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Page Title: Valuations and Discounts in Estate and Gift Tax Planning for 2024 | [INSERT RELATED SERVICE] | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] covers the essentials of managing tax liabilities for inherited or gifted assets, ensuring financial security for you and your loved ones in 2024.

Headline: What to Know About Valuations and Discounts in Estate and Gift Tax Planning (2024)

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Gift and estate tax planning is an important part of managing one's finances, especially for those with considerable assets. Of course, with gifting and transferring assets comes some tax liability—a lot of which is ultimately determined by the valuation of the inherited or gifted assets.

Valuations and discounts in estate and gift tax planning can become quite complex, which is why it's usually best to consult with a financial advisor or other professional when coming up with an estate plan. Still, there are some things everybody should know when it comes to planning for estate and gift taxes, especially as it relates to discounts and valuation.

The Importance of Planning for Estate and Gift Taxes

First, consider the importance of preparing for estate and gift taxes when drafting an estate plan in the first place. If not planned for correctly, estate and gift taxes can add up quickly. This, in turn, could result in the erosion of generations of wealth or even a loss of financial security for beneficiaries.

By taking the time to plan ahead for estate and gift taxes, it is possible not only to reduce tax burdens but also to potentially avoid the hassle of probate, minimize capital gains tax and maximize wealth for many generations to come.

Relevant Tax Changes for 2024

2024 is unique in that it is an election year. What does this have to do with estate and gift taxes? During election years, it is common for congressional activity to decrease—and this includes changes to tax codes and other laws that may affect estate and gift tax valuation.

Despite this slower congressional year, however, it is worth noting that tax cuts provided by the [Tax Cuts and Jobs Act](#) of 2017 will be ending in the coming years. This will have a major impact on estate and gift tax annual exemptions and could make it more costly to gift or transfer larger assets after 2026.

With this in mind, those considering a gift or transfer of assets in an amount greater than \$13.61 million per individual (or \$27.22 million per married couple) should prioritize getting this done before those tax cuts end on January 1, 2026.

Valuation Discounts to Consider

Another thing to keep in mind when it comes to estate and gift tax planning is that there are some valuation discounts that may apply in certain circumstances. These discounts effectively reduce the total value of an asset as it is taxed. Two common valuation discounts that may be worth looking into are a discount for lack of marketability and a discount for lack of control.

Lack of Marketability

In some cases, an investment can be quickly and readily converted into cash (such as by selling an actively traded stock and getting the cash within a few business days). In other cases, however, it may not be possible to convert an investment into cash so easily.

When this is the case in estate and tax planning, a valuation discount may be offered for a [lack of marketability](#) (also known as a lack of liquidity). Taking advantage of this type of valuation discount can significantly reduce one's tax burden when it comes time to carry out an estate plan.

Lack of Control

Another potential valuation discount to explore is for so-called "lack of control," which refers to a situation where a non-controlling owner must rely on the decisions of a controlling owner to receive a return on an investment. This is a common scenario that plays out in estate and tax planning, particularly as it relates to distributions or dividends from an investment.

Don't Delay Estate and Gift Tax Planning

While estate and gift tax planning aren't most people's idea of a good time, the reality is that proper planning can really make all the difference in keeping generational wealth alive. Likewise, by staying on top of the latest tax law changes and opportunities for valuation discounts, it is possible to minimize and even eliminate some tax burdens for beneficiaries.

Estate and gift tax planning can be complicated with many nuances, which is why it's usually best to consult with a professional for guidance. From there, it is possible to sit down and create an estate and gift tax plan that keeps everybody's best interests in mind.

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