



THE IRS ANNOUNCES ESTATE, GIFT AND GENERATION-SKIPPING TRANSFER (GST) TAX INFLATION INCREASES FOR 2025

October 23, 2024

On October 22, 2024, the IRS officially announced the inflation adjustments for 2025 for the gift and estate tax exemptions. The federal estate, gift and generation-skipping tax exemption will increase to \$13,990,000 for 2025 from \$13,610,000 in 2024. This is an increase of \$380,000. The estate and gift tax exemption represents the amount an individual can transfer during life or at death to beneficiaries without paying any estate or gift tax. The generation-skipping transfer tax exemption is the amount that can pass directly or indirectly to grandchildren or more remote descendants without incurring a transfer tax at one or more generations. The current estate, gift and generation-skipping transfer tax rate is 40%.

For 2025, the annual exclusion will increase to \$19,000 from \$18,000 in 2024. The annual exclusion amount is the amount that a person can give annually to each of as many person as desired without using any gift tax exemption or incurring a gift tax.

For 2025, the annual exclusion for gifts to a non-citizen spouse will increase to \$190,000 from \$185,000 in 2024.

FEDERAL ESTATE AND GIFT TAX RATES AND EXEMPTIONS 2017–2026

Federal Gift & Estate Tax

<u>Year</u>	<u>Exemption</u>	<u>Rate</u>
2017	\$ 5,490,00	40%
2018	\$11,180,000	40%
2019	\$11,400,000	40%
2020	\$11,580,000	40%
2021	\$11,700,000	40%
2022	\$12,060,000	40%
2023	\$12,920,000	40%
2024	\$13,610,000	40%
2025	\$13,990,000	40%
2026	\$ 5,000,000*	40%

* \$5,000,000 Indexed for Inflation and Estimated to be \$7,250,000 in 2026

If you have any questions, please contact your Cummings & Lockwood LLC attorney.