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### **ESTATE, GIFT, AND GENERATION SKIPPING TRANSFER TAX EXCLUSION AMOUNTS FOR 2025**

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The federal basic exclusion amount for estate, gift, and generation skipping transfer tax purposes was \$13,610,000 per person in 2024. This figure will increase to \$13,990,000 in 2025. This basic exclusion amount represents the total amount of property that an individual may pass to anyone, through lifetime gifting and upon his or her death, without the imposition of a federal estate, gift or generation skipping transfer tax.

Further, the concept of portability will still apply in 2025, which allows the surviving spouse to add any unused portion of the basic exclusion amount of the first spouse to die to the survivor's own exclusion amount for gift or estate (but not for generation skipping transfer) tax purposes.

The law providing for the enhanced lifetime basic exclusion amount is scheduled to automatically expire or sunset beginning January 1, 2026, at which time, absent any intervening federal legislation to the contrary, an individual's basic exclusion amount will reset to about \$6,800,000 (which equals the \$5,490,000 amount in 2016 plus an inflation adjustment to January 1, 2026). Individuals may wish to consider targeted estate tax planning in light of the upcoming sunset.

The annual gift tax exclusion amount will also increase from \$18,000 to \$19,000 for 2025. This exclusion amount allows individuals, in 2025, to gift up to \$19,000 to each of an unlimited number of individuals, without the necessity of filing of a federal gift tax return (Form 709) or the imposition of a gift tax or the application of the basic exclusion amount to avoid tax. Any aggregate annual gifts exceeding \$19,000 to any one individual will necessitate the filing of a Form 709 and will reduce the individual's lifetime federal basic exclusion amount by the overage.

Additionally, for gifts to non-U.S. citizen spouses, the annual limit has increased from \$185,000 to \$190,000 in 2025.

If you have any questions or require additional information, please contact any member of Schenck Price's Tax Trusts and Estates Practice Group.

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