

## **Tax Alert**

# **Do You Need to File a 2016 Gift Tax Return by April 18<sup>th</sup>? February 16, 2017**



Last year you may have made significant gifts to your children, grandchildren, or other heirs as part of your estate planning strategy. Or perhaps you just wanted to provide loved ones with some helpful financial support. Regardless of the reason for making a gift, it's important to know under what circumstances you're required to file a gift tax return.

Some transfers require a return even if you don't owe tax. And sometimes it's desirable to file a return even if it isn't required.

### **When Filing *IS* Required**

Generally, you'll need to file a gift tax return for 2016 if, during the tax year, you made gifts:

- That exceeded the \$14,000-per-recipient gift tax annual exclusion (other than to your U.S. citizen spouse),
- That exceeded the \$148,000 annual exclusion for gifts to a noncitizen spouse,
- That you wish to split with your spouse to take advantage of your combined \$28,000 annual exclusions,
- To a Section 529 college savings plan for your child, grandchild, or other loved one and wish to accelerate up to five years' worth of annual exclusions (\$70,000) into 2016,
- Of **future** interests — such as remainder interests in a trust — regardless of the amount, or
- Of jointly held or community property.

### **When Filing *ISN'T* Required**

No return is required if your gifts for the year consist solely of annual exclusion gifts, present interest gifts to a U.S. citizen spouse, qualifying educational or medical expenses paid **directly** to a school or health care provider, and political or charitable contributions.

If you transferred hard-to-value property, such as artwork or interests in a family-owned business, consider filing a gift tax return even if you're not required to. Adequate disclosure of the transfer in a return triggers the statute of limitations, generally preventing the IRS from challenging your valuation more than three years after you file.

### **Meeting the Deadline**

The gift tax return deadline is the same as the income tax filing deadline. For 2016 returns, it's April 18, 2017 (or October 16<sup>th</sup> if you file for an extension). If you owe gift tax, the payment deadline is also April 18<sup>th</sup>, regardless of whether you file for an extension.

Have questions about gift tax and the filing requirements? Please contact us to learn more.