

Annual Gift Tax Exclusion Jumping to \$13,000 Next Year

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The annual gift tax exclusion will increase from \$12,000 to \$13,000 effective January 1, 2009, the Internal Revenue Service (IRS) has announced. The gift tax exclusion is the amount the IRS allows a taxpayer to gift to another individual without reporting the gift.

The increase means that more can be given away for estate tax planning purposes. For example, a married couple with four children will be able to give away up to \$104,000 in 2009 with no gift tax implications.

The tax code permits the gift tax exclusion, which has remained at \$12,000 since 2006, to rise when inflation would produce an increase of \$1,000 or more. This year's inflation figures pushed the amount above the next \$1,000 threshold.

For more on this and other inflation-adjusted tax figures for 2009, go to: <http://www.irs.gov/newsroom/article/0,,id=187825,00.html>