



THE ONE BIG BEAUTIFUL BILL ACT SETS FEDERAL ESTATE, GIFT AND GENERATION-SKIPPING TAX EXEMPTIONS AT \$15,000,000 INDEFINITELY

July 3, 2025

H.R. 1, President Trump's One Big Beautiful Bill Act (the "Act"), has passed both the Houses of Congress. At the time of this release, it is headed to the White House where the President is expected to sign it. Technically a budget reconciliation, the Act contains many tax and spending changes across all areas.

Notably for our private clients and their advisors, the Act did not repeal the estate and gift tax but it does prevent the so-called "sunset" of the current exemptions, preventing the current law of a \$10,000,000 exemption (adjusted for inflation and currently \$13,990,000) from reverting to \$5,000,000, as adjusted for inflation, in 2026. In fact, the Act not only makes the existing exemptions permanent but it resets the Federal Estate, Gift and Generation-Skipping Tax ("GST") exemptions to the higher level of \$15,000,000 per individual as of January 1, 2026 and adjusts for inflation thereafter.

Unlike other recent estate and gift tax changes, there is no expiration associated with the higher \$15,000,000 exemption. This means that the exemption will continue to increase for inflation unless and until further action is taken by Congress and the President to change the exemptions and/or gift and estate tax law.

The Act does not change any other provisions of gift, estate and GST tax law. All other rules remain intact. However, discussions continue about possible changes to many gift and trust taxation laws, and we will continue to monitor any developments in this regard.

The good news is that individuals will have continued opportunities to plan significant wealth transfers going into 2026 and beyond and all of the techniques for gifting which are have become accustomed to assisting our clients with, such as GRATs, GST planning, QPRTs and other strategies remain available at this time.

Please contact your Cummings & Lockwood LLC attorney with any questions.