

The following chart sets forth some of the provisions affecting estate and gift tax in the Tax Reform Act of 2017 (the Act). This chart highlights only some of the key issues and is not intended to address all aspects of the legislation. If you have any questions, please contact your Andersen Tax advisor.

ESTATE AND GIFT		
Provision	Description of Change	Comments
<b>Estate Tax</b>	<p>Consistent with the Senate bill, the Act increases 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 Act does not provide for a repeal of the estate tax at any point in the future.</p> <p>This provision expires after December 31, 2025, but amounts continue to be indexed for inflation using chained-CPI after December 31, 2025.</p>	<p>Unlike the House Bill, the Act 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 Act.</p>
<b>Gift Tax</b>	<p>Consistent with the Senate bill, the Act increases 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 remains at 40%.</p> <p>This provision expires after December 31, 2025, but amounts continue to be indexed for inflation using chained-CPI after December 31, 2025.</p>	<p>The Act allows for the gift tax to continue and for the rate to remain at 40%. It may be advisable to use the increased gift tax exemption before the increased exemption sunsets.</p>
<b>Generation-Skipping Transfer (GST) Tax</b>	<p>Consistent with the Senate bill, the Act increases 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 provision does not provide for a repeal of the generation-skipping transfer tax at any point in the future.</p> <p>This provision expires after December 31, 2025, but amounts continue to be indexed for inflation using chained-CPI after December 31, 2025.</p>	<p>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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