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In 2015, the first \$14,000 that a taxpayer gives to another individual each year is excluded from gift tax under the annual gift tax exclusion. For example, a couple with three children can give \$78,000 away to their children each year without making a taxable gift. This is because there are two donors and three recipients: $2 \times 3 \times \$14,000 = \$84,000$.

The donor must make a gift of a present interest to qualify for this exclusion. In other words, the recipient must receive the gift immediately. For example, an annuitant's income interest in a gift annuity qualifies as a gift of a present interest if the annuitant will start receiving payments immediately, but does not qualify if the annuitant will not receive annuity payments until a prior annuitant, such as the donor, dies.

Under current tax law, the annual gift tax exclusion is indexed for inflation, so it is likely to increase in future years.

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