

2017 Federal Inflation Adjustments

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Each year, certain federal estate, gift and generation-skipping transfer (GST) tax figures are subject to inflation adjustments.

Effective January 1, 2017, the annual exclusion amount for gifts per donee remains at \$14,000. The annual exclusion amount for gifts made to a noncitizen spouse in 2017 is increased to \$149,000, up from \$148,000 in 2016.

The federal estate, gift and GST tax exemption amount for estates of decedents dying in 2017 and for cumulative lifetime gifts whenever made is increased to \$5,490,000, up from \$5,450,000 in 2016.

The special use valuation reduction limit for farmland and real estate used in privately held businesses for decedents dying in 2017 will be \$1,120,000, up from \$1,110,000 in 2016.

The portion of the estate tax that may be deferred at an interest rate of 2% per year, after the applicable exclusion amount is applied, on an estate's ownership interest in a farm or closely-held business, will be \$1,490,000, up from \$1,480,000 for 2016 (the so-called Section 6166 election).

The foreign gift reporting threshold for gifts from a nonresident alien or foreign estate to a U.S. person (other than an exempt Code Section 501(c) organization) will be \$100,000; the foreign gift reporting threshold for gifts from foreign corporations and foreign partnerships to a U.S. person (other than an exempt Code Section 501(c) organization) will be \$15,797 in 2017 (up from \$15,671 in 2016).

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