

2021 Estate Tax Exemption

In 2011, the American Tax Payer Relief (ATRA) Act changed the rules for the gift tax, estate tax and generation-skipping transfer (GST) tax exemptions by creating a unified exemption amount with a base exemption of \$5 million. This base exemption is indexed for inflation. The Tax Cuts and Jobs Act of 2017 (TCJA) doubles these exemptions. The TCJA exemptions are scheduled to sunset after 2025 and revert back to those available under ATRA. The table below details the history of the exemptions.

Year	Gift Tax Exemption	Estate Tax Exemption	GST Tax Exemption	Tax Rate
2021	\$11,700,000	\$11,700,000	\$11,700,000	40%
2020	\$11,580,000	\$11,580,000	\$11,580,000	40%
2019	\$11,400,000	\$11,400,000	\$11,400,000	40%
2018	\$11,180,000	\$11,180,000	\$11,180,000	40%
2017	\$5,490,000	\$5,490,000	\$5,490,000	40%
2016	\$5,450,000	\$5,450,000	\$5,450,000	40%
2015	\$5,430,000	\$5,430,000	\$5,430,000	40%
2014	\$5,340,000	\$5,340,000	\$5,340,000	40%
2013	\$5,250,000	\$5,250,000	\$5,250,000	40%
2012	\$5,120,000	\$5,120,000	\$5,120,000	40%
2011	\$5,000,000	\$5,000,000	\$5,000,000	35%

Because ATRA reunified the gift tax and estate tax exemption amounts, ATRA makes it possible for an individual to transfer the full exemption amount either during life or at death, as long as the total amount transferred does not exceed the current exemption. Therefore, if the taxpayer made a lifetime gift using up their entire exemption amount during life, then they can't shelter any of their remaining assets from the estate tax.



The value of lifetime taxable gifts made during lifetime is added to other estate-includable assets and the estate tax is then calculated. To calculate the gift, estate or GST tax that would be due, the exemption amount is converted to the “unified credit amount,” which is then subtracted from the tax due.

Year	Unified Credit
2021	\$4,625,800
2020	\$4,577,800
2019	\$4,505,800
2018	\$4,417,800
2017	\$2,141,800
2016	\$2,125,800
2015	\$2,117,800
2014	\$2,081,800
2013	\$2,045,800
2012	\$1,772,800
2011	\$1,730,800

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