

## Trump's First 100 Days: Tax, Trusts & Estates

Analysis of New Administration

12.09.2024

The Trump administration is expected to work with Congress to extend the Tax Cuts and Jobs Act (TCJA), but this will take longer than 100 days.

### AT A GLANCE

- The TCJA dramatically increased the basic exclusion amount—the amount a person can pass free of gift, estate and generation-skipping tax (Exemption), indexing it to inflation. If the TCJA is allowed to sunset, the Exemption would decrease to approximately \$7,000,000.
- Project 2025 proposed keeping the increased Exemption permanently and reducing the gift and estate tax rate from 40% to 20%, though Trump has tried to distance himself from certain aspects of this policy exercise.

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During Trump's first term, Congress passed the 2017 TCJA, which dramatically increased the basic exclusion amount—the amount a person can pass free of gift, estate and generation-skipping tax—and indexed this Exemption for inflation each year. Currently, the Exemption amount is \$13,610,000/person. The TCJA expires on Dec. 31, 2025, and absent congressional action, the Exemption will revert back to 2017 levels, indexed for inflation (estimated to be approximately \$7,000,000 in 2026).

What the Trump administration will do is unclear at this time, although it is widely expected that this will be addressed in 2025. Although there have not yet been any specific proposals from the Trump administration, commentators widely predict that it will preserve and extend as much of the TCJA as possible, including the increased Exemption, possibly using the budget reconciliation process to avoid the need to obtain a 60 vote threshold in the Senate.

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Although Trump has distanced himself from Project 2025, Project 2025 proposes keeping the increased Exemption permanently and reducing the gift and estate tax rate from 40% to 20%. The bottom line is there is wide agreement that Congress will take action in 2025 to address the looming TCJA sunset and will be limited in what they can do based upon how much it will cost. Beyond that, time will tell.

*This article is part of a broader analysis examining the anticipated challenges and opportunities created by an administration change. Attorneys from several different practice areas contributed to this series of articles across multiple legal areas.*

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