



## Year-End Gift & Estate Tax Planning

### About Akram & Associates

Akram & Associates PLLC is a full-service PCAOB registered CPA Firm. We are licensed in six states including North Carolina (Reg # 33032), New York (ID # 110272), California (OFR 289), Oregon (2709), Texas (C10208), and Georgia (license # ACF006555).

#### North Carolina

206 High House Road, Suite 106  
Cary, NC 27513  
Tel: 919-654-6900  
Fax: 919-800-3881

#### New York

347 Fifth Avenue, Suite 1402  
New York, NY 10016  
Tel: 646-205-8044

**Toll Free:** 844-386-3829

[aifundservices.com](http://aifundservices.com)



### What You Need to Know for 2020 Planning

#### Possible Decrease in Exemptions

The current estate gift tax exemption is \$11.58 million, which is effective for five (5) years and will revert in 2026 to its sunset amount of \$5 million (indexed from 2011). With Joe Biden's proposed tax plan, there may be a push to change to the 2026 sunset sooner, maybe even by 2021. If this were to occur, possibilities include:

- Decreasing the estate gift tax exemption from \$11.58 million to \$5 million (indexed) or less
- Increasing the estate tax rate above 40%
- Eliminating the step-up in basis for inherited assets
- Increasing capital gains tax rates to 39.6%

#### Values of Some Assets Have Decreased

Due to Covid-19, there is an opportunity for business owners to take advantage of current low valuations to minimize gift and estate taxes. Business owners can use this opportunity to transfer a greater portion of their business assets and reduce their taxable estate.

#### Low Interest Rate Environments & Low Asset Values Can Work in Your Favor

These circumstances are advantageous for techniques such as:

- Grantor Retained Annuity Trusts (GRATs) generally perform well in low interest environments
- Intentionally Defective Grantor Trusts (IDGTs) perform well in an economic downturn, specifically when asset values are low
- Intrafamily loans are another cost-effective alternative, especially in down economies, to provide funds to family members

#### Asset Valuations Are Critical

One of the keys to estate planning is to obtain a supportable valuation of the assets involved in the strategy, especially when dealing with closely held businesses or a fractional interest in a business.

#### Akram Will Help You With Your Unique Situation

Our team will get to know you, your unique situation, and the nature of your relationships. We offer discussion, recommendations and useful research tools to make your planning simple, efficient, and worry-free. We are available throughout every step of the process for further discussion regarding questions, change of circumstances, and alternatives.