

New Gift and Estate Tax Exemption Limits for 2024

Article

Amundsen Davis Trusts, Estates & Succession Planning Alert

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The Internal Revenue Service has announced the new limits for the Gift and Estate Tax Exemption for 2024, the amount of taxable gifts that can be made during lifetime and/or the amount that can be passed at death without being subject to gift or estate tax. The new limit for an individual is \$13.61 million, up from the \$12.92 million limit of 2023. Due to a married couple's ability to combine their exemption amounts, a married couple may gift up to \$27.22 million during their lifetime before being subject to any gift or estate tax (a tax rate which begins at 18% but increases very quickly, capping at 40% of any amount over \$1 million.) This marks the seventh year in a row that the exemption amount has increased since the Tax Cuts and Jobs Act became effective January 1, 2018.

The IRS also announced an increase in the annual gift exclusion amount from \$17,000 in 2023 to \$18,000 in 2024. Again, a married couple may combine their individual exclusion amounts, potentially gifting up to \$36,000 **per recipient per year** before having to use any portion of their lifetime exemption amount. As an example, this means a married couple may gift up to \$108,000 to their three children in one year without using any of their lifetime exemption.

The Tax Cuts and Jobs Act is set to lapse at the end of 2025, and the lifetime exemption amount is set to decrease to \$5 million – the amount that was in place before the Tax Cuts and Jobs Act was passed (this \$5 million is adjusted for inflation, so it will be a bit higher.) Due to the planned sunset of the higher exemption amount, now is a good time to discuss gifting strategies and minimizing estate tax exposure with your estate planning attorney.

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