

OCTOBER 30, 2015

---

**CONTACT**

Austin Bramwell  
Partner  
212-530-5466  
abramwell@milbank.com

Georgiana Slade  
Partner  
212-530-5616  
gslade@milbank.com

Jim Sligar  
Consulting Partner  
212-530-5839  
jsligar@milbank.com

David Stoll  
Partner  
212-530-5880  
dstoll@milbank.com

---

## Trusts and Estates Group Client Alert: Inflation-Adjusted Amounts for 2016 Announced

In Revenue Procedure 2015-53, the Internal Revenue Service recently announced certain inflation adjusted amounts for 2016, including gift, estate, and generation-skipping transfer (“GST”) tax amounts. Please note the following adjustments under the Revenue Procedure which might be relevant to your estate planning:

1. The gift tax annual exclusion amount (*i.e.*, the amount that can be given annually gift tax free to an unlimited number of donees) will remain at \$14,000 per donee (or \$28,000 per donee for married couples who elect to “split” gifts).
2. The gift, estate and generation-skipping transfer (“GST”) tax exemption amount (*i.e.*, the amount of taxable transfers that can be given transfer tax free in the aggregate during lifetime or at death) will increase to \$5,450,000 in 2016 from \$5,430,000 in 2015.
3. For gifts to a spouse who is not a United States citizen, the gift tax annual exclusion will increase to \$148,000 in 2016 from \$147,000 in 2015.
4. Recipients of gifts from foreign persons who are corporations or partnerships must report such gifts if the aggregate value of the gifts received in 2016 exceeds \$15,671, up from \$15,601 for 2015. Recipients of gifts from foreign persons who are individuals must report such gifts if the aggregate value of the gifts received in 2016 exceeds \$100,000.

## Update Regarding New Regulations Expected to Eliminate Certain Valuation Discounts for Gift and Estate Tax Purposes

In an earlier alert this year, we reported that the IRS announced it will soon issue gift and estate tax regulations under Section 2704 of the Internal Revenue Code that would disallow valuation discounts for interests in family entities; that these regulations could deny discounts not merely for interests in family-owned entities, but also for interests in private equity and hedge funds held by fund managers; and that these regulations could be made effective as of the date they are published. These regulations have not yet been published, and we still expect them to be published sometime in the next several months.

\* \* \*

Please feel free to contact us if you have any questions regarding how these potential changes affect your current estate planning documents and possible planning opportunities for you.

**TRUSTS AND ESTATES  
GROUP**

Please feel free to discuss any aspects of this Client Alert with your regular Milbank contacts or any of the members of our Trusts and Estates Group.

If you would like copies of our other Client Alerts, please visit our website at [www.milbank.com](http://www.milbank.com) and choose "Client Alerts" under "News."

This Client Alert is a source of general information for clients and friends of Milbank, Tweed, Hadley & McCloy LLP. Its content should not be construed as legal advice, and readers should not act upon the information in this Client Alert without consulting counsel.

© 2015 Milbank, Tweed, Hadley & McCloy LLP.

All rights reserved.  
Attorney Advertising.  
Prior results do not guarantee a similar outcome.

**NEW YORK**  
28 Liberty Street, New York, NY 10005

---

Henri S. Benaim	<a href="mailto:hbenaim@milbank.com">hbenaim@milbank.com</a>	+1-212-530-5269
Austin Bramwell	<a href="mailto:abramwell@milbank.com">abramwell@milbank.com</a>	+1-212-530-5466
Sean Imfeld	<a href="mailto:simfeld@milbank.com">simfeld@milbank.com</a>	+1-212-530-5322
Mohineet K. Khosla	<a href="mailto:mkhosla@milbank.com">mkhosla@milbank.com</a>	+1-212-530-5601
Katie Lynagh	<a href="mailto:klynagh@milbank.com">klynagh@milbank.com</a>	+1-212-530-5435
Bich-Nga H. Nguyen	<a href="mailto:bnguyen@milbank.com">bnguyen@milbank.com</a>	+1-212-530-5886
Georgiana J. Slade	<a href="mailto:gslade@milbank.com">gslade@milbank.com</a>	+1-212-530-5616
Jim Sligar	<a href="mailto:jsligar@milbank.com">jsligar@milbank.com</a>	+1-212-530-5839
Leah Socash	<a href="mailto:lsocash@milbank.com">lsocash@milbank.com</a>	+1-212-530-5386
David J. Stoll	<a href="mailto:dstoll@milbank.com">dstoll@milbank.com</a>	+1-212-530-5880
Marceline B. Tempesta	<a href="mailto:mtempesta@milbank.com">mtempesta@milbank.com</a>	+1-212-530-5887

---