Date		Completed
Payroll Date / Deposit Date Aug 25 - 27 / Sept 1 28 - 31 / 3 Sept 1 - 3 / 9 4 - 7 / 10 8 - 10 / 15 11 - 14 / 17 15 - 17 / 22 18 - 21 / 24 22 - 24 / 29 25 - 28 / Oct 1 29 - 30 / 6	Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday, or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and third quarter.	
2	US Treasury Department Anniversary.	
6	Labor Day.	
10	Shred Day, South Haven Office.	
12	National Grandparents Day.	
13	Michigan sales and use tax deposit for month of August to claim early payment discount.	
15	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during August. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and third quarter.	
15	Corporations with fiscal year ending September 30, December 31, March 31, or May 31: • Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit.	
15	Corporations with fiscal year ending May 31 or June 30: • Federal Income Tax Return-Form 1120. • Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. • Pay accrued compensation, charitable contributions, retirement plan contributions, etc.	
15	Corporations with fiscal year ending November 30, February 28, May 31, or August 31: • Pay CIT estimate to State of Michigan.	
15	Third voucher due for individual income tax estimates – both State and Federal.	
17	Shred Day, Grand Haven office.	
20	Michigan Sales, Use and Withholding Taxes Return for the month ended August 31.	
22	Autumn begins at 3:21 PM EDT.	
24	Shred Day, Holland Office.	
30	Corporations with fiscal year ending May 31: • File CIT return and pay balance due to State of Michigan.	

AUGUST

SU	M	T	W	TH	F	SA
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER

SU	**M**	**T**	**W**	**TH**	**F**	**SA**
			1	**2**	**3**	**4**
5	**6**	**7**	**8**	**9**	**10**	**11**
12	**13**	**14**	**15**	**16**	**17**	**18**
19	**20**	**21**	**22**	**23**	**24**	**25**
26	**27**	**28**	**29**	**30**		

OCTOBER

SU	M	T	W	TH	F	SA
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September 2021

PLANNING FOR A LOWER ESTATE TAX EXEMPTION (PART 2)

Our September newsletter continues the estate planning discussion from the August issue. The August issue discussed the history of the current estate tax exemption and the potential for future changes in the law. This issue explores some options for removing assets from an estate through gifting or charitable means.

Accelerating Gifts. The current estate tax exemption reduces to pre-Tax Cuts and Jobs Act (TCJA) amounts in 2026. When the TCJA was enacted, one of the many questions posed by tax professionals was how the utilization of the lifetime gift exemption during 2018-2025 would coordinate with the estate tax exemption after the TCJA sunsets. Fortunately, the IRS has provided some clarity on the matter. According to IRS regulations, individuals taking advantage of the temporary increase of the gift and estate tax exclusion amounts in effect from 2018-2025 will not be adversely impacted after 2025 when the exclusion is scheduled to be reduced to pre-2018 levels.

Example: Claire made a $ 9 million gift in 2020. Assume this was the only gift in excess of the annual exclusion she made during her lifetime. Also, assume she had the full $ 11.58 million exclusion amount (for 2020) at her disposal. If Claire dies in 2026, after the sunset, her potential estate tax exemption would be approximately $ 6 million ($ 5 million, adjusted for inflation). Claire's $ 6 million estate tax exemption would be fully offset by the $ 9 million gift, but the $ 3 million excess gift amount is grandfathered in and exempted. Note that Claire does not get to carry forward the unused portion of the exemption ($ 2.58 million) past the sunset; it is a use-it-or-lose-it exemption.

Between the sunset and President Biden's tax proposal, individuals are currently incentivized to take advantage of the high exemption amount and use as much of it as possible. Gifting assets outright to family members is certainly an option, but the individual cedes both ownership and control of the assets.

Section 529 Plans. Although intended for education expenses, Section 529 accounts can offer an interesting option to remove assets from the estate and still maintain some control. If a married couple has two children and four grandchildren, the couple can open Section 529 accounts with the children and grandchildren as beneficiaries. The couple can contribute $ 30,000 to each account annually or make a five-year contribution (up to $ 150,000) to each account. In this example, the couple would be able to transfer $ 900,000 out of their estate without eating into the lifetime gift tax exemption. The couple could certainly contribute above the annual exclusion and take advantage of the lifetime exemption. If the distributions are not used for qualified education expenses, the distributed earnings are subject to a 10% excise tax on top of income tax. Compared to the alternatives, this may be worth considering.

Donor Advised Funds. While there are certain trust structures (charitable remainder trusts in particular) that allow individuals to transfer assets to qualified charitable organizations, the execution and maintenance can be cumbersome. Donor advised funds allow individuals to transfer assets out the estate and take a charitable deduction while still maintaining control of the asset management with tax-free growth. Donor advised funds have increased in popularity recently for tax planning. They also can be a simple but valuable estate planning tool for those with charitable intent.