

CLIENT ALERT

2023 Inflation Adjustments Provide Opportunity for Gifting

October 25, 2022

AUTHORS

David J. McCabe | Michele M. Mulrooney | Barbara Grayson | David J. Posner
Ani Hovanessian | Andrew Copans | Jillian E. Merns | Kathy L. Wunderli
Jonathan C. Lurie | Donna P. Margolis | Anne E. Brynn

On October 18, 2022, the Internal Revenue Service released the 2023 lifetime gift, estate tax and generation-skipping transfer (“GST”) tax exemption amounts, which are adjusted annually for inflation. The amount that a person can gift tax-free during his or her life (or at his or her death) will increase from the 2022 figure of \$12,060,000 (or \$24,120,000 per married couple) to \$12,920,000 (or \$25,840,000 per married couple) in 2023. Even if you have previously exhausted your lifetime tax-free gifting, this increase in exemption for 2023 (\$860,000 per person or \$1,720,000 per married couple) provides significant gifting opportunities, particularly for individuals who have assets that can be gifted at a discount (e.g., private investments, private equity interests, family LPs or LLCs).

The annual exclusion from gift tax (the amount that you may give each year to as many other individuals as you choose without using your gift exemption or incurring a gift tax) is also increasing, from \$16,000 (\$32,000 per married couple) in 2022 to \$17,000 (\$34,000 per married couple) in 2023.

While the current inflationary environment has certainly created economic pains, it, along with the tax law changes enacted in 2017, has also resulted in an historic high in the amount that can be gifted free of gift and GST taxes. (In comparison, the exemption amount in 2017 was \$5,490,000 per person.) However, the time to take advantage of these increased exemption amounts is limited; absent action from Congress, the current exemption levels will decrease by approximately one-half at the end of 2025.

2023 Inflation Adjustments Provide Opportunity for Gifting

If you are interested in discussing your gifting opportunities, please reach out.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

New York

David J. McCabe

212 728 8723

dmccabe@willkie.com

David J. Posner

212 728 8780

dposner@willkie.com

Ani Hovanesian

212 728 8380

ahovanesian@willkie.com

Jillian E. Merns

212 728 8718

jmerns@willkie.com

Donna P. Margolis

212 728 8778

dmargolis@willkie.com

Chicago

Barbara Grayson

312 728 9030

bgrayson@willkie.com

Anne E. Brynn

312 728 9017

abrynn@willkie.com

Los Angeles

Michele M. Mulrooney

310 855 3030

mmulrooney@willkie.com

Jonathan C. Lurie

310 855 3050

jlurie@willkie.com

Andrew Copans

310 855 3040

acopans@willkie.com

Kathy L. Wunderli

310 855 3035

kwunderli@willkie.com

Copyright © 2022 Willkie Farr & Gallagher LLP.

This alert is provided by Willkie Farr & Gallagher LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This alert may be considered advertising under applicable state laws.

Willkie Farr & Gallagher LLP is an international law firm with offices in Brussels, Chicago, Frankfurt, Houston, London, Los Angeles, Milan, New York, Palo Alto, Paris, Rome, San Francisco and Washington. The firm is headquartered at 787 Seventh Avenue, New York, NY 10019-6099. Our telephone number is (212) 728-8000 and our fax number is (212) 728-8111. Our website is located at www.willkie.com.