



House Passes the “One Big Beautiful Bill Act,” Extending the High Ceiling on Federal Estate and Lifetime Gift Tax Exclusion Amount

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On Thursday, May 22, 2025, the House of Representative passed an extensive tax reform bill titled the “One Big Beautiful Bill Act” (the “OBBBA”). Under the OBBBA, the federal estate tax and lifetime gift tax exemption amount (currently set to expire after December 31, 2025) is permanently extended and increased to \$15,000,000 as of 2026, indexed for inflation going forward.

This is a significant benefit to high-net-worth individuals and families. Under current law (the Tax Cuts and Jobs Act (the “TCJA”)), the federal estate tax and lifetime gift tax exemption amount was increased to \$10,000,000 as of January 1, 2018, and indexed for inflation each year. As a result, in 2025, the exemption amount for an individual is \$13,990,000 and \$27,980,000 for a married couple. The provisions of the TCJA are scheduled to sunset after December 31, 2025. Absent passage of the OBBBA, the current exclusion amount will reduce to \$5,000,000, indexed for inflation (which will be approximately \$7,000,000 for an individual, \$14,000,000 for a married couple).

The OBBBA must still be passed by the Senate. However, President Trump and Republican congressional leaders have set a goal of July 4 for final approval of the bill. If the OBBBA is passed, high-net-wealth individuals and families looking to avail themselves of the benefit of the high exclusion amount afforded by the TCJA by making lifetime gifts will no longer need to complete gifts before the end of 2025. However, gifting sooner than later may remain beneficial to take advantage of time value of money principles (i.e., asset growth that occurs post-gifting is no longer included in the taxable estate of the person who made the gift).

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