

NIESAR & VESTAL LLP

Law Alert

September 22, 2022

2023 Inflation Adjustments Expected to Affect Estate and Gift Tax Exemptions

The Tax Cuts and Jobs Act, signed into law on December 22, 2017, significantly increased the exemption amounts for the federal estate, gift, and generation-skipping transfer taxes.

The Internal Revenue Service is expected to announce several inflation adjustments affecting the federal estate and gift tax for 2023. We have highlighted the main adjustments below.

The first adjustment concerns the annual gift tax exclusion. The amount an individual can gift to any other person(s) without filing an annual gift tax form will be increasing from \$16,000 per donee in 2022 to \$17,000 in 2023.

The second adjustment concerns the lifetime exclusion amount. The basic federal gift and estate tax exclusion amount for 2023 will be \$12,920,000 for individuals and \$25,840,000 for married couples, up from \$12,060,000 and \$24,120,000 for calendar year 2022.

We note that an important feature of the current estate tax exclusion amount is that it expires after 2025. Thus, if Congress does not extend the current increased exemptions, the exemption will revert to the level of \$5,000,000 as of January 1, 2026, indexed for inflation. That should correspond to 50% of the exclusion for 2025, indexed for inflation.

If you have any questions regarding the above-mentioned adjustments, please feel free to contact Alan R. Seher (aseher@nvlawllp.com) or Carolina Aricu (caricu@nvlawllp.com).

These publications are designed to provide Niesar & Vestal clients and contacts with information they can use to more effectively manage their businesses and access Niesar & Vestal's resources. The contents of these publications are for informational purposes only. Neither these publications nor the lawyers who authored them are rendering legal or other professional advice or opinions on specific facts or matters. Niesar & Vestal assumes no liability in connection with the use of these publications.