

## Are you Gifting Before December 31, 2023?

### Executive Summary

- If you make gifts in 2023, please let us know so we can consider filing a gift tax return for you.
- 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.
- Contact us by December 18, 2023, or we'll assume you will not be making any gifts.

### Lifetime Estate Exemption Amounts

For the year 2023, the applicable exemption amount is \$12,920,000. For a married couple, the total applicable exemption amount would be \$25,840,000.

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 \$17,000, even if the amount is never subject to estate tax.
- The combined gifts by you and your spouse to any individual were more than \$34,000.
- 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 more than 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 estate exemption available for future use. Contact us if you want to consider gifting or need to file a gift tax return.

Sincerely,

**R.C. Thornton Accounting Group**

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