R.C. THORNTON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

October 25, 2018

Are you Gifting Before December 31, 2018?

Done properly, gifting assets is an excellent way to reduce future estate taxes. It is also a way to shift and possibly reduce future income taxes. For the year 2018, the applicable exclusion amount is $11,180,000. For a married couple, the total applicable exclusion amount would be $22,360,000.

Although there are many benefits to gifting, there are also some negatives listed below:

- Don’t gift so much that you have no sources of future income and/or assets.
- There are personal, non-tax reasons for not gifting at this time.

When Are Gift Tax Returns Required

The following payments are NOT considered to be gifts:

- Medical or education payments paid directly to the institution for an individual.
- Any amount of charitable contributions.

You are required to file a gift tax return when:

- Total gifts to any individual were more than $15,000, even if the amount is never subject to estate tax.
- The combined gifts by you and your spouse to any individual were more than $30,000.
- Funds transferred into a trust where you are not the beneficiary may be gifts (such as funds to purchase life insurance into a trust with your children as beneficiaries).

If you make gifts in excess of the amounts above, then there is a gift tax return to be filed. The filing of the gift tax return could cause a current gift tax liability. In most cases it will reduce the exemption available for future use.

Contact Us If You Want to Consider Gifting

If you are interested in giving gifts before the end of the year, we will be glad to explore this strategy with you. However, if we do not hear from you by December 15, 2018 we’ll assume you will not be making any gifts.

Sincerely,

Roy C. Thornton

Chuck Thornton, CPA