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about this Advisory,
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Nothing in this article
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consultation with an
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published here is believed
accurate at the time of
publication, but is subject to
change and does not purport
to be a complete statement
of all relevant issues.*

CLIENT ALERT: INCREASED FEDERAL ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAX EXEMPTIONS IN 2024

Each year, the U.S. Internal Revenue Service (IRS) announces its annual inflation adjustments for federal estate, gift, and generation-skipping transfer (GST) tax. The IRS has announced that the estate and gift tax exemption in 2024 will be \$13,610,000 per taxpayer, an increase of \$690,000 from 2023. This means that, with proper planning, a married couple can shield a total of \$27,220,000 from federal estate, gift, and GST tax in 2024. A married couple who already had used all their federal exemption through lifetime gifting may now gift another \$1,380,000 in 2024 without incurring any tax liability.

ANNUAL GIFT TAX EXCLUSION AMOUNT

Beginning in 2024, the annual gift tax exclusion amount (the "annual exclusion") will increase from \$17,000 to \$18,000 per donee per year, meaning that a taxpayer will be able to give \$18,000 per donee tax-free without using up any of the taxpayer's lifetime exemption from federal gift and estate tax (\$13,610,000 in 2024). For married couples, this means a total of \$36,000 can be gifted to each donee in 2024. As you contemplate year-end gifts for 2023, note that the current amount is \$17,000 per donee (\$34,000 per married couple).

GIFTS TO NON-CITIZEN SPOUSES

Spouses who are both U.S. citizens may generally transfer unlimited amounts to each other without being subject to gift tax. However, gifts made to a non-citizen spouse (regardless of whether the non-citizen spouse is a resident or nonresident of the U.S.) are limited to an annual exclusion amount. The exclusion for gifts made to a spouse who is not a citizen of the United States will be \$185,000 in 2024.

LIFETIME GIFT AND ESTATE TAX EXEMPTION

As noted above, the gift and estate tax exemption will be \$13,610,000 per taxpayer, an increase of \$690,000 from 2023. Thus, if you make gifts over the annual gift tax exclusion, a portion of your lifetime exemption will be used. However, with proper planning, a married couple can shield a total of \$27,220,000 from federal estate, gift, and GST tax in 2024.

As a reminder, these higher exemptions are scheduled to sunset on December 31, 2025, with a return to a \$5 million exemption, indexed upward for inflation.

We welcome an opportunity to discuss your 2023 year-end goals, as well as the planning options that will be available in 2024 and beyond. Please reach out to your Wiggin and Dana attorney if you have any questions or would like further information on the issues discussed above.