

ESTATE- AND GIFT-TAX EXCLUSION DOUBLED

While there was strong support for outright repeal of the estate tax, the 2017 Act retained the estate tax, but doubled the estate- and gift-tax exclusion amount. New income tax rates and brackets were also enacted for estates and trusts.

Under prior law, the estate- and gift-tax exclusion amount was \$5 million, adjusted for inflation in years after 2011. For 2018, the amounts were \$5.6 million per individual or \$11.2 million for a married couple. Thus, transferred property under those assets was exempt from estate and gift taxes.

Starting in 2018 through 2025, the 2017 Act doubles the estate- and gift-tax exclusion amount from \$5 million to \$10 million. The \$10 million amount is indexed for inflation after 2011 and is expected to be approximately \$11.2 million for an individual in 2018 or \$22.4 million for a married couple. Generation-skipping transfers are not mentioned in the 2017 Act. However, since the generation-skipping transfer tax exemption is based on the estate- and gift-tax exclusion amount, generation-skipping transfers will also be increased to these amounts.

Beneficiaries still receive a step up in basis as of the date of death for inherited assets for purposes of subsequent sales.

The tax rates for estates and trusts in 2018 are:

10%	\$0–\$2,550
24%	\$2,551–\$9,150
35%	\$9,151–\$12,500
37%	Over \$12,500

Under prior law, the maximum tax rate for estates and trusts was 40%. ○○○

