

Legal Alert

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IRS 2025 Inflation Adjustments for Gift and Estate Tax Exemptions

by the Probate & Estate Planning Team at Turner Padget

The IRS inflation adjustments for 2025 is now in effect, which brings notable changes to federal estate, gift, and generation-skipping transfer (GST) tax exemptions.

For 2025, the federal estate, gift, and GST tax exemption will rise to \$13,990,000, an increase of \$380,000 from the 2024 exemption of \$13,610,000. This exemption allows individuals to transfer assets during their lifetime or at death without incurring federal estate or gift taxes, which are taxed at a current rate of 40%. The GST tax exemption similarly enables tax-free transfers to grandchildren or more remote descendants.

Additionally, the annual gift tax exclusion will increase to \$19,000 (up from \$18,000 in 2024). This means individuals can gift up to \$19,000 annually per recipient without using any portion of their lifetime exemption. For gifts to non-citizen spouses, the annual exclusion will increase to \$190,000 (from \$185,000 in 2024).

Notably, under current law, the federal estate and gift tax exemption is set to drop significantly to \$5,000,000, indexed for inflation, in 2026. Experts estimate this will be approximately \$7,250,000.

These changes underscore the importance of proactive estate planning. If you may be affected, consider consulting an experienced estate planning attorney to explore strategies and ensure compliance with evolving tax laws.

Planning ahead can help maximize your tax benefits and protect your legacy.

We are committed to helping you navigate these changes and ensuring your compliance with the Corporate Transparency Act.

The Turner Padget Trust & Estates team of attorneys guide clients through estate planning, trust creation and administration, probate, estate and trust litigation, and business succession planning. Our team includes a Certified Specialist in Estate Planning and Probate, professionals with advanced taxation credentials, and litigators familiar with South Carolina's laws and court systems. We have office locations throughout South Carolina, so whether you're in Charleston, Columbia, Greenville, Myrtle Beach, Florence, or elsewhere our attorneys understand local probate court rules, judicial practices, and statutory requirements. If you're looking for assistance with wills, revocable or irrevocable trusts, estate or trust disputes, planning for incapacity, or fiduciary administration in South Carolina, our team is ready to assist you. Call us today to arrange a consultation and begin planning for your family's future.

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