

Is the \$5 Million Gift Tax Exemption Changing?

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Rumors have begun circulating that the Joint Select Committee on Deficit Reduction (known as the “Super Committee”) will recommend that the gift tax exemption amount be reduced to \$1 million as early as November 23, 2011, the day the Super Committee is scheduled to make its recommendations to Congress. The Super Committee was created under the Budget Control Act of 2011 with a stated goal of reducing the deficit. As you may know, the \$5 million exemption amount was already scheduled to decrease to \$1 million on January 1, 2013.

While the Super Committee’s recommendations are expected to include changes to the tax law, informed observers report that it is highly unlikely that any substantial changes to the gift, estate and generation-skipping transfer taxes will be made prior to the 2012 presidential election.


The rumors serve as a reminder that the \$5 million gift tax exemption has always been a temporary provision. The easiest way to ensure that the tax savings permitted by this opportunity are not missed is to fully use the exemption as soon as possible. With interest rates at historic lows, this is a great time to utilize your \$5 million exemption.


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