

## ESTATE AND BUSINESS PLANNING ALERT

### ESTATE TAX LAW CHANGES

January 16, 2018

Congress passed and the President signed the law commonly known as the Tax Cuts and Jobs Act (the “2017 Tax Act”) in December 2017. The 2017 Tax Act makes many changes in the federal tax law, including some changes in the federal estate tax.

As a result of the 2017 Tax Act, the law now:

- Provides an \$11.18 million estate tax exemption for decedents dying in 2018 and later. For married couples this means up to \$22.36 million estate may escape federal estate tax entirely. The amount of the exemption will be adjusted upward for inflation each year going forward.
- Provides the same \$11.18 million gift tax exemption for 2018 with the same inflation adjustment for gifts in 2019 and later.
- Continues the concept of “portability” of a deceased spouse’s federal estate tax exemption. Portability allows a surviving spouse to use all of the deceased spouse’s unused estate tax exemption, even if the deceased spouse had done no tax planning.
- Allows the same inflation adjusted \$11.18 million exemption from the generation-skipping transfer tax in 2018 and later.
- Retains the gift tax annual exclusion, which for 2018, after an inflation adjustment, allows present interest gifts of up to \$15,000 to as many recipients as the donor wishes.
- Provides that the changes to the estate tax exemptions by the 2017 Tax Act will expire effective December 31, 2025. At that time, the exemptions in effect before the 2017 Tax Act will become effective again.

### ESTATE AND BUSINESS PLANNING PRACTICE GROUP

Arthur J. Clark  
541-686-0343  
[aclark@hershnerhunter.com](mailto:aclark@hershnerhunter.com)

Sally R. Claycomb  
541-302-5277  
[sclaycomb@hershnerhunter.com](mailto:sclaycomb@hershnerhunter.com)

Nicholas M. Frost  
541-302-2482  
[nfrost@hershnerhunter.com](mailto:nfrost@hershnerhunter.com)

Hershner Hunter, LLP  
Attorneys  
180 East 11<sup>th</sup> Avenue  
Eugene, Oregon 97401

Tele: 541-686-8511  
Fax: 541-344-2025

[www.hershnerhunter.com](http://www.hershnerhunter.com)

Although the higher federal estate tax exemptions greatly benefit many Oregonians, the Oregon estate tax exemption remains at \$1 million, and portability is not available for Oregon estate tax. It is important to keep this in mind, to prevent unexpected taxes that might be avoided with proper planning.

Oregon does not tax gifts. Oregonians who expect to have estates above the Oregon estate tax exemption can reduce their Oregon estate taxes by making gifts during life to those who will eventually receive their estates. Of course, no one should make gifts that will put their own financial security at risk. Because gifts do not increase the recipient's income tax basis, the impact of capital gains taxes should be considered, especially if the recipient is expected to sell the gifted assets.

If you have questions, please contact any member of our [Estate and Business Planning Practice Group](#):

- [Arthur J. Clark](#) 541-686-0343
- [Sally R. Claycomb](#) 541-302-5277
- [Nicholas M. Frost](#) 541-302-2482

*This article provides general information and should not be construed as legal advice or a legal opinion on any specific facts or circumstances. If you have specific legal questions, you are urged to consult with an attorney concerning your own situation.*