

SENATE TAX REFORM PROPOSAL – ESTATE & GIFT

The following chart sets forth some of the provisions affecting estate and gift tax in the Senate’s version of the Tax Cuts and Jobs Act, as approved by the Senate on December 2, 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 December 2, 2017

ESTATE AND GIFT		
Provision	Description of Proposed Change	Comments
Estate Tax	<p>The proposal would increase the federal estate and gift tax unified credit basic exclusion amount to \$10 million (with inflation adjustments from 2011), effective for decedents dying and gifts made after 2017. The amounts are indexed for inflation using a chained-Consumer Price Index (CPI), which will result in a slower increase in amounts over time.</p> <p>The Senate proposal does not provide for a repeal of the estate tax at any point in the future.</p> <p>This provision would expire after December 31, 2025, but amounts would continue to be indexed for inflation using chained-CPI after December 31, 2025.</p>	<p>Unlike the House bill, the Senate’s bill does not repeal the estate tax in 2024. Furthermore, beneficiaries will continue to receive a stepped-up basis in the estate’s property under the bill.</p>
Gift Tax	<p>The proposal would increase the federal estate and gift tax unified credit basic exclusion amount to \$10 million (with inflation adjustments from 2011), effective for decedents dying and gifts made after 2017. The amounts are indexed for inflation using a chained-Consumer Price Index (CPI), which will result in a slower increase in amounts over time.</p> <p>The top gift tax rate would remain at 40%.</p> <p>This provision would expire after December 31, 2025, but amounts would continue to be indexed for inflation using chained-CPI after December 31, 2025.</p>	<p>The Senate’s bill allows for the gift tax to continue and for the rate to remain at 40%. If passed it may be advisable to use the increased gift tax exemption immediately to prevent losing that increased amount when the legislation sunsets.</p>
Generation- Skipping Transfer (GST) Tax	<p>The proposal would increase the federal GST exemption amount to \$10 million (with inflation adjustments), effective for generation-skipping transfers made after 2017. The amounts are indexed for inflation using a chained-Consumer Price Index (CPI), which will result in a slower increase in amounts over time.</p> <p>The Senate proposal does not provide for a repeal of the generation-skipping transfer tax at any point in the future.</p> <p>This provision would expire after December 31, 2025, but amounts would continue to be indexed for inflation using chained-CPI after December 31, 2025.</p>	<p>If passed it may be advisable to allocate the additional GST exemption to either existing dynasty trusts or to a newly created dynasty trust to prevent losing the increased exemption amounts when legislation sunsets.</p>

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