

BRIDGING THE GAP BETWEEN GENERATIONS

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Tax • Estate and Succession Planning • Elder Law and Special Needs Planning • Probate and Estate Administration • Business Agreements and Transactions



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Wishing you Holidays filled with fun and laughter, and very best wishes for a prosperous New Year!



Estate Tax Updates

Treasury Provides Comfort in Making Gifts

The Tax Cuts and Jobs Act (the "TCJA") significantly increased the gift and estate tax basic exclusion amounts, which are scheduled to be in effect from 2018 to 2025. For 2019 the amount that will be in effect is \$11,400,000 per individual. After 2025, the exclusion amount is scheduled to revert to pre-2018 levels. This possible reversion, coupled with a concern that the IRS would "claw-back" gifts made during the years of the increased exemption, has caused many taxpayers and advisors to be apprehensive about making large taxable gifts, thus losing out on a potential significant tax savings that would accompany such a gifting strategy.

In an effort to provide clarity to the situation, the Treasury Department and the IRS, just prior to Thanksgiving issued proposed regulations that provide that an estate may compute its estate tax credit using the higher of either the basic exclusion amounts applicable to any lifetime gifts made by the taxpayer, or, the basic exclusion amount applicable on the taxpayer's date of death. As a result, if a taxpayer uses the full exclusion amount in years 2018 through 2025 and dies following 2025, the gifts made are effectively "grandfathered" from the reduced exemption with no concern about a negative implication on death. These proposed regulations should give clients comfort in knowing that the planning they do will be effective and once again make it clear that opportunities are available now to leverage the benefits of lifetime gifting for multiple generations.

NYS Provides Clarity on Three-Year Gift Add-Back Rule

While New York State does not impose a gift tax on lifetime transfers, in 2014 the tax law was amended to provide that, upon death, the NY gross estate of a decedent would include gifts made within three years of death if the gift was made between April 1, 2014, and December 31, 2018. While many believed based upon guidance issued by NYS, that the three-year add back would continue to apply in years after 2018 to gifts made during the 2014-2018 period, this is not the case.

In a statement at the top of the [Estate Tax page](#) on the NYS Department of Taxation's website, it is made clear that for any decedent dying after December 31, 2018, no gifts will be required to be added back, regardless of the date of the gift. As such, death-bed gift planning can once again be a strategy to reduce or eliminate New York State Estate Tax.

On the same page of the website, New York State also announced that the 2019 Basic Exemption Amount is increased to \$5,740,000.

For information on these issues or any other estate tax planning questions please contact our office.

Winter Donation Drive

December 3rd 2018 - January 31, 2019

[Katz, Smith, & Chwat](#) and [Katz Tax Seminars](#) have committed to collecting **Children's Hats, Gloves & Scarves**

for the Suffolk County Children's Center at Cohalan Court, part of the [EAC Network](#) of Long Island, a diverse social service agency that empowers, assists, and cares for people in need across Long Island and New York City. Their objective is to reach individuals within our community through innovative programs that improve quality of life.

Please join us in making sure that the children in our communities stay warm this winter. Visit our [Website](#) or [Facebook Event Page](#) for details, drop off location(s) & deadlines.



Our Most Recent Blog

[Disqualifying an Estranged Spouse](#)



First comes love, then comes marriage, then comes a legal inability to disinherit your spouse? It's true – New York state law prohibits an individual from completely disinheriting their spouse even if they have a Last Will and Testament stating so.

See Full Blog [Here](#)

Getting to Know Our Team...

Elyssa D. Kaplan is an associate at Katz, Smith & Chwat, PC, where she practices in the tax practices and estate administration. She predominantly focuses on the administration of estates of various sizes as well as estate planning with an emphasis on asset protection strategies for Medicaid purposes. In May of 2017, Elyssa received her Juris Doctor from Maurice A. Deane School of Law at Hofstra University. Prior to attending law school, Elyssa received her undergraduate degree in Philosophy, Politics and Law from Binghamton University in 2014, which is where she developed an interest in law.



On a more relaxed note, Elyssa is a NY Rangers fan (so much so she named her dog "Ranger"), loves to cook, and can be found taking a bike ride through the trails at Bethpage State Park in her free time. In September of last year she got married and travelled to Italy and France on her honeymoon. Elyssa isn't afraid to get dirty either, she and her husband have (bravely) taken on some major DIY renovations to customize their new home.

Katz Tax Seminars Registration



Registration is now open for the Winter Year-End Seminars

- 2018 Entity & NYS Tax Update 12/14/18
- 2018 Individual Tax Update 1/7/19
- 2018 Entity & NYS Tax Update 1/25/19

Follow this link to our website for [Details and Registration](#)

