



Estate Planning Adjustments for Tax Year 2020

11.06.2019

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 2020 in [Revenue Procedure 2019-44](#).

Transfer Tax Provisions

For tax year 2020, taxpayers will see their basic exclusion amount (and GST exemption amount) increase to \$11,580,000 from \$11,400,000. This \$180,000 increase from 2019 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 2020. The annual exclusion for gifts to a spouse who is not a U.S. citizen increases to \$157,000, a \$2,000 increase from last year, and the gift amount from a foreign person that triggers information reporting obligations by the recipient increases slightly by \$261 to \$16,649. 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 2020 is provided below. Previous years are added for context.

Adjustment	2018	2019	2020
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Basic exclusion amount and GST exemption amount	\$11,180,000	\$11,400,000	\$11,580,000
Gift tax annual exclusion	\$15,000	\$15,000	\$15,000
Annual exclusion for gifts made to spouse who is not a U.S. citizen	\$152,000	\$155,000	\$157,000
Information reporting on large gifts received from a foreign person	\$16,076	\$16,388	\$16,649
"2-Percent Portion" under § 6166	\$1,520,000	\$1,550,000	\$1,570,000

Special valuation under § 2032A	\$1,140,000	\$1,160,000	\$1,180,000
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Estate and Trust Income Brackets

Estate and trust income brackets contain minor changes for tax year 2020. The tax rates for estates and trusts will not change in 2020. 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 2019		Tax Year 2020	
If Taxable Income is:	The Tax is:	If Taxable Income is:	The Tax is:
Not over \$2,600	10% of the taxable income	Not over \$2,600	10% of the taxable income
Over \$2,600 but not over \$9,300	\$260 plus 24% of the excess over \$2,600	Over \$2,600 but not over \$9,450	\$260 plus 24% of the excess over \$2,600

Tax Year 2019		Tax Year 2020	
Over \$9,300 but not over \$12,750	\$1,868 plus 35% of excess over \$9,300	Over \$9,450 but not over \$12,950	\$1,904 plus 35% of excess over \$9,450
Over \$12,750	\$3,075.50 plus 37% of the excess over \$12,750	Over \$12,950	\$3,129 plus 37% of the excess over \$12,950

For further information on the inflation-adjusted items for 2020, please feel free to contact any member of our team.

Related People

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