



## 2023 Estate and Gift Tax Exemptions and Exclusions

As we prepare to ring in the New Year we can look forward to the increased exclusions and exemptions that will be available. Estate and Gift Tax exemptions are indexed for inflation. As you are probably painfully aware, the rate of inflation in 2022 was the highest in recent memory.

As a result, assuming an individual has not made any taxable gifts during their lifetime, beginning January 1, 2023, for Federal estate and gift tax purposes they will be able to transfer \$12,920,000, of their assets to individuals, other than their spouse, either during their lifetime by making gifts or, to the extent they have not utilized the exemption during their lifetime, upon their death. Transfers to spouses continue to be fully exempt. To the extent an individual does not fully utilize their lifetime exemption, the unused portion will be available for use by their surviving spouse. The annual exclusion for gift tax purposes has been increased from \$16,000 in 2022 to \$17,000 beginning in 2023. It is important to remember that the exclusion is cumulative and is available for each donee to whom a gift is made. Spouses can elect to “split” gifts effectively permitting \$34,000 to be gifted by one individual to one donee annually, provided their spouse has not also made gifts to that same individual during the year.

For New York State purposes, beginning on January 1, 2023, the amount that can be transferred upon one’s death without incurring New York State estate taxes will be \$6,580,000. However, unlike for Federal purposes, the unused amount will not be available to the surviving spouse. While New York continues to not impose a gift tax on transfers made during lifetime, 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” the \$12,920,000, and \$6,580,000, amounts are not truly exemptions. Rather, these amounts represent the amount of a taxable estate that will be sheltered from estate tax by the available credit. For New York State purposes, if the taxable estate exceeds 105% of \$6,580,000, there will be no available credit. For taxable estates between \$6,580,000 and \$6,909,000, 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.

**For more information, please contact:**

**David N. Milner, Esq.**  
**(516) 663-6654**  
**[dmilner@rmfpc.com](mailto:dmilner@rmfpc.com)**

**David R. Schoenhaar, Esq.**  
**(516) 663-6588**  
**[dschoenhaar@rmfpc.com](mailto:dschoenhaar@rmfpc.com)**

Attorney Advertising