



Estate Planning Adjustments for Tax Year 2019

11.16.2018

Many estate planning provisions of the Internal Revenue Code contain brackets, exemptions, exclusions, deductions, or other figures that the Internal Revenue Service (IRS) adjusts annually for inflation. Recently, the IRS released these inflation adjustments for tax year 2019 in **Revenue Procedure 2018-57**.

Transfer Tax Provisions

For tax year 2019, taxpayers will see their basic exclusion amount (and GST exemption amount) increase to \$11,400,000. This \$220,000 increase from 2018 provides additional planning opportunities, including the ability to make additional, larger gifts during one's lifetime without paying gift tax and to make late allocations of GST exemption.

Other relevant figures will increase slightly in 2019. The annual exclusion for gifts to a spouse who is not a U.S. citizen increases to \$155,000, a \$3,000 increase from last year, and the gift amount from a foreign person that triggers information reporting obligations by the recipient increases slightly by \$312 to \$16,388. The gift tax annual exclusion remains at \$15,000 per individual.

A summary table of relevant gift and estate figures as adjusted for tax year 2019 is provided below. Previous years are added for context.

Adjustment	2017	2018	2019
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Basic exclusion amount and GST exemption amount	\$5,490,000	\$11,180,000	\$11,400,000
Gift tax annual exclusion	\$14,000	\$15,000	\$15,000
Annual exclusion for gifts made to spouse who is not a U.S. citizen	\$149,000	\$152,000	\$155,000
Information reporting on large gifts received from a foreign person	\$15,797	\$16,076	\$16,388
72-Percent Portion under § 6166	\$1,490,000	\$1,520,000	\$1,550,000

Special valuation under § 2032A	\$1,120,000	\$1,140,000	\$1,160,000
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Estate and Trust Income Brackets

Estate and trust income brackets contain minor changes for tax year 2019. The tax rates for estates and trusts will not change in 2019. What will change, however, is the amount of taxable income that places an estate or trust in a particular bracket. These changes are highlighted by the table below.

Tax Year 2018		Tax Year 2019	
If Taxable Income is:	The Tax is:	If Taxable Income is:	The Tax is:
Not over \$2,550	10% of the taxable income	Not over \$2,600	10% of the taxable income
Over \$2,550 but not over \$9,150	\$255 plus 24% of the excess over \$2,550	Over \$2,600 but not over \$9,300	\$260 plus 24% of the excess over \$2,600

Over \$9,150 but not over \$12,500	\$1,839 plus 35% of excess over \$9,150	Over \$9,300 but not over \$12,750	\$1,868 plus 35% of excess over \$9,300
Over \$12,500	\$3,011.50 plus 37% of the excess over \$12,500	Over \$12,750	\$3,075.50 plus 37% of the excess over \$12,750

For further information on the inflation-adjusted items for 2019, please feel free to contact any member of our team.

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