



Gift Tax - 2009

Taxpayers are required to report and pay tax on gifts given to individuals during the year. The Internal Revenue Code states that taxpayers receive an annual exclusion amount for a gift of present interest. The annual exclusion is applied to each person that receives a gift from the donor. As of January 1, 2009 the annual exclusion for the gift tax increased to \$13,000 per person; up from \$12,000 in recent years. Above the annual exclusion, a taxpayer can give up to \$1 million dollars in his lifetime without having to pay gift tax. This amount is one key figure that did **NOT** change during 2009.

A husband and wife can elect to "split" gifts. Essentially this means they can consent that the gift is coming from both of them and give up to \$26,000 in 2009, without being subject to gift tax. One important item to note with gift splitting is that although your gift may be under the annual exclusion and not subject to gift tax a tax return is still required to show the gift split.

There are certain gifts that are not subject to gift tax. These include:

- Gifts of tuition or medical expenses paid directly to the institution
- Gifts to your spouse
- Gifts to a political organization
- Gifts to charity

Need help with gift or estate planning? Contact your GBQ representative at 614.221.1120