



Client Alert

The Generous, But Temporary, Gift Tax Exclusion

One of the remarkable changes to the 2010 tax law increases the amount a taxpayer may gift on a tax-free basis from \$1 million to \$5,120,000 (\$10,240,000 per couple) for 2012, more than five times greater than any gift tax exclusion previously offered. This exclusion is only available until the end of 2012 and, as of the present time, there has been no discussion in Congress of what it will be willing to do, if anything, to alter or ameliorate the reversion.

Why should you care? As one example, if an individual were to make a gift this year of his or her investment in real estate or in a closely held business with a value of \$5 million, and if it were to appreciate at an average rate of 6% per annum, in 30 years the gift would have grown to \$29 million, free of any estate tax on the appreciation.

There are various approaches to making the gift and each potential donor should seriously consider the available options while there is plenty of time before the current exclusion sunsets.



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