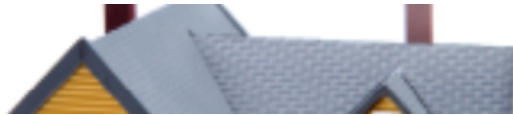


UNIFIED FEDERAL ESTATE AND GIFT TAXATION

The **federal estate tax** is a transfer tax imposed on the privilege of transferring property at death, while the **federal gift tax** is imposed on the transfer of property during the property owner's lifetime. The **federal generation-skipping transfer tax** ensures that the federal government can collect taxes on the transfer of property from one generation to the next generation. These taxes are levied on the **right to transfer property**, and not on the property itself. The amount of tax payable, however, is measured by the **value** of the transferred property.

The estate and gift tax **marital deduction** is **unlimited**, meaning that any amount can be transferred from one spouse to the other spouse, either during lifetime or at death, **without being subject to federal gift or estate tax**, so long as certain conditions are met.

In addition, **"portability"** of the maximum exclusion between spouses is available, meaning that a surviving spouse can elect to take advantage of any unused portion of the estate tax exclusion of his or her predeceased spouse. With this election and careful estate planning, married couples can effectively shield at least \$10 million from the federal estate and gift tax.



2016 UNIFIED FEDERAL ESTATE AND GIFT TAX TABLE

For a Taxable Estate or Gift		The Federal Tax Is	Of the Amount Over
From	To		
\$ 0	\$ 10,000	18%	\$ 0
10,000	20,000	\$ 1,800 + 20%	10,000
20,000	40,000	3,800 + 22%	20,000
40,000	60,000	8,200 + 24%	40,000
60,000	80,000	13,000 + 26%	60,000
80,000	100,000	18,200 + 28%	80,000
100,000	150,000	23,800 + 30%	100,000
150,000	250,000	38,800 + 32%	150,000
250,000	500,000	70,800 + 34%	250,000
500,000	750,000	155,800 + 37%	500,000
750,000	1,000,000	248,300 + 39%	750,000
1,000,000	Infinity	345,800 + 40%	1,000,000
For Decedents Dying or Gifts Made During		Top Tax Rate	Applicable Unified Credit
2016		40%	\$2,125,800
			Exemption Equivalent
			\$5,450,000

NOTE: The unified credit and exemption equivalent are adjusted for inflation each year.

Generation-Skipping Transfer Tax

A generation-skipping transfer in excess of available exemptions is subject to the maximum federal estate and gift tax rate of 40% in 2016. The GSTT is in addition to any federal estate or gift tax due and is payable by the transferor, the transferor's estate or by the trustee of a trust making a generation-skipping transfer. Available exemptions include:

Annual gift tax exclusion: Gifts that qualify for the annual gift tax exclusion (\$14,000 in 2016) are exempt from the GSTT.

GSTT exemption: Each person is entitled to a total exemption from the GSTT (\$5,000,000 as adjusted for inflation; \$5,450,000 in 2016), which can be allocated among gifts made during life and transfers made at death. The GSTT exemption is equal to the estate and gift tax unified credit equivalent.

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**2016 Federal Estate and
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