

[admin](#) - Wed, 2/12/2014 - 12:25

The unified gift and estate tax credit is the lifetime federal credit available to each taxpayer to reduce the tax on taxable transfers that he or she makes during life and at death.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the gift tax credit schedule and estate tax credit schedule were not unified in 2004 - 2010. They have been reunified for 2011 - 2012 under the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

The unified gift and estate tax exclusion for 2011 and 2012 is \$5,000,000, which is equivalent to a tax credit of \$1,730,800.

For example, if a person with a taxable estate of \$6,000,000 and no lifetime taxable gifts dies in 2011, the estate tax on the person's estate is the tentative tax on \$6,000,000 minus \$1,730,800. That is, the estate tax is  $\$2,080,800 - \$1,730,800 = \$350,000$ . The tax on the same estate if it had been settled in 2009 was  $\$2,580,800 - \$1,455,800 = \$1,125,000$ .

Taxable gifts made during a donor's lifetime are included in the donor's estate at death. For example, if a person with a taxable estate of \$5,000,000 and \$500,000 in lifetime taxable gifts dies in 2011, the estate tax on the person's estate is the tentative tax on \$5,500,000 minus \$1,730,800. That is, the estate tax was  $\$1,905,800 - \$1,730,800 = \$41,000$ .

[Print](#)

Categories

[Taxation](#)