

Do gifts require filing Form 709?



## Get ready for the 2023 gift tax return deadline

Did you make large gifts to your children, grandchildren or others last year? If so, it's important to determine if you're required to file a 2023 gift tax return. In some cases, it might be beneficial to file one — even if it's not required.

### Who must file?

The annual gift tax exclusion has increased in 2024 to \$18,000 but was \$17,000 for 2023. Generally, you must file a gift tax return for 2023 if, during the tax year, you made gifts:

- That exceeded the \$17,000-per-recipient gift tax annual exclusion for 2023 (other than to your U.S. citizen spouse),
- That you wish to split with your spouse to take advantage of your combined \$34,000 annual exclusion for 2023,
- That exceeded the \$175,000 annual exclusion in 2023 for gifts to a noncitizen spouse,
- To a Section 529 college savings plan and wish to accelerate up to five years' worth of annual exclusions (\$85,000) into 2023,
- Of *future* interests — such as remainder interests in a trust — regardless of the amount, or
- Of jointly held or community property.

Keep in mind that you'll owe gift tax only to the extent that an exclusion doesn't apply and you've used up your lifetime gift and estate tax exemption (\$12.92 million for 2023). As you can see, some transfers require a return even if you don't owe tax.

## Who might *want* to file?

No gift tax return is required if your gifts for 2023 consisted solely of gifts that are tax-free because they qualify as:

- Annual exclusion gifts,
- Present interest gifts to a U.S. citizen spouse,
- Educational or medical expenses paid *directly* to a school or health care provider, or
- Political or charitable contributions.

But if you transferred hard-to-value property, such as artwork or interests in a family-owned business, you should consider filing a gift tax return even if you're not required to. Adequate disclosure of the transfer in a return triggers the statute of limitations, generally preventing the IRS from challenging your valuation more than three years after you file.

## The deadline is April 15

The gift tax return deadline is the same as the income tax filing deadline. For 2023 returns, it's Monday, April 15, 2024 — or Tuesday, October 15, 2024, if you file for an extension. But keep in mind that, if you owe gift tax, the *payment* deadline is April 15, regardless of whether you file for an extension. If you're not sure whether you must (or should) file a 2023 gift tax return on IRS Form 709, contact us.

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