

## **Effect of New Tax Act on Gift Tax**

The new tax act passed by Congress in December 2017 has had a tremendous impact on tax planning. Estate and gift tax provisions are among the Internal Revenue Code provisions affected by the new tax act. The biggest change for estate planning purposes is that the new exemption equivalent amount is \$11.18 million for individuals and \$22.36 million for married couples. This new exemption amount applies to gifts and Generation Skipping Transfers (GST) as well. The new tax act has been in effect since January 2018 and will remain in effect until December 31, 2025 (barring a change by Congress). In 2026, the exemption equivalent amounts will return to the amounts prior to 2018, adjusted for inflation. Estate planning documents must be kept up-to-date. In light of the recent changes in the law, you should consult with an attorney to determine how the new tax act can benefit you and your estate plan.