

2018 UPDATE TO WHAT TO DO WHEN SOMEONE DIES

Congress changed the various tax rates in 2010, and again in 2018, and indexed the exemption for inflation, so that the various exemptions increase every year.

The estate tax, gift tax, and generation-skipping transfer tax now have equal exemptions and rates. The exemptions for 2014-2018 is listed below for all three tax rates, with a tax rate of 40% above the exemption amount.

Effective for 2018, the estate tax, gift tax, and generation-skipping transfer tax exemption has been increased to \$11,200,000 per decedent and is indexed to increase with inflation until the year 2025. Unless changed by Congress, this exemption amount will then revert to the 2017 exemption of \$5,490,000, subject to inflation adjustment. The tax rate on the excess remains at a single rate of 40%.

The annual gift tax exemption for any gift made to an individual during the year before it is necessary to file a gift tax return was raised in 2018 to \$15,000 per donee.

Estate tax, Gift Tax and Generation Skipping Transfer Tax exemptions until the year 2025.

2014-Exemption-\$5,340,000-tax rate on excess-40%

2015-Exemption-\$5,430,000-tax rate on excess-40%

2016-Exemption-\$5,450,000-tax rate on excess-40%

2017-Exemption-\$5,490,000-tax rate on excess-40%

2018-Exemption-\$11,200,000-tax rate on excess-40%

Portability, which was made permanent in 2013, provides that upon the death of one spouse, the surviving spouse may increase his or her later estate exemption amount by the "unused" estate tax exemption amount from the first spouse. If one spouse died in 2016 and had \$2,250,000 in taxable assets but left all of these assets to the surviving spouse the exemption of \$5,450,000, would then go to the surviving spouse and increase his or her estate tax exemption at death by this amount, to \$10,940,000 in 2017. To obtain this exemption a timely federal estate tax return must be filed with the IRS after the first death.

Pages 92 and 93 list the various states that have some form of an estate or inheritance tax on residents of that state or on real property owned by non-residents in that state at the time of death. Indiana now has an inheritance tax. Kansas no longer has an estate tax but Tennessee has added an estate tax.

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