

O'NEIL & STEINER, PLLC
GIFT TAX RETURN ORGANIZER

Giving gifts to anyone other than tax-exempt entities do 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 2025 was \$19,000 per recipient. This limit remains the same for gifts given in 2026. In addition, each taxpayer can make unlimited direct payments to medical providers or educational institutions on behalf of others for qualified expenses without these payments counting towards the annual gift limit.

Each taxpayer has a lifetime estate tax exemption. For taxpayers who passed away in 2025 the exemption was \$13.99 million. For tax year 2026 this increased to \$15 million. Excess gifts given prior to death use up a portion of this lifetime estate tax exemption. Whatever is left over is compared to the value of the assets in the taxpayer's estate when they pass. If assets exceed remaining lifetime estate tax exemption (after subtracting excess gifts given over their lifetime), the estate will have to pay estate tax on the excess of assets over remaining exemption.

The lifetime estate tax exemption can be doubled for married couples if, upon death of the first spouse, their executor timely files Form 706 to elect portability of the Deceased Spousal Unused Exclusion (DSUE). The election is not automatic. It requires filing of Form 706 even if the estate of the first deceased spouse is not subject to estate tax due to their lifetime estate tax exemption exceeding their combined excess gifts plus assets transferred upon death.

The increased estate tax exemption temporarily granted under the Tax Cuts and Jobs Act (from 2018-2025) were made permanent by the One Big Beautiful Bill Act (OBBA) and will be adjusted annually for inflation starting in 2027.

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; digital/crypto currency; address if real estate)
