

# BRADIE, BRADIE & BRADIE

## ATTORNEYS AT LAW

Wills \* Probate \* Business Law

# Happy New Year!

December 2010

**Bradie, Bradie & Bradie**  
6606 FM 1488, Suite 148-363  
Magnolia, Texas 77254-2544  
281-440-6416 - Houston  
936-271-2580 - Magnolia

[bradiex3@bradie-law.com](mailto:bradiex3@bradie-law.com)  
[bradie-law.com](http://bradie-law.com)  
[Bradie Law Fans](#)



## **Have a Happy, Healthy and Safe New Year!**

All of us at the law firm of Bradie, Bradie & Bradie wish you and your family a happy, health and safe New Year. We hope that you had a very Merry Christmas or Happy Hanukkah. It seems like it went way too fast this year for us.

As we approach the coming New Year, we reflect back on what has happened this past year. The holidays are a time for us to express our thanks to each other and think about our blessings.

We are thankful for all our clients who have placed their trust in us, and have

This has been a very difficult year for many of our clients; individuals and businesses alike. There has been some positive news about the economy lately. We hope and pray that things improve and that the New Year will be happier, easier and more prosperous.

As we look forward, I realized that in 2011, I will have been practicing law for 22 years. April 1, 2011 will be Bradie, Bradie & Bradie's 20th Anniversary. It just doesn't seem like it has been that long. Boy, time flies when you're having fun!

Please accept our thanks for your friendship and confidence in our firm throughout the years. Thank you also for the many referrals that you have given!

Cordially,

Michell S. Bradie  
Bradie, Bradie & Bradie

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## **NEWS YOU CAN USE**

### **What Will the New Year Bring For Estate Taxes?**

An end of year deal was recently struck between Congress and President Obama to extend the Bush tax cuts for two years. The new law also provides estates up to a \$5 million exemption from paying federal estate tax (\$10 million exemption for couples), and set the estate tax rate at 35 percent. The law also unifies the estate, gift and generation-skipping transfer tax exemptions at \$5 million.



One significant change is that the estate tax exemption may now be shared between spouses. In other words, if the first spouse to die does not use all of their \$5 million exemption, the unused balance may be used by the estate of the surviving spouse.

farms that would otherwise have to sell off much of their land or large pieces of capital equipment required to continue the business in order to pay the death taxes.

Interestingly, the new law setting the estate tax exemption at \$5 million at a 35 percent rate is applied retroactively to January 1, 2010. Heirs of loved ones who have died in 2010 will now have to elect whether they want to proceed under the new \$5 million exemption, or pay no estate tax, but a limited step-up in the cost basis of inherited assets. Choosing the latter may cause some relatively small estates to be subject to capital gains tax on inherited assets.

You might be thinking that your estate is nowhere near \$5 million, so you don't really need to think about possibly doing any estate tax planning down the line. Don't be so sure.

If Congress does nothing, in 2013 the estate tax will revert back to a \$1 million exemption at a 55 percent tax rate. Uncle Sam looks at *ALL* the assets passing on your death, including any life insurance, in determining if your estate owes estate tax. Many folks have a lot more insurance than other assets in their estate and adding the insurance to their estate will bump many above that \$1 million level.

The new law does not change the \$13,000 annual exclusion amount for gifts. Couples can give combined gifts of up to \$26,000 per year under the annual exclusion.

If you would like to post a comment or question on our firm's blog, please [click here](#).

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## New Requirements For Businesses In This Coming New Year

The 2010 health care act (The Patient Protection and Affordable Care Act), also known as "Obama Care", included a few short sentences that will have a substantial impact on all businesses in this country.

Beginning in 2011 the IRS form 1099 will function as a tax form for ALL business to business



transactions). For any sale worth more than \$600, each party will have to collect information about the other and submit a 1099 to both the parties involved and the IRS.

In other words, if you buy a printer and other office supplies from Office Depot that total over \$600 in the year, you will have to fill out a 1099 form. In order to make sure that you submit it properly, you will need to send a Form W-9 to Office Depot to make sure that you have their proper Tax ID number for the Form 1099.

Reporting requirements are set to begin in 2012. Both Republicans and Democrats in the Senate proposed Amendments to change or reduce some of the reporting requirements, but each party defeated the others' proposals. If Congress doesn't come to some agreement, will it cost more to do business in 2011? Sure looks like it.

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## About Our Law Firm

Our family owned firm was formed in 1991. Our attorneys practice primarily in the areas of business creation and support, business litigation, and commercial collections. We also handle Will preparation, probate and estate planning. Please let us know if we may be of assistance.



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