Saiber
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IRS Announces Increases to Estate, Gift and Generation Skipping Transfer Tax Amounts for 2023

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Source: Saiber Estate Planning Alert

The basic exclusion amount is the total amount that an individual may pass by gifts made during his or her lifetime or by devises and bequests at his or her death without liability for federal estate, gift or generation skipping transfer tax. In 2022, the amount exempt from these taxes was $12,060,000 per person. In 2023, the exempt amount will increase to $12,920,000.

The lifetime basic exclusion amount is scheduled to expire in 2026. If legislation isn't passed to change this, on January 1, 2026, the exclusion will reduce to an amount less than $7,000,000 (the 2016 exclusion amount of $5,490,000 plus an inflation adjustment to 2026) per person.

The annual gift tax exclusion amount will similarly increase to $17,000 in 2023 from $16,000 in 2022. This gift tax exclusion is the amount that an individual may gift to others without requiring a filing of a gift tax return or using a portion of the lifetime exemption. Therefore, in 2023, a couple may make tax-free annual gifts up to $34,000 to each of their children, grandchildren, siblings or to any other individual.

If you want to discuss any part of your estate plan, including the benefits of gifting during your lifetime, reach out to Mary Joan Kennedy or Nino Coviello to discuss the strategies that may be available to you.