# Estate and Gift Tax: Post-2015 Developments

Since the Seventh Edition of the McDaniel casebook was published, a few things have changed in the world of the federal wealth transfer taxes. Some of the changes were routine. For example, the gift tax annual exclusion, which is adjusted automatically for inflation (*see* IRC § 2503(b)(2)), has been increased to $19,000 a year. *See* Rev. Proc. 2025-32, § 2.42(1), 2025-45 IRB 695, 704.

More significantly, the Tax Cuts and Jobs Act of 2017 doubled the unified credit, which is the equivalent of an exemption, from $5 million to $10 million. The 2025 budget reconciliation law, known informally as the One Big Beautiful Bill Act (or OBBBA), sets the exemption equivalent at $15 million for decedents dying, and gifts made, in 2026. IRC § 2010(c)(3)(A), as amended by Pub. L. 119-21, § 70106(a)(1) (2025). Beginning in 2027, the $15 million figure will be "indexed" for inflation (with 2025 as the base year). IRC § 2010(c)(3)(B), as amended by Pub. L. 119-21, § 70106(a)(2) (2025). (That section of OBBBA is reprinted on the next page.)

Increasing the unified credit has made the federal wealth transfer taxes applicable to an even tinier segment of the population than previously. Prior to the 2017 amendment, it was estimated that 0.2 percent of U.S. residents had enough wealth to be liable for these taxes. After the 2017 amendment, that fraction has declined to less than 0.1 percent.

Meanwhile, there are still some states with estate and inheritance taxes, and their exemptions are typically much lower than the current federal exemption. The Oregon estate tax (10 to 16 percent of the taxable estate) has an exemption of only $1 million. (The median sale price of a home in Portland these days is around $550,000.) The State of Washington's estate tax (10 to 20 percent of the taxable estate) has an exemption of $3 million for decedents dying on or after July 1, 2026.

**From Public Law 119-21**
(July 4, 2025)

**SEC. 70106. EXTENSION AND ENHANCEMENT OF INCREASED ESTATE AND GIFT TAX EXEMPTION AMOUNTS.**

(a) IN GENERAL.—Section 2010(c)(3) is amended—

(1) in subparagraph (A) by striking “$5,000,000” and inserting “$15,000,000”,

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking “2011” and inserting “2026”, and

(B) in clause (ii), by striking “calendar year 2010” and inserting “calendar year 2025”, and

(3) by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2025.