicated and confusing. Many people who leave behind substantial property protect their wealth by seeking advice from a tax ombudsman or accountant familiar with estate and inheritance tax matters. While this is a smart financial move if you don't have the time or resources to study tax legislation on your own, resources are available to help you perform some - if not all - of the tax planning activities you should be doing to protect your property from overtaxation. IRS releases all tax return forms you need to manage property or inheritance taxes [source: IRS]. The Agency also provides useful brochures on the basics of property and inheritance tax planning [source: IRS]. Ad Although you plan to hire a lawyer or accountant to help you, you would be wise to do basic research to get to know taxes. At the very least, you must determine whether your estate exceeds lifetime release amounts. This can help you ensure that a tax professional who helps you does not over-prepare your tax plan (and potentially charges you more services than you need) [source: Money-Zine.com]. After a debate among federal lawmakers on tax and tax rates, it can be assumed that federal property and inheritance taxes have disappeared. The federal property tax has been the subject of heated debate in the early 2000s, but efforts to eliminate it have not been successful. However, there have been a number of changes affecting who pays how much tax. The tax cuts carried out by the Federal Government in 2001 were due to end at the end of 2010. In terms of property taxes, that would have meant a flat-rate exemption amount of $1 million, which would not increase annually due to inflation, and a tax rate of up to 55% for real estate. In principle, a large proportion of previously exempt properties would suddenly receive a tax rate that could have cost more than half of the amount recovered if it had not been properly processed [source: Pacific Life]. The ad but in late 2010, Congress passed 2010 tax breaks, a reauthorize of unemployment insurance and job creation in 2010, also known as the 2010 Tax Act. This law limited the top property tax rate to 35 percent and adjusted $5 million per taxpayer as a property tax relief [source: Herpe]. The law did not make inheritance or but it improved the image for many taxpayers receiving inheritances this year. Modern Modern Laws are complicated. A labyrinth of requirements, exemption amounts, and deductions can make even the simplest personal tax return a complex issue. It is no wonder that much of the work in the accounting industry has to do with reporting taxes or preparing tax documents in anticipation of future reporting. Any error in the tax return can sting due to the amount of money in question. Adding a close recent death and hereditary concern for wealth to the mix only makes it more complicated and stressful. But despite confusion and difficulties navigating the tax code, estate and inheritance tax processes are not inherently rigged for the IRS. The ad considers the number of documents available to taxpayers on the IRS Website. These documents with long names and identification codes can feel like a different language; However, they provide sufficient information to an expert person to file almost any complex tax return. The IRS also provides brochures on special filing procedures, including property taxes [source: IRS]. Since this information is freely available to all taxpayers with access to the computer, it is difficult to make it difficult for the IRS to intentionally attempt to confuse or defraud the heirs of the estate. This is a suicidal myth for two reasons. Firstly, the maximum property tax imposed by the 2010 Tax Act on the largest estates is limited to 35%. It may be a significant amount of wealth to be paid to the government, but it is much less than the 55% ceiling blocked by the new tax code [source: Herpe]. Secondly, the entire estate of the beneficiary does not necessarily need to be taxed through real estate tax. If the property is small enough (up to $5 million per taxpayer in 2011), it will receive an exemption from the IRS. This allows many taxpayers to avoid a property tax. In addition, gifts to charities, a retirement account remaining for spouses and assets transferred as gifts are all individual nuances of the tax code. They can be taxed differently and at different times. By planning the sale of your estate according to these items, you may be able to significantly reduce the burden on your heirs [source: Mayerhoff]. For more information about death tax and related taxes, see the links on the next page. Many Americans don't think about their tax bills until New Year's Eve. But there are things you need to do before December 31 if you want to pay less later. American Family and Business Institute. What's the death tax? 2009. (January 20, 2011) Susan. Texas taxes: inheritance tax. A window into the state government. (January 22, 2011) David A. et al. McDermott Will & Emery. 20. 2011. (January 22, 2011) 2011) Property and gift taxes. June 22, 2010. (11 January 2011) ,id=98968,00.htmlIRS. Forms and publications. January 21, 2011. (22 January 2011) . Introduction to property and gift taxes. December 14, 2009. (January 22, 2011) Darien B. et al. Property tax: 90 years and calculation. Irs. June 18, 2008. 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