Social and demographic changes postpone the moment of young people becoming independent. It decreases the meaning of traditional models of intergenerational transfers based on altruism and increases the importance of the motive for exchange transfers. The exchange transfers consist of providing the gifts or promises of getting inheritance from older people to get attention and support from the younger generation when they will need them. This transformation is facilitated by the older generation's increase of accumulated wealth and their relatively stable financial situation (pensions). At the same time, there is an increase in the number of people living alone (both younger and older) who may perceive donations as a safeguard against falling into deprivation or disability. As a consequence the current taxation of gift and estates does not keep pace with the changes in the intergenerational transfers making them inappropriate. Particularly gift and estate taxation may have an adverse effect on the savings and human capital accumulation of young people.

Therefore the object of our interest is to determine the role played by estate and gift taxation on savings (both of older and younger population) and for the decisions about the accumulation of human capital by young people. While in the case of savings made by financially independent people (a life cycle model), the impact of gift and estate taxation is already known, we do not know how it looks in the case of the younger generation sharing the goods of the elderly, living together in a common household (it is the so called overlapping generation model). Additionally we do not know how taxation in this setting affects the accumulation of human capital. It can be assumed that the motivations for saving by the older generation should be lessened, as well as the tendency of the young generation to acquire education and pursue a professional career should decrease/increase but it should be proved.

We intend to examine the stated problem from theoretical point of view, by developing some economic models explaining the behavior of the donors and recipients, in the case when estate and gift taxation is positive and when those who are making transfers are motivatedto make them by various reasons. These motivations can be roughly described as: accidental (when transfers are the result of an unexpected death of a person), altruistic - made out of love or intentional - made in return for the services expected from the recipient in the future. In addition, we also plan to conduct an empirical study for the sample of selected large European Union countries, explaining what determines the characteristics of estate and gift taxation, such as: the tax burden, the increase in tax burden with the tax base and the differences in kinship between transferors. We are going to choose large European Union countries because the problem of this type of taxation is relatively more important to them. Especially, because the wealth inequalities in this group of countries are larger and the possibilities of offering tax preferences in income or consumption taxes are limited. The combination of empirical research and theoretical model analysis should significantly broaden our knowledge about the effects of estate and gift taxation in relation to social and demographic changes as well as to various forms of estate and gift taxation.