

“How Much Can I Gift Per Year?”

By Chaney Black, CPA

One question that we frequently hear is--“How much can I gift per year without paying any tax?” Most clients have heard of the yearly “limit” of \$15,000 and are worried if they gift more, they will be subject to tax on the excess. Many of our clients are surprised when told they will likely never create an income or estate tax liability if gifting more than the \$15,000 limit. It is also important to note that the gift is not taxable to the recipient.

Whenever you give a gift worth more than the annual exclusion (\$15,000 in 2020) in a given year, you need to file a gift tax return for that tax year. However, you still don’t have to pay tax unless you have also given more than the lifetime exclusion (\$11.58 million in 2020). The IRS will simply decrease your remaining lifetime exclusion by the amount of your taxable gift (in excess of \$15,000). Keep in mind, that the \$15,000 annual exclusion is per spouse. As an example, each spouse could give the same child \$15,000 and not use part of their lifetime exclusion.

Please refer to our website – www.kaupsfinancial.com – to access all our past weekly tax tips and if you know of anyone that you think would want to receive them can sign up under the Tax Tips section of our website.

If you have question on any tax matter, please let our tax team know and we would be glad to assist you.

Thanks,

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