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Gift Tax

The gift tax applies to lifetime transfers of property from one person (the donor) to another person (the donee). A gift is made if tangible or intangible property (including money), the use of property, or the right to receive income from property is given without expecting to receive something of at least equal value in return. If something is sold for less than its full value or if a loan is made without interest or with reduced (less than market rate) interest, a gift may have been made. The donor is generally responsible for paying the gift tax.

The general rule is that any gift is a taxable gift. However, there are many exceptions to this rule. Generally, the following gifts aren't taxable gifts.

1. Gifts, excluding gifts of future interests, that aren't more than the annual exclusion for the calendar year.
2. Tuition or medical expenses paid directly to an educational or medical institution for someone else.
3. Gifts to your spouse, if your spouse is a United States citizen.
4. Gifts to a political organization for its use.
5. Gifts to certain exempt organizations described in 501(c)(4), 501(c)(5), and 501(c).
6. Gifts to charities.

A separate annual exclusion applies to each person to whom a gift is made. If you are making a gift to more than one person, the exclusion amount will apply to each person individually. The gift tax annual exclusion is subject to cost-of-living increases as following.

Year(s)	Annual Exclusion
2002 - 2005	\$11,000
2006 – 2008	\$12,000
2009 – 2012	\$13,000
2013 – 2017	\$14,000
2018– 2019	\$15,000

In 2019, generally, gifts valued up to \$15,000 per person could have been given to any number of people, and none of the gifts will be taxable. If the decedent's spouse is not a United States citizen, the annual exclusion for gifts made to him or her in 2019 is \$155,000. However, gifts of future interests can't be excluded under the annual exclusion.



If you wish to obtain more information or assistance, please visit our official website at www.kaizencpa.com or contact us through the following means:

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