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# irs announces key estate and gift tax exemptions for 2018

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*MSK Client Alert*

October 23, 2017

On October 19, IRS issued Revenue Procedure 2017-58, announcing inflation adjustments for 2018 for dozens of important figures across the Internal Revenue Code, including the following two key numbers regarding the estate tax, gift tax and generation-skipping transfer (GST) tax:

1. Gift Tax Annual Exclusion Increases to \$15,000. For gifts made in 2018, the gift tax annual exclusion will be \$15,000. This is the amount an individual can give to as many donees as desired in one year without using any of the donor's estate and gift tax exemption. The best way to think about this is that a person can stand on the street corner and give \$15,000 to every person who passes by, and the donor will not use any of his or her estate and gift tax exemption.

This also means that a married couple can give each donee up to \$30,000 in 2018 without using either spouse's estate and gift tax exemption amount.

The annual exclusion had been stuck at \$14,000 since 2013. Even though the annual exclusion is indexed for inflation, under the Congressional version of rounding (not the one you learned in elementary school), the annual exclusion does not get rounded up to the nearest \$1,000, it only gets rounded down. Thus, the inflation adjustment must actually push the annual exclusion past the next \$1,000, which explains how it can take five years for the annual exclusion to increase.

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