

## HOUSE TAX REFORM PROPOSAL – ESTATE & GIFT

The following chart sets forth some of the provisions affecting estate and gift tax in the House’s version of the Tax Cuts and Jobs Act, as approved by the House on November 16, 2017. This chart highlights only some of the key issues and is not intended to address all aspects of the proposed legislation. If you have any questions, please contact your Andersen Tax advisor.

As of November 16, 2017

ESTATE AND GIFT		
Provision	Description of Proposed Change	Comments
<b>Estate Tax</b>	The federal estate and gift tax unified credit applicable exclusion amount (basic exclusion) would double from \$5.6 million to \$11.2 million (after taking into account indexing for inflation). The estate tax would then be repealed entirely after six years (2024). The exclusion increase would be effective for tax years beginning after 2017.	Although repealed beginning in 2024, beneficiaries would still receive a stepped-up basis in the estate’s property under the bill. It is possible that anti-stepped-up basis legislation will arise by amendment or in the Senate as an offsetting revenue raiser, in which case beneficiaries would receive carryover basis in the estate’s property.
<b>Gift Tax</b>	The gift tax, while not repealed, would be lowered to a top rate of 35% (for years beginning after 2023, coincident with the proposed estate tax repeal).	If passed, it may be advisable to use the increased gift tax exemption immediately to prevent losing it with potential subsequent law changes that may lower the exemption amount.
<b>Generation- Skipping Transfer (GST) Tax</b>	As with the estate tax, the bill would increase the federal GST exemption amount for transfers made after 2017. The bill would further repeal the federal GST tax for transfers made after 2023.	Another potential issue in waiting to use the increased exemption may exist if a gift is made to a GST-exempt trust in years after 2023. If there is no GST tax system it is not clear whether there would be GST exemption to allocate to those gifts (should the GST tax come back).

The opinions and analyses expressed herein are subject to change at any time. Any suggestions contained herein are general, and do not take into account an individual’s or entity’s specific circumstances or applicable governing law, which may vary from jurisdiction to jurisdiction and be subject to change. No warranty or representation, express or implied, is made by Andersen Tax, nor does Andersen Tax accept any liability with respect to the information and data set forth herein. Distribution hereof does not constitute legal, tax, accounting, investment or other professional advice. Recipients should consult their professional advisors prior to acting on the information set forth herein. No part of this chart may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Andersen Tax LLC. ©2017 ANDERSEN TAX LLC. All rights reserved.