Frequently Asked Questions on Gift Taxes

Below are some of the more common questions and answers about Gift Tax issues. You may also find additional information in Publication 559 or some of the other forms and publications offered on our Forms page. Included in this area are the instructions to Forms 706 and 709. Within these instructions, you will find the tax rate schedules to the related returns. If the answers to your questions can not be found in these resources, we strongly recommend visiting with a tax practitioner.

Who pays the gift tax?

The donor is generally responsible for paying the gift tax. Under special arrangements the donee *may* agree to pay the tax instead. Please visit with your tax professional if you are considering this type of arrangement.

What is considered a gift?

Any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money's worth) is not received in return.

What can be excluded from gifts?

The general rule is that any gift is a taxable gift. However, there are many exceptions to this rule. Generally, the following gifts are not taxable gifts.

1. Gifts that are not more than the annual exclusion for the calendar year.
2. Tuition or medical expenses you pay for someone (the educational and medical exclusions).
3. Gifts to your spouse.
4. Gifts to a political organization for its use.

In addition to this, gifts to qualifying charities are deductible from the value of the gift(s) made.

May I deduct gifts on my income tax return?

Making a gift or leaving your estate to your heirs does not ordinarily affect your federal income tax. You cannot deduct the value of gifts you make (other than gifts that are deductible charitable contributions). If you are not sure whether the gift tax or the estate tax applies to your situation, refer to Publication 559, Survivors, Executors, and Administrators.

How many annual exclusions are available?

Related Topics

- Estate and Gift Taxes
- Estate Tax
- Frequently Asked Questions on Estate Taxes
- Information for Executors
- Gift Tax
- Frequently Asked Questions on Gift Taxes
- Filing Estate and Gift Tax Returns
- Transcripts in Lieu of Estate Tax Closing Letters
- Frequently Asked Questions on the Estate Tax Closing Letter
- Penalties
- What's New - Estate and Gift Tax

Related International Topics

- Estate Tax for Nonresidents not Citizens of the United States
- Frequently Asked Questions on Estate Taxes for Nonresidents not Citizens of the United States
- Transfer Certificate Filing Requirements for the Estates of Nonresidents not Citizens of the United States
- Transfer Certificate Filing Requirements for the Estates

The annual exclusion applies to gifts to each donee. In other words, if you give each of your children $17,000 in 2023, the annual exclusion applies to each gift. The table below shows the annual exclusion amount applicable in the year of the gift.

Annual Exclusion per Donee for Year of Gift

Year of Gift	Annual Exclusion per Donee
2011 through 2012	$13,000
2013 through 2017	$14,000
2018 through 2021	$15,000
2022	$16,000
2023	$17,000

What if my spouse and I want to give away property that we own together?

Each spouse is entitled to the annual exclusion amount on the gift, as shown in the table.

Annual Exclusion per Donee (One Spouse/Two Spouses)

Year of Gift	Annual Exclusion per Donee	Annual Exclusion Total per Donee (from 2 spouses)
2011 through 2012	$13,000	$26,000
2013 through 2017	$14,000	$28,000
2018 through 2021	$15,000	$30,000
2022	$16,000	$32,000
2023	$17,000	$34,000

For information on gift splitting, see *Gifts to Donees Other Than Your Spouse* in the Instructions to Form 709.

What other information do I need to include with the return?

Refer to Form 709 PDF, 709 Instructions and Publication 559. Among other items listed:

1. Copies of appraisals.
2. Copies of relevant documents regarding the transfer.
3. Documentation of any unusual items shown on the return (partially-gifted assets, other items relevant to the transfer(s)).

of Nonresident Citizens of the United States

- Gift Tax for Nonresidents not Citizens of the United States
- Estate & Gift Tax Treaties (International)

Publications

- Forms and Publications - Estate and Gift Tax
- About Publication 559, Survivors, Executors and Administrators

Gift Tax

Transcript **ASL**

What is "Fair Market Value"?

Fair Market Value is defined as: "The fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate." Regulation §20.2031-1.

Whom should I hire to represent me and prepare and file the return?

The Internal Revenue Service cannot make recommendations about specific individuals, but there are several factors to consider:

1. How complex is the transfer?
2. How large is the transfer?
3. Do I need an attorney, CPA, Enrolled Agent (EA) or other professional(s)?

For most simple, small transfers (less than the annual exclusion amount) you may not need the services of a professional.

However, if the transfer is large or complicated or both, then these actions should be considered; It is a good idea to discuss the matter with several attorneys and CPAs or EAs. Ask about how much experience they have had and ask for referrals. This process should be similar to locating a good physician. Locate other individuals that have had similar experiences and ask for recommendations. Finally, after the individual(s) are employed and begin to work on transfer matters, make sure the lines of communication remain open so that there are no surprises.

Finally, people who make gifts as a part of their overall estate and financial plan often engage the services of both attorneys and CPAs, EAs and other professionals. The attorney usually handles wills, trusts and transfer documents that are involved and reviews the impact of documents on the gift tax return and overall plan. The CPA or EA often handles the actual return preparation and some representation of the donor in matters with the IRS. However, some attorneys handle all of the work. CPAs or EAs may also handle most of the work, but cannot take care of wills, trusts, deeds and other matters where a law license is required. In addition, other professionals (such as appraisers, surveyors, financial advisors and others) may need to be engaged during this time

Do I have to talk to the IRS during an examination?

You do not have to be present during an examination unless IRS representatives need to ask specific questions. Although you may represent yourself during an examination, most donors prefer that the professional(s) they have employed handle this phase of the examination. You may delegate authority for this by executing Form 2848 "Power of Attorney."

What if I disagree with the examination proposals?

You have many rights and avenues of appeal if you disagree with any proposals made by the IRS. See Publication 1 and Publication 5 PDF for an explanation of these options.

What if I sell property that has been given to me?

The general rule is that your basis in the property is the same as the basis of the donor. For example, if you were given stock that the donor had purchased for $10 per share (and that was his/her basis), and you later sold it for $100 per share, you would pay income tax on a gain of $90 per share. (Note: The rules are different for property acquired from an estate).

Most information for this page came from the Internal Revenue Code: Chapter 12--Gift Tax (generally Internal Revenue Code §2501 and following, related regulations and other sources)

Can a married same sex donor claim the gift tax marital deduction for a transfer to his or her spouse?

For federal tax purposes, the terms “spouse,” “husband,” and “wife” includes individuals of the same sex who were lawfully married under the laws of a state whose laws authorize the marriage of two individuals of the same sex and who remain married. Also, the Service will recognize a marriage of individuals of the same sex that was validly created under the laws of the state of celebration even if the married couple resides in a state that does not recognize the validity of same-sex marriages.

However, the terms “spouse,” “husband and wife,” “husband,” and “wife” do not include individuals (whether of the opposite sex or the same sex) who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of that state, and the term “marriage” does not include such formal relationships.

Gifts to your spouse are eligible for the marital deduction.

For further information, including the timeframes regarding filing claims or amended returns, see Revenue Ruling 2013-17.

Revenue Ruling 2013-17 PDF, along with updated Frequently Asked Questions for same-sex couples and updated FAQs for registered domestic partners and individuals in civil unions, are available today on IRS.gov. See also Publication 555, Community Property.

How do I secure a gift tax return account transcript?

The IRS will provide an account transcript for gift tax returns when Form 4506-T, Request for Transcript of Tax Return, is properly completed and submitted with substantiation. The transcript may be requested via fax or by mail using Form 4506-T. Upon receipt and verification (including matching current taxpayer and taxpayer representative records with the information on the submitted Form 4506-T), a hardcopy transcript will be mailed to the address of record. **Incomplete or unsubstantiated requests will be rejected, and a Notice will be sent to the Requester**. No fees apply.

Form 4506-T, Request for Transcript of Return, and instructions PDF are available on IRS.gov. Form 4506-T has multiple uses and special **attention must be taken when completing the form for a gift tax inquiry**. Complete the form using the printed instructions paying close attention to the following:

Lines 1a and 1b: Enter the Donor's information including an SSN.

Lines 2a and 2b: Leave blank.

Line 3: Enter Donor's current address if living; estate representative's name, title and address if donor is deceased. The address provided must match the official IRS record.

Line 4: Leave blank.

Line 6: Enter "Form 709."

Line 6 a-c: The ONLY option available for gift tax is **6b**. DO NOT make any other selections in items 6-8.

Line 9: Enter the tax period (MMDDYYYY). If the tax period is unknown, refer to the "Written Requests" section below.

Line for Attestation Clause: The requester must read and agree to the attestation clause on Form 4506-T. This box must be checked to have Form 4506-T processed.

Signature/Title Requirements: The Requester must be authorized to receive the information. If the taxpayer listed on Line 1 is the Requester, no further documentation is necessary. **If the Requester is other than the taxpayer shown in Line 1, the Title portion of the signature section must be completed and substantiated;** see **Documentation** below**.**

Documentation: Please note that in every situation, the individual making the request for information must be authenticated.

1. If a Personal Representative/Executor/Executrix is signing the information request, then, Letters Testamentary, Letters of General Administration or another similar document from the Court must be provided with the request for information. Enter either "Personal Representative" or "Executor" or "Executrix" in the Title section.
2. If there is no probate and a surviving spouse is requesting the data, then a statement that no probate will be commenced, and a copy of a marriage certificate or other similar document is necessary to be provided with the request for information. Enter "Spouse" in the Title section.
3. If there is no probate and the estate is administered under the control of a Trustee, then a statement that no probate will be commenced and a Certificate of Trust or a copy of the complete Trust Instrument must be provided with the request for information. Enter "Trustee of the _______ Trust" in the Title section.
4. If a Trust Officer signs the request for information, the Bank and/or Trust Company must substantiate its authorization to receive taxpayer information, including identification the specific Trust Officer. Enter "Trust Officer" in the Title section.
5. If a tax professional signs the request for information, provide a **copy** of the initial Form 2848 submitted to the IRS for the same taxpayer and the same tax year. A new Power of Attorney is not enough; the record must be established on CAF prior to sending the request for information. For additional information, refer to the "A Note about Form 2848, Power of Attorney" section below. Enter "Power of Attorney" in the Title section.

General Tip: Altered forms will not be accepted. This includes white out, pen and ink changes, or type overs of any kind.

The instructions for Form 4506-T provides a chart directing where to mail or fax the request based upon the state in which the taxpayer was domiciled. Choose the RAIVS Team in either Ogden, UT or Cincinnati, OH.

Written Requests

It is also acceptable to send a written request to the IRS to secure a gift tax transcript. This method should be reserved for taxpayer's that do not have record of which tax year(s) a gift tax return was filed. The written request must include language requesting a determination of "All Gift Tax Returns Filed" for the taxpayer. Use the same fax number or mailing address provided in the Form 4506-T Instructions. The requester must be substantiated with documentation as outlined above for a request using Form 4506-T. Unsubstantiated requests will be rejected.

A Note about Form 2848, Power of Attorney

Please be advised that a duplicate, incomplete, and/or unsubstantiated Form 2848 can result in a rejection of information requests. These tips are provided to reduce the potential for rejection of Form 4506-T.

- File only one official Form 2848, Power of Attorney PDF, in accordance with the most current instructions for each taxpayer. Use the same spelling and address for the taxpayer on all future correspondence.
- Send one complete original with substantiation to the CAF Unit as indicated on the instructions for Form 2848. This is the only way the Form 2848 is recorded.
- For subsequent correspondence with the IRS for the same taxpayer, provide a copy of the official Form 2848. Do not make any alterations; do not provide an original signature; simply label it as a "Copy." The official filing will be electronically verified by IRS based on the data originally filed with the CAF Unit.
- Do not send a Form 2848 with future correspondence that has not been sent to the CAF Unit for processing. Note that signature dates and other items from the official Form 2848 are recorded and will be verified against any new data requests.
- To update the CAF with a tax professional's address or telephone number, do not submit a new Form 2848. Instead, send written notification that includes the new information and the representative's signature to the location where the original Form 2848 was filed.
- The CAF system is only updated with documents received at the CAF Unit.
- Although not mandatory, it may be beneficial to check "Other acts authorized" at Line 5a and write in "Request and Receive IRS Transcripts."

How do I secure a copy of a gift tax return?

The IRS will provide a copy of a gift tax return when Form 4506, Request for Copy of Tax Return, is properly completed and submitted with substantiation and payment. Upon receipt and verification (including matching current taxpayer and taxpayer representative records with the information on the submitted Form 4506-T), a copy of the original tax return will be mailed as requested. Incomplete or unsubstantiated requests will be rejected and a Notice will be sent to the Requester. A $50.00 fee per tax return applies.

Form 4506, Request for Copy of Tax Return PDF, is used to request a copy of previously filed tax returns with all attachments. The form and instructions are available on IRS.gov. Form 4506 has multiple uses and **special attention must be taken when completing the form for a gift tax inquiry**. Complete the form using the printed instructions paying close attention to the following:

Lines 1a and 1b: Enter the Donor's information including an SSN.

Lines 2a and 2b: These lines should remain blank.

Line 3: Enter Donor's current address if living; estate representative's name, title and address if donor is deceased.

Line 4: Leave blank.

Line 5: Enter a third party name and address to receive a copy of the requested information, if appropriate. This line may be left blank if the requester does not want third party involvement.

Line 6: Enter "Form 709."

Line 7: Enter up to eight tax periods per form using this format MM/DD/YYYY.

Line for Attestation Clause: The requester must read and agree to the attestation clause on Form 4506. This box must be checked in order to have Form 4506 processed.

Signature/Title Requirements: The Requester must be authorized to receive the information. If the taxpayer listed in Line 1 is the Requester, no further documentation is necessary. **If the Requester is other than the taxpayer shown in Line 1, the Title portion of the signature section must be completed and substantiated**; see **Documentation** below.

Documentation: Please note that in every situation, the individual making the request for information must be authenticated.

1. If a Personal Representative/Executor/Executrix is signing the information request, then, Letters Testamentary, Letters of General Administration or another similar document from the Court must be provided with the request for information. Enter either "Personal Representative" or "Executor" or "Executrix" in the Title section.
2. If there is no probate and a surviving spouse is requesting the data, then a statement that no probate will be commenced and a copy of a marriage certificate or other similar document is necessary to be provided with the request for information. Enter "Spouse" in the Title section.
3. If there is no probate and the estate is administered under the control of a Trustee, then a statement that no probate will be commenced and a Certificate of Trust or a copy of the complete Trust Instrument must be provided with the request for information. Enter "Trustee of the _______ Trust" in the Title section.
4. If a Trust Officer signs the request for information, the Bank and/or Trust Company must substantiate its authorization to receive taxpayer information, including identification the specific Trust Officer. Enter "Trust Officer" in the Title section.
5. If a tax professional signs the request for information, provide a copy of the initial Form 2848 submitted to the IRS for the same taxpayer and the same tax year. A new Power of Attorney is not sufficient; the record must be established on CAF prior to sending the request for information. For additional information, refer to the "A Note about Form 2848, Power of Attorney" section below. Enter "Power of Attorney" in the Title section.

General Tip: Altered forms will not be accepted. This includes white out, pen and ink changes, or type overs of any kind.

The instructions for Form 4506 provide a chart directing where to mail the request based upon the state in which the taxpayer was domiciled. Choose the RAIVS Team in either Ogden, UT or Cincinnati, OH.

Make your check or money order payable to "United States Treasury." Enter the Donor's SSN and "Form 4506 Request" on the check or money order. Allow 75 calendar days for the IRS to process the request for a copy of a tax return.

A Note about Form 2848, Power of Attorney

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- File only one official Form 2848, Power of Attorney PDF, in accordance with the most current instructions for each taxpayer. Use the same spelling and address for the taxpayer on all future correspondence.
- Send one complete original with substantiation to the CAF Unit as indicated on the instructions for Form 2848. This is the only way the Form 2848 is recorded.
- For subsequent correspondence with the IRS for the same taxpayer, provide a copy of the official Form 2848. Do not make any alterations; do not provide an original signature; simply label it as a "Copy." The official filing will be electronically verified by IRS based on the data originally filed with the CAF Unit.
- Do not send a Form 2848 with future correspondence that has not been sent to the CAF Unit for processing. Note that signature dates and other items from the official Form 2848 are recorded and will be verified against any new data requests.
- To update the CAF with a tax professional's address or telephone number, do not submit a new Form 2848. Instead, send written notification that includes the new information and the representative's signature to the location where the original Form 2848 was filed.
- The CAF system is only updated with documents received at the CAF Unit.
- Although not mandatory, it may be beneficial to check "Other acts authorized" at Line 5a, and write in "Request and Receive IRS Transcripts."

How does the basic exclusion amount apply in 2026 if I make large gifts before 2026?

Individuals taking advantage of the increased gift tax exclusion amount in effect from 2018 to 2025 will not be adversely impacted after 2025 when the exclusion amount is scheduled to drop to pre-2018 levels. For more information, see the related Tax Reform page.

How do I make an electronic payment?

There are two separate systems for making an electronic payment of estate or gift tax:

1. The Electronic Federal Tax Payment System (EFTPS)
2. Same-Day Wire Payment

Electronic Federal Tax Payment System (EFTPS)

Instructions on how to use the Electronic Federal Tax System (EFTPS) are found in Publication 4990 PDF (do not use Publication 4990 for the same-day wire payment method).

What you need to know about EFTPS:

- To use EFTPS you must enroll and then wait for a Personal Identification Number (PIN) to arrive in the mail. Please consider that due to COVID-19-related office closures, delays in issuing PINs may occur.

- There is no fee to use EFTPS.
- Note that when using EFTPS you will not use the table of codes listed below.
- If you have need assistance with using EFTPS contact EFTPS Tax Payment Customer Service at 800-555-4477 (Businesses) or 800-316-6541 (Individuals).

Same-Day Wire Payment

What you need to know about making a same day wire payment:

- You do not need to enroll to make a same-day wire payment, and no PIN is needed.
- Your financial institution may charge a fee for this service.
- The cutoff time to make a same-day wire payment is 5 p.m. Eastern Time. Your bank may have an earlier cutoff time.
- Download and complete page 1 of the Same-Day Taxpayer Worksheet, and provide pages 1 and 2 to your financial institution.
- When completing the Same-Day Taxpayer Worksheet PDF, you will need a two-digit year, a two-digit month, and a five-digit tax type code, depending on the type of payment you are making (use the table of codes listed below).

Form number	Two-Digit Year	Two-Digit Month	Type of Payment (Tax Type Code)
706 or 706-NA	00	00	• Payment due with return (07061) • Payment on a proposed assessment (07064) • Estimated payment (07066) • Payment after the return was due and filed (07067) • Payment with extension, Form 4768 (07067)
706-A or 706-QDT	Last two digits of the year of the applicable filing year	Two digits for the month of death	• Payment due with return • Payment after the return was due and filed
706-GS(D)	Last two digits of the year of the applicable filing year	12	• Payment due with return • Payment with extension, Form 7004 • Payment after the return was due and filed
706-GS(T)	Last two digits of the year of the applicable filing year	12	• Payment due with return 70631 • Payment with extension, Form 7004 • Payment after the return was due and filed

709 or 709-A	Last two digits of the year of the applicable filing year	12	• Payment due with return 07091 • Payment after the return was due and filed • Estimated payment • Payment with extension, Form 8892 • Payment with extension, Form 8892, with credit card

If you encounter problems making a payment using these codes, please call Federal Tax Collection Service (Same-Day Wire) Customer Service at 800-382-0045 or 314-425-1810 between 8:30 a.m. to 7 p.m. Eastern Time, Monday through Friday.

If you have suggestions or comments (or suggested FAQs) for the Estate and Gift Tax website, please contact us. We will not be able to respond to your email, but will consider it when making improvements or additions to this site.

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