



## IRS Tax Tip 2016-57: Tax Tips to Help You Determine if your Gift is Taxable

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IRS Tax Tips

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### Tax Tips to Help You Determine if your Gift is Taxable

If you gave money or property to someone as a gift, you may wonder about the federal gift tax. Many gifts are not subject to the gift tax. Here are seven tax tips for gifts and the gift tax.

1. **Nontaxable Gifts.** The general rule is that any gift is a taxable gift. However, there are exceptions to this rule. The following are nontaxable gifts:

- Gifts that do not exceed the annual exclusion for the calendar year,
- Tuition or medical expenses you paid directly to a medical or educational institution for someone,
- Gifts to your spouse
- Gifts to a political organization for its use, and
- Gifts to charities.

2. **Annual Exclusion.** For 2015, the annual exclusion is \$14,000. Most gifts are not subject to the gift tax. For example, there is usually no tax if you make a gift to your spouse or to a charity. If you give a gift to someone else, the gift tax usually does not apply until the value of

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the gift exceeds the annual exclusion for the year.

3. **No Tax on Recipient.** Generally, the person who receives your gift will not have to pay taxes on it.

4. **Gifts Not Deductible.** Making a gift does not ordinarily affect your taxes. You cannot deduct the value of gifts you make (other than deductible charitable contributions).

5. **Forgiven Debt and Certain Loans.** The gift tax may also apply when you forgive a debt or give a loan that is interest-free or below the market interest rate.

6. **Gift-Splitting.** You and your spouse can give a gift up to \$28,000 to a third party without making it a taxable gift. You can consider that one-half of the gift be given by you and one-half by your spouse.

7. **Filing Requirement.** You must file [Form 709](#), United States Gift (and Generation-Skipping Transfer) Tax Return, if any of the following apply:

- You gave gifts to at least one person (other than your spouse) that amount to more than the annual exclusion for the year.
- You and your spouse are splitting a gift. This is true even if half of the split gift is less than the annual exclusion.
- You gave someone (other than your spouse) a gift of a future interest that they can't actually possess, enjoy, or from which they'll receive income later.
- You gave your spouse an interest in property that will terminate due to a future event.

For more information, see [Publication 559](#), Survivors, Executors, and Administrators. You can view, download and print tax products on [IRS.gov/forms](https://www.irs.gov/forms) anytime.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on [IRS.gov](https://www.irs.gov).

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