

Instructions for Form 709

2023

United States Gift (and Generation-Skipping Transfer) Tax Return

Volume 2 of 2



Department of the Treasury
Internal Revenue Service

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Charitable organizations and trusts, described in sections 511(a)(2) and 511(b)(2), and governmental entities are assigned to the donor's generation. Transfers to such organizations are therefore not subject to the GST tax. These gifts should always be listed in Part 1 of Schedule A.

Generation assignments under Notice

2017-15. Notice 2017-15 permits a taxpayer to reduce the GST exemption allocated to transfers that were made to or for the benefit of transferees whose generation assignment is changed as a result of the *Windsor* decision. A taxpayer's GST exemption that was allocated to a transfer to a transferee (or a trust for the sole benefit of such transferee) whose generation assignment should have been determined on the basis of a familial relationship as the result of the *Windsor* decision, and are nonskip persons, is deemed void. For additional information, go to

[IRS.gov/ Businesses/Small-Businesses-Self-Employed/Estate-and-GiftTaxes](https://www.irs.gov/Businesses/Small-Businesses-Self-Employed/Estate-and-GiftTaxes).

Charitable Remainder Trusts

Gifts in the form of charitable remainder annuity trusts, charitable remainder unitrusts, and pooled income funds are not transfers to skip persons and therefore are not direct skips. You should always list these gifts in Part 1 of Schedule A even if all of the life beneficiaries are skip persons.

Generation Assignment Where Intervening Parent Is Deceased

If you made a gift to your grandchild and at the time you made the gift, the grandchild's parent (who is your or your spouse's or your former spouse's child) is deceased, then for purposes of generation assignment, your grandchild is considered to be your child rather than your grandchild. Your grandchild's children will be treated as your grandchildren rather than your great-grandchildren.

This rule is also applied to your lineal descendants below the level of grandchild. For example, if your grandchild is deceased, your great-grandchildren who are lineal descendants of the deceased grandchild are considered your grandchildren for purposes of the GST tax.

This special rule may also apply in other cases of the death of a parent of the transferee. If property is transferred to a descendant of a parent of the transferor and that person's parent (who is a lineal descendant of the parent of the transferor) is deceased at the time the transfer is subject to gift or estate tax, then for purposes of generation assignment, the individual is treated as a member of the generation that is one generation below the lower of:

- The transferor's generation, or
- The generation assignment of the youngest living ancestor of the individual

who is also a descendant of the parent of the transferor.

The same rules apply to the generation assignment of any descendant of the individual.

This rule does not apply to a transfer to an individual who is not a lineal descendant of the transferor if the transferor at the time of the transfer has any living lineal descendants.

If any transfer of property to a trust would have been a direct skip except for this generation assignment rule, then the rule also applies to transfers from the trust attributable to such property.

Ninety-day rule. For assigning individuals to generations for purposes of the GST tax, any individual who dies no later than 90 days after a transfer occurring by reason of the death of the transferor is treated as having predeceased the transferor. The 90-day rule applies to transfers occurring on or after July

18, 2005. See Regulations section 26.2651-1(a)(2)(iii) for more information.

Examples

The GST rules can be illustrated by the following examples.

Example 1. You give your house to your daughter with the remainder then passing to your daughter's children. This gift is made to a "trust" even though there is no explicit trust instrument. The interest in the property transferred (the present right to use the house) is transferred to a nonskip person (your daughter). Therefore, the trust is not a skip person because there is an interest in the transferred property that is held by a nonskip person, and the gift is not a direct skip. The transfer is an indirect skip, however, because on the death of the daughter, a termination of your daughter's interest in the trust will occur that may be subject to the GST tax. See the instructions for Part 3—Indirect Skips and Other Transfers in Trust, later, for a

discussion of how to allocate GST exemption to such a trust.

Example 2. You give \$100,000 to your grandchild. This gift is a direct skip that is not made in trust. You should list it in Part 2 of Schedule A.

Example 3. You establish a trust that is required to accumulate income for 10 years and then pay its income to your grandchildren for their lives and upon their deaths distribute the corpus to their children. Because the trust has no current beneficiaries, there are no present interests in the property transferred to the trust. All of the persons to whom the trust can make future distributions (including distributions upon the termination of interests in property held in trust) are skip persons (that is, your grandchildren and great-grandchildren). Therefore, the trust itself is a skip person and you should list the gift in Part 2 of Schedule A.

Example 4. You establish a trust that pays all of its income to your grandchildren for 10 years. At the end of 10 years, the corpus is to be distributed to your children. Because for this purpose interests in trusts are defined only as present interests, all of the interests in this trust are held by skip persons (the children's interests are future interests). Therefore, the trust is a skip person and you should list the entire amount you transferred to the trust in Part 2 of Schedule A even though some of the trust's ultimate beneficiaries are nonskip persons.

Part 1—Gifts Subject Only to Gift Tax

List in Part 1 gifts subject only to the gift tax. Generally, all of the gifts you made to your spouse (that are required to be listed, as described earlier), to your children, and to charitable organizations are not subject to the GST tax and should therefore be listed only in Part 1.

Group the gifts in four categories.

- Gifts made to your spouse.
- Gifts made to third parties that are to be split with your spouse.
- Charitable gifts (if you are not splitting gifts with your spouse).
- Other gifts.

If a transfer results in gifts to two or more individuals (such as a life estate to one with remainder to the other), list the gift to each separately.

Number and describe all gifts (including charitable, public, and similar gifts) in the columns provided in Schedule A.

Column B

Describe each gift in enough detail so that the property can be easily identified, as explained below.

For real estate, give:

- A legal description of each parcel;
- The street number, name, and area if the property is located in a city; and
- A short statement of any improvements made to the property. For bonds, give:
 - The number of bonds transferred;
 - The principal amount of each bond;
 - Name of obligor;
 - Date of maturity;
 - Rate of interest;
 - Date or dates when interest is payable;
 - Series number, if there is more than one issue;
 - Exchanges where listed or, if unlisted, give the location of the principal business office of the corporation; and

- CUSIP number. The CUSIP number is a nine-digit number assigned by the American Banking Association to traded securities. For stocks:
- Give number of shares;
- State whether common or preferred;
- If preferred, give the issue, par value, quotation at which returned, and exact name of corporation;
- If unlisted on a principal exchange, give the location of the principal business office of the corporation, the state in which incorporated, and the date of incorporation;
- If listed, give principal exchange; and CUSIP number.

For interests in property based on the length of a person's life, give the date of birth of the person. If you transfer any interest in a

closely held entity, provide the EIN of the entity.

For life insurance policies, give the name of the insurer and the policy number.

Clearly identify in the description column which gifts create the opening of an ETIP as described under Transfers Subject to an Estate Tax Inclusion Period (ETIP), earlier. Describe the interest that is creating the ETIP. An allocation of GST exemption to property subject to an ETIP that is made prior to the close of the ETIP becomes effective no earlier than the date of the close of the ETIP. See Schedule D. Computation of GST Tax, later.

Column D. Donor's Adjusted Basis of Gifts

Show the basis you would use for income tax purposes if the gift were sold or exchanged. Generally, this means cost plus improvements, less applicable depreciation, amortization, and depletion.

For more information on adjusted basis, see Pub. 551, Basis of Assets.

Columns E and F. Date and Value of Gift

The value of a gift is the fair market value (FMV) of the property on the date the gift is made (valuation date). The FMV is the price at which the property would change hands between a willing buyer and a willing seller, when neither is forced to buy or to sell, and when both have reasonable knowledge of all relevant facts. FMV may not be determined by a forced sale price, nor by the sale price of the item in a market other than that in which the item is most commonly sold to the public. The location of the item must be taken into account whenever appropriate.

The FMV of a stock or bond (whether listed or unlisted) is the mean between the highest and lowest selling prices quoted on the valuation date. If only the closing selling prices are available, then the FMV is the mean between the quoted closing selling price on

the valuation date and on the trading day before the valuation date. If there were no sales on the valuation date, figure the FMV as follows.

1. Find the mean between the highest and lowest selling prices on the nearest trading date before and the nearest trading date after the valuation date. Both trading dates must be reasonably close to the valuation date.
2. Prorate the difference between mean prices to the valuation date.
3. Add or subtract (whichever applies) the prorated part of the difference to or from the mean price figured for the nearest trading date before the actual valuation date.

If no actual sales were made reasonably close to the valuation date, make the same computation using the mean between the

bona fide bid and the asked prices instead of sales prices. If actual sales prices or bona fide bid and asked prices are available within a reasonable period of time before the valuation date but not after the valuation date, or vice versa, use the mean between the highest and lowest sales prices or bid and asked prices as the FMV.

Stock of close corporations or inactive stock must be valued on the basis of net worth, earnings, earning and dividend capacity, and other relevant factors.

Generally, the best indication of the value of real property is the price paid for the property in an arm's-length transaction on or before the valuation date. If there has been no such transaction, use the comparable sales method. In comparing similar properties, consider differences in the date of the sale, and the size, condition, and location of the properties, and make all appropriate adjustments.

The value of all annuities, life estates, terms for years, remainders, or reversions is generally the present value on the date of the gift.

Sections 2701 and 2702 provide special valuation rules to determine the amount of the gift when a donor transfers an equity interest in a corporation or partnership (section 2701) or makes a gift in trust (section 2702). The rules only apply if, immediately after the transfer, the donor (or an applicable family member) holds an applicable retained interest in the corporation or partnership, or retains an interest in the trust. For details, see sections 2701 and 2702, and their regulations.

Column G. Split Gifts

Enter an amount in this column only if you have chosen to split gifts with your spouse.

Split Gifts—Gifts Made by Spouses

If you elected to split gifts with your spouse and your spouse has given a gift(s) that is being split with you, enter in this area of Part 1 information on the gift(s) made by your spouse. If only you made gifts and you are splitting them with your spouse, do not make an entry in this area.

Generally, if you elect to split your gifts, you must split all gifts made by you and your spouse to third-party donees. The only exception is if you gave your spouse a general power of appointment over a gift you made.

Supplemental Documents

To support the value of your gifts, you must provide information showing how it was determined.

For stock of close corporations or inactive stock, attach balance sheets, particularly the one nearest the date of the gift, and

statements of net earnings or operating results and dividends paid for each of the 5 preceding years.

For each life insurance policy, attach Form 712, Life Insurance Statement.

Note for single premium or paid-up policies. In certain situations, for example, where the surrender value of the policy exceeds its replacement cost, the true economic value of the policy will be greater than the amount shown on line 59 of Form 712. In these situations, report the full economic value of the policy on Schedule A. See Rev. Rul. 78-137, 1978-1 C.B. 280, for details.

If the gift was made by means of a trust, attach a certified or verified copy of the trust instrument to the return on which you report your first transfer to the trust. However, to report subsequent transfers to the trust, you may attach a brief description of the terms of the trust or a copy of the trust instrument.

Also attach any appraisal used to determine the value of real estate or other property.

If you do not attach this information, Schedule A must include a full explanation of how value was determined.

Part 2—Direct Skips

List in Part 2 only those gifts that are currently subject to both the gift and GST taxes. You must list the gifts in Part 2 in the chronological order that you made them. Number, describe, and value the gifts as described in the instructions for Part 1.

If you made a transfer to a trust that was a direct skip, list the entire gift as one line entry in Part 2.

Column C. Section 2632(b) Election

If you elect under section 2632(b)(3) to not have the automatic allocation rules of section 2632(b) apply to a transfer, enter a check in column C next to the transfer. You must also

attach a statement to Form 709 clearly describing the transaction and the extent to which the automatic allocation is not to apply. Reporting a direct skip on a timely filed Form 709 and paying the GST tax on the transfer will qualify as such a statement.

How to report GSTs after the close of an ETIP. If you are reporting a GST that was subject to an ETIP (provided the ETIP closed as a result of something other than the death of the transferor; see Form 706), do not include the transfer subject to an ETIP on Schedule A. Rather, report the transfer subject to an ETIP on Schedule D. See Schedule D, Part

1—Generation-Skipping Transfers, later.

Report all other gifts made during the year on Schedule A as you normally would.

Split Gifts—Gifts Made by Spouse

See this heading under Part 1.

Part 3—Indirect Skips and Other Transfers in Trust

Some gifts made to trusts are subject only to gift tax at the time of the transfer but may later be subject to GST tax. The GST tax could apply either at the time of a distribution from the trust, at the termination of the trust, or both.

Section 2632(c) defines indirect skips and applies special rules to the allocation of GST exemption to such transfers. In general, an indirect skip is a transfer of property that is subject to gift tax (other than a direct skip) and is made to a GST trust. A GST trust is a trust that could have a GST with respect to the transferor, unless the trust provides for certain distributions of trust corpus to nonskip persons. See section 2632(c)(3)(B) for details.

List in Part 3 those gifts that are indirect skips as defined in section 2632(c) or may later be subject to GST tax. This includes indirect

skips for which election 2, described below, will be made in the current year or has been made in a previous year. You must list the gifts in Part 3 in the chronological order that you made them.

Column C. Section 2632(c) Election

Section 2632(c) provides for the automatic allocation of the donor's unused GST exemption to indirect skips. This section also sets forth three different elections you may make regarding the allocation of exemption.

- ***Election 1.*** You may elect not to have the automatic allocation rules apply to the current transfer made to a particular trust.
- ***Election 2.*** You may elect not to have the automatic rules apply to both the current transfer and any and all future transfers made to a particular trust.
- ***Election 3.*** You may elect to treat any trust as a GST trust for purposes of the automatic allocation rules.

See section 2632(c)(5) for details.

When to make an election. Election 1 is timely made if it is made on a timely filed gift tax return for the year the transfer was made or was deemed to have been made.

Elections 2 and 3 may be made on a timely filed gift tax return for the year for which the election is to become effective.

To make one of these elections, check column C next to the transfer to which the election applies. You must also attach an explanation as described below. If you are making election 2 or 3 on a return on which the transfer is not reported, simply attach the statement described below.

If you are reporting a transfer to a trust for which election 2 or 3 was made on a previously filed return, do not make an entry in column C for that transfer and do not attach a statement.

Attachment. Attach a statement to Form 709 that describes the election you are making and clearly identifies the trusts and/or transfers to which the election applies.

Split Gifts—Gifts Made by Spouse

See this heading under Part 1.

Part 4—Taxable Gift Reconciliation

Line 1

Enter only gifts of the donor. If gift splitting has been elected, enter only the value of the gift that is attributable to the spouse that is filing the return.

Line 2

Enter the total annual exclusions you are claiming for the gifts listed on Schedule A. See Annual Exclusion, earlier. If you split a gift with your spouse, the annual exclusion you claim against that gift may not be more than the smaller of your half of the gift or \$17,000.

Deductions

Line 4. Marital Deduction

Enter all of the gifts to your spouse that you listed on Schedule A and for which you are claiming a marital deduction. Do not enter any gift that you did not include on Schedule A. On the dotted line on line 4, indicate which numbered items from Schedule A are gifts to your spouse for which you are claiming the marital deduction.



Do not enter on line 4 any gifts to your spouse who was not a U.S. citizen at the time of the gift.

You may deduct all gifts of nonterminable interests made during the year that you entered on Schedule A regardless of amount, and certain gifts of terminable interests as outlined below.

Terminable interests. Generally, you cannot take the marital deduction if the gift to your spouse is a terminable interest. In most instances, a terminable interest is nondeductible if someone other than the donee spouse will have an interest in the property following the termination of the donee spouse's interest. Some examples of terminable interests are:

- A life estate,
- An estate for a specified number of years, or
- Any other property interest that after a period of time will terminate or fail.

If you transfer an interest to your spouse as sole joint tenant with yourself or as a tenant by the entirety, the interest is not considered a terminable interest just because the tenancy may be severed.

Life estate with power of appointment.

You may deduct, without an election, a gift of a terminable interest if all four requirements below are met.

1. Your spouse is entitled for life to all of the income from the entire interest.
2. The income is paid yearly or more often.
3. Your spouse has the unlimited power, while alive or by will, to appoint the entire interest in all circumstances.
4. No part of the entire interest is subject to another person's power of appointment (except to appoint it to your spouse).

If either the right to income or the power of appointment given to your spouse pertains only to a specific portion of a property interest, the marital deduction is allowed only to the extent that the rights of your spouse meet all four of the above conditions. For

example, if your spouse is to receive all of the income from the entire interest, but only has a power to appoint one-half of the entire interest, then only one-half qualifies for the marital deduction.

A partial interest in property is treated as a specific portion of an entire interest only if the rights of your spouse to the income and to the power are a fractional or percentile share of the entire property interest. This means that the interest or share will reflect any increase or decrease in the value of the entire property interest. If the spouse is entitled to receive a specified sum of income annually, the capital amount that would produce such a sum will be considered the specific portion from which the spouse is entitled to receive the income.

Election to deduct qualified terminable interest property (QTIP). You may elect to deduct a gift of a terminable interest if it meets requirements (1), (2), and (4) earlier,

even though it does not meet requirement (3).

You make this election simply by listing the QTIP on Schedule A and deducting its value from Schedule A, Part 4, line 4. You are presumed to have made the election for all qualified property that you both list and deduct on Schedule A. You may not make the election on a late-filed Form 709.

Line 5

Enter the amount of the annual exclusions that were claimed for the gifts listed on line 4.

Line 7. Charitable Deduction

You may deduct from the total gifts made during the calendar year all gifts you gave to or for the use of:

- The United States, a state or political subdivision of a state, or the District of Columbia for exclusively public purposes;

- Any corporation, trust, community chest, fund, or foundation organized and operated only for religious, charitable, scientific, literary, or educational purposes, or to prevent cruelty to children or animals, or to foster national or international amateur sports competition (if none of its activities involve providing athletic equipment unless it is a qualified amateur sports organization), as long as no part of the earnings benefits any one person, no substantial propaganda is produced, and no lobbying or campaigning for any candidate for public office is done;
- A fraternal society, order, or association operating under a lodge system, if the transferred property is to be used only for religious, charitable, scientific, literary, or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals; or

- Any war veterans' organization organized in the United States (or any of its territories), or any of its auxiliary departments or local chapters or posts, as long as no part of any of the earnings benefits any one person.

On line 7, show your total charitable, public, or similar gifts (minus annual exclusions allowed). On the dotted line, indicate which numbered items from the top of Schedule A are charitable gifts.

Line 10. GST Tax

If GST tax is due on any direct skips reported on this return, the amount of that GST tax is also considered a gift and must be added to the value of the direct skip reported on this return.

If you entered gifts on Part 2, or if you and your spouse elected gift splitting and your spouse made gifts subject to the GST tax that you are required to show on your Form 709,

complete Schedule D, and enter on line 10 the total from Schedule D, Part 3, column G. Otherwise, enter zero on line 10.

Line 12. Election Out of QTIP Treatment of Annuities

Section 2523(f)(6) creates an automatic QTIP election for gifts of joint and survivor annuities where the spouses are the only possible recipients of the annuity prior to the death of the last surviving spouse.

The donor spouse can elect out of QTIP treatment, however, by checking the box on line 12 and entering the item number from Schedule A for the annuities for which you are making the election. Any annuities entered on line 12 cannot also be entered on line 4 of Schedule A, Part 4. Any such annuities that are not listed on line 12 must be entered on line 4 of Part 4, Schedule A. If there is more than one such joint and survivor annuity, you are not required to make the election for all of them. Once made, the election is irrevocable.

Schedule B. Gifts From Prior Periods

If you did not file gift tax returns for previous periods, check the

“No” box on page 1 of Form 709, line 11a, of *Part 1—General Information*. If you filed gift tax returns for previous periods, check the “Yes” box on line 11a and complete Schedule B by listing the years or quarters in chronological order as described below. If you need more space, attach a separate sheet using the same format as Schedule B.



Complete Schedule A before beginning Schedule B.

Column A

If you filed returns for gifts made before 1971 or after 1981, show the calendar years in column A. If you filed returns for gifts made after 1970 and before 1982, show the calendar quarters.

Column B

In column B, identify the IRS office where you filed the returns. If you have changed your name, be sure to list any other names under which the returns were filed. If there was any other variation in the names under which you filed, such as the use of full given names instead of initials, please explain.

Column C

To determine the amount of applicable credit (formerly unified credit) used for gifts made after 1976, use the Worksheet for Schedule B, Column C (Credit Allowable for Prior Periods), unless your prior gifts total \$500,000 or less.

Prior gifts totaling \$500,000 or less. In column C, enter the amount of applicable credit actually applied in the prior period.

Prior gifts totaling over \$500,000. See Redetermining the Applicable Credit, later.

Column D

In column D, enter the amount of specific exemption claimed for gifts made in periods ending before January 1, 1977.

Column E

In column E, show the correct amount (the amount finally determined) of the taxable gifts for each earlier period.

See Regulations section 25.2504-2 for rules regarding the final determination of the value of a gift.

Note. Amounts shown in column E should reflect all taxable gifts, even if no gift tax was paid due to the applicable (formerly unified) credit.

Redetermining the Applicable Credit

To redetermine the applicable credit for prior gifts in excess of \$500,000, use the Worksheet for Schedule B, Column C (Credit Allowable for Prior Periods).

Instructions for Worksheet for Schedule B, Column C (Credit Allowable for Prior Periods)

Beginning with the earliest year after 1976 in which gifts using a credit amount were made, determine the credit amount (at current rates) for each quarter/year as follows.	
Column	
A Period	Enter the quarter/year of the prior gift(s). Pre-1977 gifts will be on the first row.
B Taxable Gifts for Current Period	Enter the amount of all taxable gifts for the year in column A. The total of all pre-1977 gifts should be combined in the first row.
C Taxable Gifts for Prior Periods	Enter the amount from column D of the <i>previous</i> row.
D Cumulative Taxable Gifts Including Current Period	Enter the sum of columns B and C from the current row.
E Tax on Gifts for Prior Periods	Enter the amount from column F of the <i>previous</i> row.
F Tax on Cumulative Gifts Including Current Period	Enter the tax based on the amount in column D of the current row using the Table for Computing Gift Tax .
G Tax on Gifts for Current Period	Subtract the amount in column E from the amount in column F of the current row and enter here.
H Used DSUE Amount From Predeceased Spouse(s) and Restored Exclusion Amount	Enter the sum of (a) total DSUE amount (if any) received from the estate of the donor's last deceased spouse and used by the donor in prior periods and the current period, and (b) Restored Exclusion Amount (if any). DSUE may not be applied to gifts made before the DSUE arose. Restored Exclusion Amount may not be applied to gifts made before the taxpayer restored the exclusion expended on a taxable gift to the taxpayer's same-sex spouse. The Restored Exclusion Amount is applied in the first year that the taxpayer restores the exclusion and every subsequent year.
I Basic Exclusion Amount for Year of Gift	Enter the exclusion amount corresponding with the year listed in column A of the current row. (See Table of Basic Exclusion and Credit Amounts .)
J Applicable Exclusion Amount	Add the amounts in columns H and I of the current row and enter here.
K Applicable Credit Amount (Based on Amount in Column J)	Using the Table for Computing Gift Tax , determine the credit corresponding to the amount in column J of the current row and enter here. For each row in column K, subtract 20% of any amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977.
L Applicable Credit Amount Used in Prior Periods	Enter the total of the amounts in columns L and N of the <i>previous</i> row.
M Available Credit in Current Period	Subtract the amount in column L from the amount in column K of the current row and enter here.
N Credit Allowable	Enter the lesser of column G or column M of the current row.
Repeat this process for each prior year with taxable gifts. Do not enter less than zero.	

Worksheet for Schedule B, Column C (Credit Allowable for Prior Periods)

Prior Years Credit Recalculation (for Form 709, Schedule B, Column C) (Keep for your records.)													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Period	Taxable Gifts for Current Period	Taxable Gifts for Prior Periods ¹	Cumulative Taxable Gifts Including Current Period (Col. B + Col. C)	Tax on Gifts for Prior Periods (Col. C) ^{2, 3}	Tax on Cumulative Gifts Including Current Period (Col. D) ³	Tax on Gifts for Current Period (Col. F – Col. E)	DSUE From Pre-deceased Spouse(s) and Restored Exclusion Amount	Basic Exclusion for the Year of Gift ⁴	Applicable Exclusion Amount (Col. H + Col. I)	Applicable Credit Amount Based on Column J ⁵	Applicable Credit Amount Used in Prior Periods ^{3, 6}	Available Credit in Current Period (Col. K – Col. L)	Credit Allowable (lesser of Col. G or Col. M)
Pre-1977													
YYYY													
YYYY													
YYYY													
Total Applicable Credit Used in Prior Periods (Enter the Total of Column N on Schedule B, Line 1, Column C) :													
¹ Column C: Enter amount from column D of the <i>previous</i> row. ² Column E: Compute the tax on the amount in column C or enter amount from column F of the <i>previous</i> row. ³ To compute tax or credit amount, see Table for Computing Gift Tax . ⁴ For years prior to 2010, the basic exclusion amount equals the applicable exclusion amount. ⁵ For each row in column K, subtract 20% of any amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977. ⁶ Enter the total of columns L and N of the <i>previous</i> row.													

Example 1. Prior Years Credit Recalculation (for Form 709, Schedule B, Column C) (Three post-1976 years involved. All have the same maximum credit available. Tentative tax exceeds available credit.)													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Period	Taxable Gifts for Current Period	Taxable Gifts for Prior Periods ¹	Cumulative Taxable Gifts Including Current Period (Col. B + Col. C)	Tax on Gifts for Prior Periods (Col. C) ^{2,3}	Tax on Cumulative Gifts Including Current Period (Col. D) ³	Tax on Gifts for Current Period (Col. F – Col. E)	DSUE From Pre-Deceased Spouse(s) and Restored Exclusion Amount	Basic Exclusion for Year of the Gift ⁴	Applicable Exclusion Amount (Col. H + Col. I)	Applicable Credit Amount Based on Column J ^{3,5}	Applicable Credit Amount Used in Prior Periods ^{3,6}	Available Credit in Current Period (Col. K – Col. L)	Credit Allowable (lesser of Col. G or Col. M)
Pre-1977													
2004	800,000	0	800,000	0	267,800	267,800	0	1,000,000	1,000,000	345,800	0	345,800	267,800
2007	300,000	800,000	1,100,000	267,800	385,800	118,000	0	1,000,000	1,000,000	345,800	267,800	78,000	78,000
2009	200,000	1,100,000	1,300,000	385,800	465,800	80,000	0	1,000,000	1,000,000	345,800	345,800	0	0
Total Applicable Credit Used in Prior Periods (Enter the Total of Column N on Schedule B, Line 1, Column C) :													345,800
¹ Column C: Enter amount from column D of the <i>previous</i> row. ² Column E: Compute the tax on the amount in column C or enter amount from column F of the <i>previous</i> row. ³ To compute tax or credit amount, see Table for Computing Gift Tax . ⁴ For years prior to 2010, the basic exclusion amount equals the applicable exclusion amount. ⁵ For each row in column K, subtract 20% of any amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977. ⁶ Enter the total of columns L and N of the <i>previous</i> row.													

Example 2. Prior Years Credit Recalculation (for Form 709, Schedule B, Column C) (Pre-1977 gifts plus 3 post-1976 years: Earlier years' gifts exceed credit then available. Last gift made after credit increased.)													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Period	Taxable Gifts for Current Period	Taxable Gifts for Prior Periods ¹	Cumulative Taxable Gifts Including Current Period (Col. B + Col. C)	Tax on Gifts for Prior Periods (Col. C) ^{2,3}	Tax on Cumulative Gifts Including Current Period (Col. D) ³	Tax on Gifts for Current Period (Col. F – Col. E)	DSUE From Pre-Deceased Spouse(s) and Restored Exclusion Amount	Basic Exclusion for Year of the Gift ⁴	Applicable Exclusion Amount (Col. H + Col. I)	Applicable Credit Amount Based on Column J ^{3,5}	Applicable Credit Amount Used in Prior Periods ^{3,6}	Available Credit in Current Period (Col. K – Col. L)	Credit Allowable (lesser of Col. G or Col. M)
Pre-1977	200,000		200,000		54,800								
1987	600,000	200,000	800,000	54,800	267,800	213,000	0	600,000	600,000	192,800	0	192,800	192,800
1999	200,000	800,000	1,000,000	267,800	345,800	78,000	0	650,000	650,000	211,300	192,800	18,500	18,500
2002	100	1,000,000	1,000,100	345,800	345,840	40	0	1,000,000	1,000,000	345,800	211,300	134,500	40
Total Applicable Credit Used in Prior Periods (Enter the Total of Column N on Schedule B, Line 1, Column C) :													211,340
¹ Column C: Enter amount from column D of the <i>previous</i> row. ² Column E: Compute the tax on the amount in column C or enter amount from column F of the <i>previous</i> row. ³ To compute tax or credit amount, see Table for Computing Gift Tax . ⁴ For years prior to 2010, the basic exclusion amount equals the applicable exclusion amount. ⁵ For each row in column K, subtract 20% of any amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977. ⁶ Enter the total of columns L and N of the <i>previous</i> row.													

Example 3. Prior Years Credit Recalculation (for Form 709, Schedule B, Column C) (\$6M gift exceeds the applicable credit, \$5M DSUE received prior to subsequent \$4M gift in the same year.)													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Period	Taxable Gifts for Current Period	Taxable Gifts for Prior Periods ¹	Cumulative Taxable Gifts Including Current Period (Col. B + Col. C)	Tax on Gifts for Prior Periods (Col. C) ^{2,3}	Tax on Cumulative Gifts Including Current Period (Col. D) ³	Tax on Gifts for Current Period (Col. F – Col. E)	DSUE From Pre-Deceased Spouse(s) and Restored Exclusion Amount ⁴	Basic Exclusion for Year of the Gift ⁵	Applicable Exclusion Amount (Col. H + Col. I)	Applicable Credit Amount Based on Column J ^{3,6}	Applicable Credit Amount Used in Prior Periods ^{3,7}	Available Credit in Current Period (Col. K – Col. L)	Credit Allowable (lesser of Col. G or Col. M)
Pre-1977													
2011	10,000,000	0	10,000,000	0	3,945,800	3,945,800	4,000,000	5,000,000	9,000,000	3,545,800	0	3,545,800	3,545,800
YYYY													
YYYY													
Total Applicable Credit Used in Prior Periods (Enter the Total of Column N on Schedule B, Line 1, Column C) :													3,545,800
¹ Column C: Enter amount from column D of the <i>previous</i> row. ² Column E: Compute the tax on the amount in column C or enter amount from column F of the <i>previous</i> row. ³ To compute tax or credit amount, see Table for Computing Gift Tax . ⁴ DSUE may not be applied to gifts made prior to when it arises. Consequently, the available DSUE for the current period is limited to \$4,000,000, the value of gifts made after the DSUE arose. ⁵ For years prior to 2010, the basic exclusion amount equals the applicable exclusion amount. ⁶ For each row in column K, subtract 20% of any amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977. ⁷ Enter the total of columns L and N of the <i>previous</i> row.													

Example 4. Prior Years Credit Recalculation (for Form 709, Schedule B, Column C) (Prior gift exceeds applicable credit, \$5M DSUE received prior to subsequent gift.)													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Period	Taxable Gifts for Current Period	Taxable Gifts for Prior Periods ¹	Cumulative Taxable Gifts Including Current Period (Col. B + Col. C)	Tax on Gifts for Prior Periods (Col. C) ^{2,3}	Tax on Cumulative Gifts Including Current Period (Col. D) ³	Tax on Gifts for Current Period (Col. F – Col. E)	DSUE From Pre-Deceased Spouse(s) and Restored Exclusion Amount	Basic Exclusion for Year of the Gift ⁴	Applicable Exclusion Amount (Col. H + Col. I)	Applicable Credit Amount Based on Column J ^{3,5}	Applicable Credit Amount Used in Prior Periods ^{3,6}	Available Credit in Current Period (Col. K – Col. L)	Credit Allowable (lesser of Col. G or Col. M)
Pre-1977													
2002	4,000,000	0	4,000,000	0	1,545,800	1,545,800	0	1,000,000	1,000,000	345,800	0	345,800	345,800
2011	4,000,000	4,000,000	8,000,000	1,545,800	3,145,800	1,600,000	4,000,000	5,000,000	9,000,000	3,545,800	345,800	3,200,000	1,600,000
YYYY													
Total Applicable Credit Used in Prior Periods (Enter the Total of Column N on Schedule B, Line 1, Column C) :													1,945,800
¹ Column C: Enter amount from column D of the <i>previous</i> row. ² Column E: Compute the tax on the amount in column C or enter amount from column F of the <i>previous</i> row. ³ To compute tax or credit amount, see Table for Computing Gift Tax . ⁴ For years prior to 2010, the basic exclusion amount equals the applicable exclusion amount. ⁵ For each row in column K, subtract 20% of any amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977. ⁶ Enter the total of columns L and N of the <i>previous</i> row.													

Table of Basic Exclusion and Credit Amounts **(as Recalculated for 2023 Rates)**

Period	Exclusion Amounts	Credit Amounts
1977 (Quarters 1 & 2)	\$30,000	\$6,000
1977 (Quarters 3 & 4)	\$120,667	\$30,000
1978	\$134,000	\$34,000
1979	\$147,333	\$38,000
1980	\$161,563	\$42,500
1981	\$175,625	\$47,000
1982	\$225,000	\$62,800
1983	\$275,000	\$79,300
1984	\$325,000	\$96,300
1985	\$400,000	\$121,800
1986	\$500,000	\$155,800
1987 through 1997	\$600,000	\$192,800
1998	\$625,000	\$202,050
1999	\$650,000	\$211,300
2000 and 2001	\$675,000	\$220,550
2002 through 2010	\$1,000,000	\$345,800
2011	\$5,000,000	\$1,945,800
2012	\$5,120,000	\$1,993,800
2013	\$5,250,000	\$2,045,800
2014	\$5,340,000	\$2,081,800
2015	\$5,430,000	\$2,117,800
2016	\$5,450,000	\$2,125,800
2017	\$5,490,000	\$2,141,800
2018	\$11,180,000	\$4,417,800
2019	\$11,400,000	\$4,505,800
2020	\$11,580,000	\$4,577,800
2021	\$11,700,000	\$4,625,800
2022	\$12,060,000	\$4,769,800
2023	\$12,920,000	\$5,113,800

Schedule C. Portability of Deceased Spousal Unused Exclusion (DSUE) Amount and Restored Exclusion Amount

Section 303 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 authorized estates of decedents dying on or after January 1, 2011, to elect to transfer any unused exclusion to the surviving spouse. The amount received by the surviving spouse is called the *deceased spousal unused exclusion, or DSUE*, amount. If the executor of the decedent's estate elects transfer, or portability, of the DSUE amount, the surviving spouse can apply the DSUE amount received from the estate of the last deceased spouse (defined later) against any tax liability arising from subsequent lifetime gifts and transfers at death.



Complete Schedule A before beginning Schedule C.

Note. A nonresident surviving spouse who is not a citizen of the

United States may not take into account the DSUE amount of a deceased spouse, except to the extent allowed by treaty with the surviving spouse's country of citizenship.

Last Deceased Spouse Limitation

The *last deceased spouse* is the most recently deceased person who was married to the surviving spouse at the time of that person's death. The identity of the last deceased spouse is determined as of the day a taxable gift is made and is not impacted by whether the decedent's estate elected portability or whether the last deceased spouse had any DSUE amount available. Remarriage also does not affect the designation of the last deceased spouse and does not prevent the surviving

spouse from applying the DSUE amount to taxable transfers.

When a taxable gift is made, the DSUE amount received from the last deceased spouse is applied before the surviving spouse's basic exclusion amount. A surviving spouse who has more than one predeceased spouse is not precluded from using the DSUE amount of each spouse in succession. A surviving spouse may not use the sum of DSUE amounts from multiple predeceased spouses at one time nor may the DSUE amount of a predeceased spouse be applied after the death of a subsequent spouse.

When a surviving spouse applies the DSUE amount to a lifetime gift, the IRS may examine any return of a predeceased spouse whose executor elected portability to verify the allowable DSUE amount. The DSUE may be adjusted or eliminated as a result of the examination; however, the IRS may make an assessment of additional tax on the return of

a predeceased spouse only within the applicable limitations period under section 6501.

Restored Exclusion Amount. Prior to the decision of the Supreme Court in *United States v. Windsor*, 570 U.S. 744, 133 S. Ct. 2675 (2013), the Defense of Marriage Act (DOMA), Public Law 104-199 (110 Stat. 2419), required that marriages of couples of the same sex should not be treated as being married for federal tax purposes. As a result, taxpayers in a same-sex marriage were not entitled to claim a marital deduction for gifts or bequests to each other. Those taxpayers were required to use their applicable exclusion amount to defray any gift or estate tax imposed on the transfer or were required to pay gift or estate taxes, to the extent the taxpayer's exclusion previously had been exhausted.

In *Windsor*, the Supreme Court declared that DOMA was unconstitutional. For federal tax purposes, marriages of couples of the same sex are treated the same as marriages of couples of the opposite sex. The term "spouse" includes an individual married to a person of the same sex. However, individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that isn't considered a marriage under state law aren't considered married for federal tax purposes.

Under a new procedure, a donor who made a transfer to the donor's same-sex spouse, which resulted in a reduction of the donor's applicable exclusion amount, can now recalculate the remaining applicable exclusion. This procedure is only available to transfers that did not qualify for the marital deduction for federal gift tax purposes at the time of the transfer, based solely on the application of DOMA. If the limitations period

has expired, the donor may recalculate the remaining applicable exclusion. However, once the limitations period on assessment of tax has expired, neither the value of the transferred interest nor any position concerning a legal issue (other than the existence of the marriage) related to the transfer can be changed. Similarly, no credit or refund of the gift taxes paid on the donor's transfer to the donor's same-sex spouse can be given once the limitations period on claims for credit or refund has expired.

The first step of the procedure is to determine the amount of applicable exclusion that was expended on a taxable gift to a same-sex spouse. In any given year, the amount of applicable exclusion expended on a taxable gift to a same-sex spouse is equal to the amount of applicable exclusion expended on all taxable gifts multiplied by the ratio of the amount of taxable gifts to the same-sex spouse over total taxable gifts. The amount of

applicable exclusion expended on all taxable gifts is equal to the **lesser** of the available applicable exclusion or the amount of all taxable gifts.

Example. In 2011, A made \$5 million of taxable gifts. A made a \$3 million taxable gift to B, same-sex spouse, and a \$2 million taxable gift to C, another individual. A's marriage to B was recognized by the state where they got married, but was not recognized by the federal government. The transfer to B would qualify for the marital deduction if A's marriage to B was recognized by the federal government. A has a basic exclusion of \$5 million. A had previously used \$1 million of the applicable exclusion on other gifts in previous years. This means that A had \$4 million of applicable exclusion available in 2011. Since A's available applicable exclusion (\$4 million) is less than the amount of all taxable gifts for the year (\$5 million), A expended all \$4 million of the available

applicable exclusion on all taxable gifts during the year.

Example of Calculation of Restored Exclusion Amount

$$\begin{array}{lcl} \text{Applicable} & \text{Taxable} & \\ \text{exclusion} & \text{gifts to} & \\ \text{expended} & \text{B} & \text{Applicable} \\ \text{on all} & \times \frac{\quad}{\quad} = & \text{exclusion allocable} \\ \text{taxable} & \text{Total} & \text{to gifts to B} \\ \text{gifts} & \text{taxable} & \\ & \text{gifts} & \\ & \$3 & \\ & \text{million} & \\ \$4 \text{ million} & \times \frac{\quad}{\quad} = & \$2,400,000 \\ & \$5 & \\ & \text{million} & \end{array}$$

In 2011, A expended \$2,400,000 of the applicable exclusion on the taxable gift to B.

The second step of the procedure is to repeat the first step for every year where the donor made a taxable gift to a same-sex spouse.

The third step of the procedure is to add up the result for all the years. The result is the total amount of applicable exclusion expended on the same-sex spouse. This amount of applicable exclusion will be restored to the donor for use on future gifts and bequests and is known as the Restored Exclusion Amount. Enter this amount on line 3 of Schedule C.

Attach a statement to Form 709 detailing the calculation of the above procedure on the first Form 709 that you claim a Restored Exclusion Amount.



The Restored Exclusion Amount will have to be accounted for the donor on every subsequent Form 709 (and Form 706) that will be filed. This means that on all future Forms 709 that will be filed, the Restored Exclusion Amount will need to be

entered on Schedule C. (The Restored Exclusion Amount will be entered on line 9c of Part 2—Tax

Computation on Form 706.) In addition, the Worksheet for Schedule B, Column C (Credit Allowable for Prior Periods) should reflect the Restored Exclusion Amount. For the period where the applicable exclusion was first restored, and on every subsequent period listed on the worksheet, add the Restorable Exclusion Amount to the total DSUE amount (if any) and enter the sum in column H.

Completing Schedule C

Complete Schedule C if the donor is a surviving spouse who received a DSUE amount from one or more predeceased spouses, or if the donor is a taxpayer who made a taxable transfer to a same-sex spouse which resulted in a reduction of the taxpayer's available applicable exclusion amount (or both).

Schedule C requests information on all DSUE amounts received from the donor's last deceased spouse and any previously deceased spouses. Each line in the chart should reflect a different predeceased spouse. Attach proof of each portability election reported on Schedule C.

Part 1. DSUE Received From the Last Deceased Spouse

In this Part, include information about the DSUE amount from the donor's most recently deceased spouse (whose date of death is after December 31, 2010). In column E, enter the total of the amount in column D that the donor has applied to gifts in previous years and is applying to gifts reported on this return. A donor may apply DSUE only to gifts made after the DSUE arose.

Part 2. DSUE Received From Other Predeceased Spouse(s)

Enter information about the DSUE amount from the spouse(s), if any, who died prior to the donor's most recently deceased spouse (but not before January 1, 2011) if the prior spouse's executor elected portability of the DSUE amount. In column D, indicate the amount of DSUE received from the estate of each predeceased spouse. In column E, enter the portion of the amount of DSUE shown in column D that was applied to prior lifetime gifts or transfers. A donor may apply DSUE only to gifts made after the DSUE arose.



Any remaining DSUE from a predeceased spouse cannot be applied against tax arising from lifetime gifts if that spouse is not the most recently deceased spouse on the date of the gift. This rule applies even if the last deceased spouse had no DSUE amount or made no valid portability election, or if the DSUE amount from the last deceased spouse has been fully applied to gifts in previous periods.

Determining the Applicable Credit Amount Including DSUE and the Restored Exclusion Amount

On line 1, enter the donor's basic exclusion amount; for 2023, this amount is \$12,920,000. Add the amounts listed in column E from Parts 1 and 2 and enter the total on line 2. On line 3, enter the Restored Exclusion Amount. On line 4, enter the total of lines 1, 2, and 3. Using the Table for Computing Gift Tax, determine the donor's applicable credit by applying the appropriate tax rate to the amount on line 4. Enter this amount on line 5 and on line 7 of *Part 2—Tax Computation*.

Schedule D. Computation of GST Tax

Part 1—Generation-Skipping Transfers

Enter in Part 1 all of the gifts you listed in Part 2 of Schedule A, in the same order and showing the same values. If reporting the

GST portion of transfers subject to an ETIP, see *How to report GSTs after the close of an ETIP*, later.

Column A

List items from Schedule A, Part 2, column A, in the same order. Next, list items to be reported on Schedule D (including ETIP transfers), if any.

Column B

Only provide descriptions for ETIP transfers; otherwise, leave blank.

Column D

You are allowed to claim the gift tax annual exclusion currently allowable for your reported direct skips (other than certain direct skips to trusts—see *Note* below) using the rules and limits discussed earlier for the gift tax annual exclusion. However, you must allocate the exclusion on a gift-by-gift basis

for GST computation purposes. You must allocate the exclusion to each gift, to the extent desired but not exceeding the maximum allowable amount, in chronological order, beginning with the earliest gift that qualifies for the exclusion. Be sure that you do not claim a total exclusion of more than \$17,000 per donee.

Note. You may not claim any annual exclusion for a transfer made to a trust unless the trust meets the requirements discussed under *Part 2—Direct Skips*, earlier.

How to report GSTs after the close of an ETIP. If you are reporting a GST that occurred because of the close of an ETIP, complete Part 1 as follows.

Column B. For transfers subject to an ETIP only, describe each transfer as provided in the instructions for Part 1 of Schedule A. In addition, describe the interest that is closing the ETIP, explain what caused the interest to terminate, list the date the ETIP closed, and

list the year the gift portion of the transfer was reported and its item number on Schedule A that was originally filed to report the gift portion of the ETIP transfer.

Column C.

1. If the GST exemption is being allocated on a timely filed (including extensions) gift tax return, enter the value as of the close of the ETIP.
2. If the GST exemption is being allocated on a late-filed (past the due date including extensions) gift return, enter the value as of the date the gift tax return was filed.

Part 2—GST Exemption Reconciliation
Line 1

Every donor is allowed a lifetime GST exemption. The amount of the exemption for 2023 is \$12,920,000. For transfers made through 1998, the GST exemption was \$1

million. The exemption amounts for 1999 through 2023 are as follows.

Year	Amount
1999.....	\$1,010,000
2000.....	\$1,030,000
2001.....	\$1,060,000
2002.....	\$1,100,000
2003.....	\$1,120,000
2004 and 2005.....	\$1,500,000
2006, 2007, and 2008.....	\$2,000,000
2009.....	\$3,500,000

2010 and 2011.....	\$5,000,000
2012.....	\$5,120,000
2013.....	\$5,250,000
2014.....	\$5,340,000
2015.....	\$5,430,000
2016	\$5,450,000
2017.....	\$5,490,000
2018.....	\$11,180,000
2019.....	\$11,400,000
2020.....	\$11,580,000
2021.....	\$11,700,000
2022.....	\$12,060,000

2023.....	\$12,920,000
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In general, each annual increase can only be allocated to transfers made (or appreciation occurring) during or after the year of the increase.

Example. A donor made \$1,750,000 in direct-skip GSTs through 2005, and allocated all \$1,500,000 of the exemption to those transfers. In 2023, the donor makes a \$2,000,000 taxable GST. The donor can allocate \$2,000,000 of exemption to the 2023 transfer but cannot allocate the \$9,420,000 of unused 2023 exemption to pre-2023 transfers.

However, if in 2005, the donor made a \$1,750,000 transfer to a trust that was not a direct skip, but from which GSTs could be made in the future, the donor could allocate

the increased exemption to the trust, even though no additional transfers were made to the trust. See Regulations section 26.2642-4 for the redetermination of the applicable fraction when additional exemption is allocated to the trust.

Keep a record of your transfers and exemption allocations to make sure that any future increases are allocated correctly.

Enter on line 1 of Part 2 the maximum GST exemption you are allowed. This will not necessarily be the highest indexed amount if you made no GSTs during the year of the increase.

The donor can apply this exemption to inter vivos transfers (that is, transfers made during the donor's life) on Form 709. The executor can apply the exemption on Form 706 to transfers taking effect at death. An allocation is irrevocable.

In the case of inter vivos direct skips, a portion of the donor's unused exemption is automatically allocated to the transferred property unless the donor elects otherwise. To elect out of the automatic allocation of exemption, you must file Form 709 and attach a statement to it clearly describing the transaction and the extent to which the automatic allocation is not to apply. Reporting a direct skip on a timely filed Form 709 and paying the GST tax on the transfer will prevent an automatic allocation.

Special QTIP election. If you elect QTIP treatment for any gifts in trust listed on Schedule A, then on Schedule D you may also elect to treat the entire trust as non-QTIP for purposes of the GST tax. The election must be made for the entire trust that contains the particular gift involved on this return. Be sure to identify the item number of the specific gift for which you are making this special QTIP election.

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Table for Computing Gift Tax

Column A	Column B	Column C	Column D
Taxable amount over—	Taxable amount not over—	Tax on amount in column A	Rate of tax on excess over amount in column A
-----	\$10,000	-----	18%
\$10,000	20,000	\$1,800	20%
20,000	40,000	3,800	22%
40,000	60,000	8,200	24%
60,000	80,000	13,000	26%
80,000	100,000	18,200	28%
100,000	150,000	23,800	30%
150,000	250,000	38,800	32%
250,000	500,000	70,800	34%
500,000	750,000	155,800	37%
750,000	1,000,000	248,300	39%
1,000,000	-----	345,800	40%

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Line 5

Enter the amount of GST exemption you are applying to transfers reported in Part 3 of Schedule A.

Section 2632(c) provides an automatic allocation to indirect skips of any unused GST exemption. The unused exemption is allocated to indirect skips to the extent necessary to make the inclusion ratio zero for the property transferred. You may elect out of this automatic allocation as explained in the instructions for Part 3.

Line 6

Notice of Allocation. You may wish to allocate GST exemption to transfers not reported on this return, such as a late allocation.

To allocate your exemption to such transfers, attach a statement to this Form 709 and entitle it "Notice of Allocation." The notice

must contain the following for each trust (or other transfer).

- Clear identification of the trust, including the trust's EIN, if known.
- If this is a late allocation, the year the transfer was reported on Form 709.
- The value of the trust assets at the effective date of the allocation.
- The amount of your GST exemption allocated to each gift (or a statement that you are allocating exemption by means of a formula such as "an amount necessary to produce an inclusion ratio of zero").
- The inclusion ratio of the trust after the allocation.

Total the exemption allocations and enter this total on line 6.

Note. Where the property involved in such a transfer is subject to an ETIP, an allocation of the GST exemption at the time of the transfer

will only become effective at the end of the ETIP. For details, see *Transfers Subject to an Estate Tax Inclusion Period (ETIP)*, earlier, and section 2642(f).

Part 3—Tax Computation

You must enter in Part 3 every gift you listed in Part 1 of Schedule D.

Column C

You are not required to allocate your available exemption. You may allocate some, all, or none of your available exemption, as you wish, among the gifts listed in Part 3 of Schedule D. However, the total exemption claimed in column C may not exceed the amount you entered on line 3 of Part 2 of Schedule D.

Column D

Carry your computation to 3 decimal places (for example, "1.000").

Part 2—Tax Computation (Page 1 of Form 709)

Lines 4 and 5

To compute the tax for the amount on line 3 (to be entered on line 4) and the tax for the amount on line 2 (to be entered on line 5), use the Table for Computing Gift Tax.

Line 7

The applicable credit (formerly unified credit) amount is the tentative tax on the applicable exclusion amount. For gifts made in 2023, the applicable exclusion amount equals:

- The basic exclusion amount of \$12,920,000, PLUS
- Any DSUE amount, PLUS
- Any Restored Exclusion Amount.

If you are a citizen or resident of the United States, you must apply any available applicable credit against gift tax. If you are

not eligible to use a DSUE amount from a predeceased spouse, or Restored Exclusion Amount on taxable gifts made to a same-sex spouse, enter \$5,113,800 on line 7.

Nonresidents not citizens of the United States may not claim the applicable credit and should enter zero on line 7.

If you are eligible to use a DSUE amount from a predeceased spouse or a Restored Exclusion Amount for taxable gifts to a same-sex spouse (or both), complete *Schedule C—Deceased Spousal Unused Exclusion (DSUE) Amount* and enter the amount from line 5 of that schedule on line 7 of *Part 2—Tax Computation*.

Determine the tentative tax on the applicable exclusion amount using the rates in the Table for Computing Gift Tax, and enter the result on line 7.

Line 10

Enter 20% of the amount allowed as a specific exemption for gifts made after September 8, 1976, and before January 1, 1977. (These amounts will be among those listed in Schedule B, column D, for gifts made in the third and fourth quarters of 1976.)

Line 13

Gift tax conventions are in effect with Australia, Austria,

Denmark, France, Germany, Japan, and the United Kingdom. If you are claiming a credit for payment of foreign gift tax, figure the credit and attach the calculation to Form 709, along with evidence that the foreign taxes were paid. See the applicable convention for details of computing the credit.

Line 19

Make your check or money order payable to "United States Treasury" and write the

donor's SSN on it. You may not use an overpayment on Form 1040 or 1040-SR to offset the gift and GST taxes owed on Form 709.

No checks of \$100 million or more accepted. The IRS cannot accept a single check (including a cashier's check) for amounts of \$100,000,000 (\$100 million) or more. If you're sending \$100 million or more by check, you'll need to spread the payments over two or more checks, with each check made out for an amount less than \$100 million. The \$100 million or more amount limit **does not** apply to other methods of payment (such as electronic payments), so please consider paying by means other than checks.

Signature

As a donor, you must sign the return. If you pay another person, firm, or corporation to prepare your return, that person must also sign the return as preparer unless that person is your regular full-time employee.

Remember, if you and your spouse have consented to split gifts, your spouse must also sign and date the return in Part 1, line 18.

Third-party designee. If you want to allow the return preparer

(listed on the bottom of page 1 of Form 709) to discuss your 2023 Form 709 with the IRS, check the “Yes” box to the far right of your signature on page 1 of your return.

If you check the “Yes” box, you (and your spouse, if splitting gifts) are authorizing the IRS to call your return preparer to answer questions that may arise during the

processing of your return. You are also authorizing the return preparer of your 2023 Form 709 to:

- Give the IRS any information that is missing from your return;
- Call the IRS for information about the processing of your return or the status of your payment(s);
- Receive copies of notices or transcripts related to your return, upon request; and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You are not authorizing your return preparer to receive any refund check, to bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the authorization of your return preparer, see Pub. 947, Practice Before the IRS and Power of Attorney.

The authorization will automatically end 3 years from the date of filing Form 709. If you wish to revoke the authorization before it ends, see Pub. 947.

Disclosure, Privacy Act, and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need the information to figure and collect the right amount of tax. Form 709 is used to report (1) transfers subject to the federal gift and certain GST taxes and to figure the tax, if any, due on those transfers; and (2) allocations of the lifetime GST exemption to property transferred during the transferor's lifetime.

Our legal right to ask for the information requested on this form is found in sections 6001, 6011, 6019, and 6061, and their regulations. You are required to provide the information requested on this form. Section

6109 requires that you provide your identifying number.

Generally, tax returns and return information are confidential, as stated in section 6103.

However, section 6103 allows or requires the Internal Revenue Service to disclose or give such information shown on your Form 709 to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

We may disclose the information on your Form 709 to the Department of the Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information that we cannot get in

any other way for purposes of determining the amount of or to collect the tax you owe. We may disclose the information on your Form 709 to the Comptroller General to review the Internal Revenue Service. We may also disclose the information on your Form 709 to Committees of Congress; federal, state, and local child support agencies; and to other federal agencies for the purpose of determining entitlement for benefits or the eligibility for, and the repayment of, loans.

If you are required to but do not file a Form 709, or do not provide the information requested on the form, or provide fraudulent information, you may be charged penalties and be subject to criminal prosecution.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as

their contents may become material in the administration of any Internal Revenue law.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping..... 52 min.

Learning about the law or the form..... 1 hr.,
53 min.

Preparing the form..... 2 hr.,
21 min.

Copying, assembling, and sending the form to the IRS..... 1 hr.,
3 min.

Comments and suggestions. We welcome your comments about this publication and suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications.

Don't send tax questions, tax returns, or payments to the above address. Instead, see *Where To File*, earlier.