



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](#) 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.

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