

GIFT TAX RETURNS ARE DUE APRIL 15

As you finalize your 2013 return, here's one more thing to remember. If you funded a trust or transferred assets to someone during 2013, you may need to file a return reporting those transactions – and that return, along with any required tax, is due April 15, 2014, just like your regular income tax forms.

Do you have to file? It depends on the type of gifts you made.

Some payments you might consider gifts are not subject to gift taxes or filing requirements. For instance, you can pay tuition directly to a college or other school for any student without having to file a gift tax return. The same is true for unreimbursed, qualified medical expenses you pay directly to the doctor or hospital for the benefit of a family member or stranger.

The amount of your gifts matter, too. Were your total gifts to any one person during the year \$14,000 or less? That's the annual exclusion – the maximum amount you could give anyone during 2013 without having to file a return, as long as the gifts were currently usable by the recipient.

A caution: You may have heard of “gift-splitting,” which is an election you can make when you're married. Gift-splitting lets you combine your annual exclusion with that of your spouse, resulting in total tax-free gifts of up to \$28,000 each year to any one person. However, because gift tax returns are not filed jointly, each of you will generally have to complete Form 709, “United States Gift (and Generation-Skipping Transfer) Tax Return.”

When a return is required, you may not owe gift tax. Under present tax law applicable to 2013 gifts, up to \$5,250,000 of gifts made during your lifetime can be shielded from tax. This is in addition to the \$14,000 per donee annual exclusion.

Contact us if you made any gifts during 2013. We will help you sort out your filing requirements.