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From: Internal Revenue Service (IRS) [irs@service.govdelivery.com]
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IRS Tax Tips

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IRS Tax Tip 2012-62

If you gave money or property to someone as a gift, you may owe federal gift tax. Many gifts are not subject to the gift tax, but the IRS offers the following eight tips about gifts and the gift tax.

1. **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 make a gift to someone else, the gift tax usually does not apply until the value of the gifts you give that person exceeds the annual exclusion for the year. For 2011 and 2012, the annual exclusion is \$13,000.
2. Gift tax returns do not need to be filed unless you give someone, other than your spouse, money or property worth more than the annual exclusion for that year.
3. Generally, the person who receives your gift will not have to pay any federal gift tax because of it. Also, that person will not have to pay income tax on the value of the gift received.
4. Making a gift does not ordinarily affect your federal income tax. You cannot deduct the value of gifts you make (other than deductible charitable contributions).
5. The general rule is that any gift is a taxable gift. However, there are many exceptions to this rule. The following gifts are not taxable gifts:
 - Gifts that do not exceed the annual exclusion for the calendar year,
 - Tuition or medical expenses you pay 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.
6. You and your spouse can make a gift up to \$26,000 to a third party

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without making a taxable gift. The gift can be considered as made one-half by you and one-half by your spouse. If you split a gift you made, you must file a gift tax return to show that you and your spouse agree to use gift splitting. You must file a Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return, even if half of the split gift is less than the annual exclusion.

7. You must file a gift tax return on Form 709, if any of the following apply:

- You gave gifts to at least one person (other than your spouse) that are more than the annual exclusion for the year.
- You and your spouse are splitting a gift.
- You gave someone (other than your spouse) a gift of a future interest that he or she cannot actually possess, enjoy, or receive income from until some time in the future.
- You gave your spouse an interest in property that will terminate due to a future event.

8. You do not have to file a gift tax return to report gifts to political organizations and gifts made by paying someone’s tuition or medical expenses.

For more information see Publication 950, Introduction to Estate and Gift Taxes. Both [Form 709](#) and [Publication 950](#) are available at www.irs.gov or by calling 800-TAX-FORM (800-829-3676).

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