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The unlimited marital deduction is the transfer tax deduction available for qualifying transfers between spouses. There is no limit to this deduction, so there is never any transfer tax on qualifying transfers between spouses, no matter how large the transfer.

For a transfer between spouses to qualify for the unlimited marital deduction, there must be no nondeductible terminable interest in the transfer. This means that when the receiving spouse's interest in the transfer terminates, no other person may continue to hold an interest in the property.

In the context of planned giving, a charitable remainder trust, gift annuity, or pooled income fund gift that provides income only to the donor's spouse qualifies for the unlimited marital deduction. In contrast, if such a gift provides income to the donor's spouse and then to their children upon the spouse's death, then it does not qualify for the unlimited marital deduction. In this case, the donor will have made a taxable gift to the spouse and to the children. Since the spouse's interest vests immediately, it would be eligible for the \$12,000 annual gift tax exclusion, however.

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