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This is the amount of gift and estate tax lifetime exclusion unused by a person's deceased spouse and therefore available for use by the surviving spouse in addition to his or her own gift and estate tax exclusion. If a person has survived more than one deceased spouse, only the unused exclusion of the last deceased spouse is available.

For example, the lifetime exclusion available in 2014 is \$5,350,000 million. If a husband who dies in 2014 has used \$2 million in gift and estate tax exclusions during life and in his estate, his surviving wife can add his remaining \$3,350,000 million of unused gift and estate tax exclusion to her own \$5,350,00 million in gift and estate tax exclusion. As a result, she will have \$8,700,000 million in gift and estate tax exclusion to apply against her own taxable transfers during life and through her estate. The exclusion amount is indexed for inflation.

The portability of unused spousal exclusion was enacted as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and made permanent by the American Taxpayer Relief Act of 2012. Portability is available only to estates of spouses who died on 1/1/2011 or later.

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