

Revenue Procedure 2009-50 Containing 2010 Inflation Adjustments

The Internal Revenue Service has released Revenue Procedure 2009-50 containing the 2010 inflation adjustments.

The 2010 estate planning amounts will be as follows:

- The annual exclusion amount is \$13,000 (no change from 2009).
- The lifetime gift tax exemption amount is \$1,000,000 (no change from 2009).
- The estate tax exemption amount is \$3,500,000* (no change from 2009).
- The generation-skipping tax exemption amount is \$3,500,000*.
- The top gift, estate, and generation-skipping transfer tax rate is 45%.
- The gift tax exclusion for gifts to a non-citizen spouse increases to \$134,000 (\$133,000 in 2009).
- The maximum valuation decrease pursuant to Section 2032A special valuation election is \$1,000,000 (no change from 2009).
- The maximum value of the business interest used to determine the “2-percent portion” of the deferred estate tax for Section 6166 increases to \$1,340,000 (\$1,330,000 in 2009).
- Recipients of gifts from certain foreign persons may have to report these gifts if the aggregate value of gifts received in a taxable year exceed \$14,165.

*Barring Congressional action, there will be no estate tax or generation-skipping transfer tax in 2010, and the exemption will fall to \$1,000,000 in 2011. However, we anticipate that there will be Congressional action sometime before the close of 2009, and that the most likely scenario is that the estate and generation-skipping transfer tax exemptions will remain at \$3,500,000 in 2010 (although an increase in the exemption also is a possibility).

Reference: For more information, please see Revenue Procedure 2008-66