

O'NEIL & STEINER, PLLC
GIFT TAX RETURN ORGANIZER

Giving gifts to anyone other than tax-exempt entities does not result in tax savings for the donor, nor tax liability for the recipient. However, due to the estate tax, you may have to file additional returns if you give more than the annual gift tax limit to at least one recipient. If the total you give to a recipient in a single year exceeds that year's limit you will need to report "excess gifts."

The gift limit for gifts given in 2023 was \$17,000 per recipient. This limit increased to \$18,000 per recipient for gifts given in 2024. In addition to these amounts, each taxpayer can make direct payments to medical providers or educational institutions on behalf of others for qualified expenses without impacting the annual gift limit.

Each taxpayer has an estate tax exemption. The estate tax exemption for tax year 2023 was \$12.92 million for 2023. For tax year 2024 this increased to \$13.61 million. Excess gifts given use up a portion of this estate tax exemption. Whatever is left over is compared to the value of the assets in the taxpayer's estate when they die. If their assets exceed the remaining estate tax exemption, the estate will have to pay estate tax on the excess of assets over exemption.

The estate tax exemption was increased for tax years 2018-2025 under the Tax Cuts and Jobs Act. This increase is currently set to expire on 1/1/26. If that happens the estate tax exemption will revert to a base of \$5 million, then adjusted due to inflation (likely to approximately \$7 million). Taxpayers with estates worth well over this amount should consider whether giving excess gifts now, while the higher exemptions are in place would be wise estate planning purposes. We suggest a team made up of the taxpayer, financial advisors and tax professionals should be involved in these discussions.

If you have excess gifts to report, please complete the following:

NAME OF GIVER (CLIENT): _____

GIFT TAX RETURN:

a. RECIPIENT NAME: _____

b. RECIPIENT ADDRESS: _____

c. RECIPIENT'S RELATIONSHIP TO YOU: _____
(Gifts to grandchildren, great-grandchildren, etc. above the federal estate tax exemption will trigger generation-skipping tax at the top federal estate tax rate)

d. DATE OF GIFT: _____ / _____ / _____

e. VALUE OF GIFT: \$ _____

f. DESCRIPTION OF GIFT: (Examples: Money given by check, cash, or transfer; digital currency or cryptocurrency; real estate; etc.)
