



# Client Alert

## 2022 Inflation Adjustment Amounts, Build Back Better Act

January 10, 2022

### 2022 Inflation Adjustment Amounts

Exemption and exclusion amounts available for gifts and inheritances are subject annually to cost-of living adjustments. The IRS recently released official inflation-adjusted amounts for 2022. The adjustments are as follows:

- The lifetime applicable exclusion amount for estate and gift tax purposes increases per transferor to \$12,060,000 in 2022, from \$11,700,000 in 2021.
- The generation-skipping transfer tax exemption amount also increases per transferor to \$12,060,000 in 2022, from \$11,700,000 in 2021.
- The annual gift tax exclusion amount increases to \$16,000 in 2022 per transferee, from \$15,000 in 2021.
- The annual exclusion for gifts to a non-U.S. citizen spouse increases in 2022 to \$164,000 from \$159,000 in 2021.
- Additionally, the top bracket (with a tax rate of 37%) for the taxable income of trusts and estates in 2022 is \$13,450, increased from \$13,050 in 2021.

### Build Back Better Act

The Build Back Better Act introduced in the Fall of 2021, which would have increased the highest income tax rates applicable to high net earners and trusts and estates among other changes, passed the U.S. House of Representatives, but did not pass the Senate. It is possible negotiations on the Act may begin again later in January.

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