



IRS RAISES ANNUAL EXCLUSION AND GIFT AND ESTATE TAX EXEMPTIONS FOR 2022

November 11, 2021

In Revenue Procedure 2021-45, the IRS announced its inflation adjustments to key figures for the calendar year 2022. For the first time in several years, the annual exclusion from gift tax will increase from \$15,000 to \$16,000 per year per donee effective January 1, 2022. The annual exclusion is the aggregate amount of present interest gifts that can be given without using lifetime gift tax exemption. Many clients make annual exclusion gifts directly to their children and grandchildren, to 529 plans or to certain trusts with “crummey” withdrawal powers to maximize the use of this exclusion.

In addition to the annual exclusion increase, the IRS announced that the federal lifetime gift tax exemption will increase to \$12,060,000 as of January 1, 2022. As the gift and estate tax are unified, this is also the estate tax exemption for decedents who die in 2022. The GST exemption also is adjusted to \$12,060,000 in 2022.

Finally, the annual amount that can be gifted to a non-citizen spouse is set at \$164,000 for gifts made in 2022.

For other inflation adjustments that may affect your income taxes, please see Revenue Procedure 2021-45.

<https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2022>