

One Big Beautiful Bill Act Impact on Estate Planning

By Leanne Broyles, Esq.

On Friday, July 4, President Trump signed the One Big Beautiful Bill Act into law. A key provision of the Act, Sec 70106, increases the federal estate and gift tax exemption amount for decedents dying and gifts made after December 31, 2025 to \$15,000,000. This amount is an increase from the current 2025 federal estate and gift tax exemption amount of \$13,990,000, which was set to sunset (expire) on December 31, 2025 in the absence of new legislation. The new exemption amount under the One Big Beautiful Bill Act will be indexed for inflation. Unlike the current exemption amount which was part of the Tax Cut and Jobs Act of 2017, the One Big Beautiful Bill Act exemption is permanent and will not sunset.

Additionally, the One Big Beautiful Bill Act made significant expansions to the benefits for Section 1202 Qualified Small Business Stock (QSBS). The new law adds a tiered exclusion percentage for sales occurring prior to the traditional 5-year period. The gain exclusion also increases to \$15,000,000 from \$10,000,000 and the corporate asset cap from \$50,000,000 to \$75,000,000. Through gifting techniques, these exclusions can be spread out among different family members to maximize the gain exclusion.

Of course, the One Big Beautiful Bill Act exemption can always be modified by new legislation and is likely to be revisited in future administrations. Accordingly, it is important to routinely address gifting strategies with your advisors.

The One Big Beautiful Bill Act does not impact state estate taxes. Locally, decedents located in Maryland and the District of Columbia continue to be subject to state estate tax with a Maryland Exemption of \$5,000,000 and a District of Columbia Exemption of \$4,873,200. Individuals who are not residents of these states, but who own real estate located therein and whose estate size exceeds the local exemption are also subject to estate tax in these locations.

Consult your qualified tax professionals and estate planning professionals to see how these changes impact you personally. Contact the Frost Law team for a consultation.

Info@AskFrost.com

