



The 2018 Gift Tax Return Deadline Is Almost Here

Large gifts made last year, such as ones made to children, grandchildren or other heirs, require filing a gift tax under certain circumstances. It is important to determine whether filing a 2018 gift tax return is required – or whether filing one would be beneficial even if it isn't required.

Filing requirements

Generally, a gift tax return must be filed for 2018 if, during the tax year, gifts were made:

- That exceeded the \$15,000-per-recipient gift tax annual exclusion (other than to a U.S. citizen spouse),
- That the grantor wishes to split with a spouse to take advantage of the combined \$30,000 annual exclusion,
- That exceeded the \$152,000 annual exclusion for gifts to a noncitizen spouse,
- To a Section 529 college savings plan and wish to accelerate up to five years' worth of annual exclusions (\$75,000) into 2018,
- Of *future* interests — such as remainder interests in a trust — regardless of the amount, or
- Of jointly held or community property.

Keep in mind that gift tax is owed only to the extent that an exclusion doesn't apply and lifetime gift and estate tax exemption are used up (\$11.18 million for 2018). In fact, some transfers require a return even if tax is not owed.

No return required

No gift tax return is required if the gifts for the year consist solely of gifts that are tax-free because they qualify as:

- Annual exclusion gifts,
- Present interest gifts to a U.S. citizen spouse,
- Educational or medical expenses paid directly to a health care provider or school (for tuition only, and not for books, supplies, fees, room and board, etc.)

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

Be ready for April 15

The gift tax return deadline is the same as the income tax filing deadline. For 2018 returns, it's April 15, 2019 — or October 15, 2019, if an extension is filed. It is important to remember that the payment deadline is April 15 for all gift taxes owed, regardless of whether an extension is filed. For more information, or to discuss filing a 2018 gift tax return, please contact your Anchin Relationship Partner or E. Richard Baum, a Tax Partner in Anchin Private Client at 212.840.3456 or info@anchin.com.



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