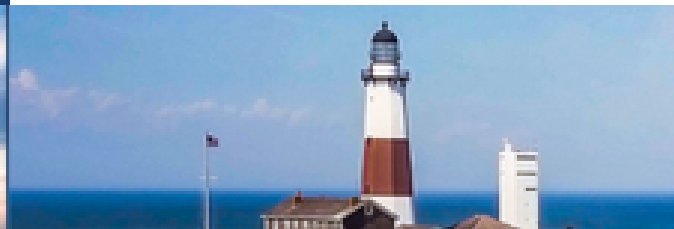


LAW ALERT

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2025 Estate and Gift Tax Exemptions and Exclusions

As you may know, Estate and Gift Tax exemptions and exclusions are indexed for inflation. As 2024 winds down we can look forward to next year's increased exclusions and exemptions.

U.S.

Beginning January 1, 2025, if an individual has not previously made any taxable gifts during their lifetime, they will be able to transfer \$13,990,000, to individuals, other than their spouse, either during their lifetime or upon their death, without incurring a tax liability. Transfers to a spouse continue to be fully exempt. To the extent an individual does not utilize their lifetime exemption, the unused portion will be available for use by their surviving spouse.

In 2025 the annual exclusion for gift tax purposes will be increased from \$18,000 to \$19,000. It is important to remember that the annual exclusion is cumulative and is computed on a per donee basis. Spouses can elect to "split-gifts" effectively permitting \$38,000 to be gifted to each donee if the spouses elect to split the gift and have not separately made gifts to the same individual during the year.

New York

Beginning January 1, 2025, the amount that can be transferred upon one's death without incurring New York State estate taxes will be \$7,160,000. Unlike for U.S. purposes, the unused amount of the exclusion will not be available for use by the surviving spouse. While New York does not impose a gift tax on transfers made during lifetime, taxable gifts made within 3 years of death are considered when computing a decedent's New York State estate tax liability.

It is important to understand that while viewed as "exemptions" or "exclusions", the \$13,990,000, and \$7,160,000, amounts represent the amount of a taxable estate or taxable gifts that will be sheltered from tax by the available credits. For New York State purposes, if the taxable estate exceeds 105% of the "exclusion," there will be no available credit. For those that die during 2025 having taxable estates between \$7,160,000 and \$7,518,000, the credit is phased-out.

As with all aspects of estate planning, the devil is in the details. We stand ready to work with our clients and their advisors to ensure that the wealth they have accumulated during their lifetime can pass to future generations in a tax efficient manner.

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