

GIFT TAX REPORTING AND RETURNS

Generally, all transfers of property or property interest without adequate consideration are considered gifts subject to gift taxes. However, there is a \$1 million dollar lifetime gift tax exclusion. In order to ensure this exclusion is properly reported and calculated, an individual gift tax return may need to be filed for 2010.

A return is required if the taxpayer gave any of the following:

- More than \$13,000
- More than \$134,000 to a noncitizen spouse
- Split gifts. Each spouse must file if he or she gave more than the annual exclusion to any one individual or any one individual received more than the annual exclusion from the spouses.

Gifts normally include:

- Cash
- Property
- Payments made to a third party on behalf of another
- Interest-free loans
- Below-market sales
- Irrevocable transfers to trusts

This document is to be used for discussion purposes only and is not intended to be an authoritative source. If you have tax planning needs or questions, please contact our office to schedule an appointment for consultation.