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Estate and Gift Tax

Federal Estate and Gift Tax

Based on the new tax reform law (Tax Cuts and Jobs Act of 2017), the federal estate and gift tax exemption for 2020 will be \$11,580,000, as indexed for inflation. And there is available an estate tax portability election. So, should the election be made, it will allow a surviving spouse's exemption to be increased by the deceased spouse's unused exemption amount.

Massachusetts Estate Tax

The Massachusetts estate tax exemption continues to be \$1,000,000, a significant difference from the federal exemption above. In addition, the exemption is not portable between spouses. Therefore, due to the relatively low exemption amount and the inability for spouses to use the other's unused exemption, clients may want to consider some advanced estate planning that otherwise would not be necessary at the federal level.

Gift Tax Annual Exclusion

The annual gift tax exclusion is \$15,000 for 2020 (same as 2019). This allows a donor to give tax free gifts up to the \$15,000 limit to an unlimited number of donees. In addition, spouses who consent to split their gifts may transfer up to \$30,000 per donee.

Please feel free to call or email our office should you have questions in these areas.