

FOR IMMEDIATE RELEASE  
TUESDAY, DECEMBER 18, 1979

CONTACT: BILL KATS, BOB WAITE  
(202) 224-8947, -8953

REPEAL OF CARRYOVER BASIS TAX ASSURED, DOLE SAYS

WASHINGTON -- Action today by the House of Representatives to instruct its conferees to the windfall profits tax bill to accept the Dole version of the repeal of the carryover basis tax on inherited property, has ensured that Congress will recommend repeal of the controversial tax, Senator Bob Dole (R-Kan.) said today.

House-Senate conferees will meet later this week to iron out differences on the windfall bill. The Senate version adopted yesterday contains an amendment to repeal carryover basis, which was proposed by Senator Harry Byrd (I-Va.) and Dole, who as ranking Republican on the Senate Finance Committee has made a major effort for repeal. The motion on the House side to have their conferees accept the Dole amendment was offered by Rep. Barber Conable (R-N.Y.).

Unless repealed, the carryover basis rule will go into effect Jan. 1, 1980.

"I am pleased that the House has agreed with the Senate on repeal of this disastrous law," Dole said. "If adopted, it will have a serious and detrimental effect on many of our nation's farmers and small businesses.

"The issue is not whether there should be a tax on so-called inherited wealth. The issue is should the tax law be administered fairly, equitably and impose the least burden on our citizens.

"Carryover basis must be examined from the standpoint of both the death taxes and income taxes generated by the sale of assets to pay for estate taxes. The cumulative effect of these taxes paid can often consume nearly all of the assets which otherwise would be passed on to surviving spouses and other beneficiaries. This is particularly true when one realizes that most of the assets held by farmers are in their property, and not in assets that can be easily converted to cash.

"Farmers and businessmen whose wealth lies mainly in non-liquid assets should be heartened by the House's recommendation to its conferees. "The pressures working against inheritance should be recognized, and, as in the case of carryover basis, reversed. The burden of payment of these death and estate taxes often falls upon heirs, who in many cases are forced to sell some or all of their inherited property in order to make these payments. Adding a capital gains tax on top of that will simply worsen the financial problems of these people."