

Gift Tax

The gift tax is a tax on the transfer of property by one individual to another while receiving nothing, or less than full value, in return. The tax applies whether the donor intends the transfer to be a gift or not.

The gift tax applies to the transfer by gift of any property. You make a gift if you give property (including money), or the use of or income from property, without expecting to receive something of at least equal value in return. If you sell something at less than its full value or if you make an interest-free or reduced-interest loan, you may be making a gift.

The donor is generally responsible for paying the gift tax. Under special arrangements the donee *may* agree to pay the tax instead. Please visit with your tax professional if you are considering this type of arrangement.

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

1. Gifts that are not more than the annual exclusion for the calendar year.
2. Tuition or medical expenses you pay for someone (the educational and medical exclusions).
3. Gifts to your spouse.
4. Gifts to a political organization for its use.

In addition to this, gifts to qualifying charities are deductible from the value of the gift(s) made.

Making a gift or leaving your estate to your heirs does not ordinarily affect your federal income tax. You cannot deduct the value of gifts you make (other than gifts that are deductible charitable contributions). If you are not sure whether the gift tax or the estate tax applies to your situation, refer to [Publication 559, Survivors, Executors, and Administrators](#).

The annual exclusion applies to gifts to each donee. The IRS typically adjusts this gift tax exclusion each year based on inflation.

Starting on January 1, 2024, the annual exclusion on gifts will be \$18,000 per recipient (up from \$17,000 in 2023). A married couple filing jointly can double this amount and gift individuals \$36,000 apiece in 2024.

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