

UNITED STATES
GIFT TAX RETURN
 (Applicable to Calendar Year 1955 and subsequent calendar years)
CALENDAR YEAR 19.....

Do not write in space below

Serial No.

(To be executed and filed with the District Director of Internal Revenue for the donor's district AFTER the close of the calendar year and not later than the 15th day of the following April)

DONOR (Given name, middle name or initial, surname)

ADDRESS

RESIDENCE

CITIZENSHIP

A. Have you (the donor), during the calendar year indicated above, without an adequate and full consideration in money or money's worth, made any transfer exceeding \$3,000 in value (or regardless of value if a future interest) as follows? (Check whether "Yes" or "No.")

1. By the creation of a trust Yes No *or* the making of additions to a trust previously created Yes No in either case for the benefit of a person or persons other than yourself, and with respect to which you retained no power to revest the beneficial title to the property in yourself or to change the beneficiaries or their proportionate benefits; or by relinquishing every such power that was retained in a previously created trust. Yes No
2. By permitting a beneficiary, other than yourself, to receive the income from a trust created by you and with respect to which you retained the power to revest the beneficial title to the property in yourself or to change the beneficiaries or their proportionate benefits. Yes No
3. By the purchase of a life insurance policy Yes No *or* the payment of a premium on a previously issued policy Yes No, the proceeds of which are in either case payable to a beneficiary other than your estate, and with respect to which you retained no power to revest the economic benefits in yourself or your estate or to change the beneficiaries or their proportionate benefits; or by relinquishing every such power that was retained in a previously issued policy. Yes No
4. By permitting another to withdraw funds from a joint bank account which were deposited by you. Yes No
5. By conveying title to another and yourself as joint tenants. Yes No
6. By conveying title to your spouse and yourself as tenants by the entirety or as joint tenants with right of survivorship. Yes No If "Yes," see section 8 of the instructions.
7. By the exercise or release of a power of appointment, except as provided in the Gift Tax Regulations. Yes No
8. By any other method, direct or indirect. Yes No

If the answer is "Yes" to any of the foregoing, such a transfer (other than the creation of a joint tenancy with your spouse in real property with right of survivorship, or addition thereto, which you do not elect to treat as a gift) should be fully disclosed under Schedule A.

B. Gifts of husband and wife to third parties.—Do you consent to have the gifts made by both you and your spouse to third parties during the calendar year considered as having been made one-half by each of you? Yes No (See section 7 of instructions.)

If the answer is "Yes" the following information must be furnished and the consent shown below signed by your spouse.

1. Name of spouse
2. Were you married during the entire calendar year? Yes No
3. If the answer to 2 is "No," check whether married, divorced, or widowed. Give date
4. Will a gift tax return for this calendar year be filed by your spouse? Yes No

CONSENT OF SPOUSE

I consent to have the gifts made by both me and my spouse to third parties during the calendar year considered as having been made one-half by each of us.

Date Signature of spouse

COMPUTATION OF TAX (See section 18 of instructions)

1. Amount of taxable gifts for year (line j, Schedule A)	\$
2. Total amount of taxable gifts for preceding years (line c, Schedule B)	\$
3. Total taxable gifts (item 1 plus item 2)	\$
4. Tax computed on item 3	\$
5. Tax computed on item 2	\$
6. Tax on taxable gifts for year (item 4 minus item 5)	\$

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

(Signature of person, other than taxpayer, preparing this return)

(Signature of taxpayer or other person filing return)

(Address of person preparing return)

(Address of taxpayer or other person filing return)

(Date)

(Date)

SCHEDULE A—Total Gifts During Year and Computation of Taxable Gifts

ITEM NO.	DESCRIPTION OF GIFT, AND DONEE'S NAME AND ADDRESS	DATE OF GIFT	VALUE AT DATE OF GIFT
			\$

(a) Total gifts of donor.....	-----	\$
(b) Less portion of items to reported by spouse (see section 10 of instructions).....	-----	
(c) Balance.....	-----	\$
(d) Gifts of spouse to be included (from line b of spouse's return) (see section 10 of instructions).....	-----	
(e) Total gifts for year.....	-----	\$
(f) Less total exclusions not exceeding \$3,000 for each donee (except gifts of future interests).....	-----	
(g) Total included amount of gifts for year.....	-----	\$
(h) Deductions (see sections 14, 15, and 16 of instructions):		
(1) Charitable, public, and similar gifts (based on items to, less exclusions).....	-----	\$
(2) Marital deduction (based on items to)	-----	
(3) Specific exemption claimed.....	-----	
(i) Total deductions (total of lines 1, 2, and 3).....	-----	
(j) Amount of taxable gifts for year (line g minus line i).....	-----	\$

SCHEDULE B—Returns, Amounts of Specific Exemption, and Taxable Gifts for Preceding Years (subsequent to June 6, 1932)

CALENDAR YEAR	INTERNAL REVENUE DISTRICT IN WHICH PRIOR RETURN WAS FILED	AMOUNT OF SPECIFIC EXEMPTION	AMOUNT OF TAXABLE GIFTS
		\$	\$

(a) Totals for preceding years (without adjustment for reduced specific exemption) .	-----	\$
(b) Amount, if any, by which total specific exemption, line a, exceeds \$30,000 (see section 17 of instructions) . .	-----	
(c) Total amount of taxable gifts for preceding years (total, last column, line a, plus amount, if any, line b) .	-----	\$

1. Requirement of return.—Any individual *citizen* or *resident* of the United States who within the calendar year made gifts (or who, as explained in section 9 of these instructions, is considered as having made gifts) to any one donee of more than \$3,000 (or regardless of value in the case of a gift of a future interest in property), must file a gift tax return on Form 709. The return is required even though, because of authorized deductions, a tax may not be due. A *nonresident not a citizen of the United States and engaged in business in the United States* is similarly required to file a gift tax return if the subject of the gift consisted of property situated in the United States. A *nonresident not a citizen of the United States and NOT engaged in business in the United States* is required to file a gift tax return if the subject consisted of tangible property situated in the United States. Individuals only are required to file returns as donors and not trusts, estates, partnerships, or corporations. However, where gifts are made by trusts, estates, partnerships, or corporations, the individual beneficiaries, partners, or stockholders become donors and may incur liability under the Federal gift tax law.

Where the donor dies before filing his return, the executor of his will or the administrator of his estate shall file the return.

Donees or trustees receiving reportable gifts must file information returns, Form 710.

2. Time and place for filing return.—This return must be filed on or before the 15th day of April following the close of the calendar year in which the gifts were made. The required return cannot be filed prior to the close of the calendar year in which the gifts were made unless the return is for a deceased donor. The return should be filed with the District Director of Internal Revenue for the district in which is located the legal residence or principal place of business of the donor, or, if he has neither, with the District Director at Baltimore 2, Maryland.

3. Payment of tax.—The tax should be paid to the District Director by the donor on or before the 15th day of April following the close of the calendar year in which the gifts were made, unless an extension of time for payment thereof has been granted by the District Director. The tax may be paid at the election of the donor at any time prior to the 15th day of April following the close of the calendar year in which the gifts were made.

Check or money order in payment of the tax should be made payable to "District Director, I. R. S."

4. Penalties.—Severe penalties are provided by law for willful failure to make and file a return on time and for willful attempt to evade or defeat payment of tax.

5. Transfers for a consideration in money or money's worth.—The Federal gift tax is not limited in its imposition to transfers without consideration, but extends to sales and exchanges for less than an adequate and full consideration in money or money's worth. In the case of a transfer of property for less than an adequate and full consideration in money or money's worth, the amount by which the value of the property exceeded the value of the consideration constitutes a gift within the meaning of the statute. If the consideration is not reducible to a money value, as in the case of love and affection, promise of marriage, etc., it is to be wholly disregarded and the entire value of the property transferred constitutes the amount of the gift. A bona fide sale, exchange, or other transfer of property in the ordinary course of business and free from any donative intent, is considered as made for an adequate and full consideration in money or money's worth. See the Gift Tax Regulations as to marital property settlement.

6. Powers of appointment.—The *exercise* or *release* of a power of appointment may constitute a gift by the individual possessing such power. In any case where such action has been taken the Gift Tax Regulations should be consulted.

7. Gift of husband or wife to third party.—If husband and wife consent, all gifts made by them to third persons may, for the purpose of the gift tax, be considered as made one-half by each. For this purpose, an individual is to be considered as the spouse of another individual only if he is married to such individual at the time of the gift and does not remarry during the remainder of the calendar year. This provision of law will apply only for a calendar year for which both spouses signify their consent as explained below, and will not apply (1) if the consenting spouses were not married to each other on the date of gift, (2) if either spouse was a nonresident not a citizen of the United States on the date of gift, (3) to a gift by one spouse if he created in the other spouse a power of appointment over the property interest transferred. If one spouse transferred property in part to his spouse and in part to third parties, the consent is effective only insofar as the interest transferred to third parties is presently ascertainable. For any calendar year for which a consent is effective the liability with respect to the entire gift tax of each spouse shall be joint and several.

The consent referred to above must be signified, by the spouse filing the return, by answering "Yes" to question B on the face of the return and, by the other spouse, by executing the "Consent of Spouse" appearing on the face of the return. The consent of the husband is to be signified on both returns where possible but his

consent will be considered sufficient if signified on one return. The same rule is applicable to the wife. Where one spouse files more than one return for a calendar year on or before the 15th day of April following the close of such year, the last return so filed will, for the purpose of determining whether a consent has been signified, be considered as the return. The consent may be so signified at any time after the close of the calendar year, subject to the following limitations: (1) The consent may not be signified after the 15th day of April following the close of such year, unless no return has been filed before that day for such year by either spouse, in which case the consent may not be signified after a return for such year is filed by either spouse, and (2) the consent may not be signified after a notice of deficiency with respect to the tax for such year has been sent to either spouse. The executor or administrator of a deceased spouse or the guardian or committee of a legally incompetent spouse, as the case may be, may signify such consent.

8. Joint tenancy between husband and wife.—The creation, during 1955 or a subsequent calendar year, between husband and wife of a tenancy by the entirety or joint tenancy with right of survivorship in real property is not treated as a gift unless the donor spouse so elects in a timely filed gift tax return. This rule is also applicable with respect to additions to the value of such property, whether in the form of improvements, reductions in the indebtedness, or otherwise. When the donor spouse elects to treat such transactions as a gift the filing of a gift tax return is required, even though the value of the gift is less than the allowable exclusion. The value of the gift is measured by the difference between the value of the property, or property right or interest, transferred and the value of the donor's retained interest therein. If the donor does not elect in a timely filed return to have such tenancy, or addition thereto, treated as a gift during the calendar year within which such tenancy was created (or addition made) the termination of such tenancy, other than by reason of the death of a spouse, results in a gift to the extent the proportion of the proceeds received by either spouse is not equal to the proportion of the consideration furnished by such spouse in acquiring or improving the property. If the donor does elect, in the manner indicated above, the termination of such tenancy, other than by reason of the death of a spouse, will result in a gift to the extent that the proceeds received by either spouse are in excess of such spouse's proportionate interest in the property immediately prior to such termination. The election referred to is only applicable with respect to the calendar year 1955 and subsequent calendar years. The creation of such tenancy between husband and wife (or additions made thereto) during a calendar year subsequent to June 6, 1932, and prior to 1955 resulted in a gift includible for Federal gift tax purposes.

9. Exclusion of \$3,000.—The first \$3,000 of gifts (other than gifts of future interests in property) made to any one donee during the calendar year is, for the purpose of the computation of the tax, excluded from the amount of gifts for the year. The entire value of gifts totaling more than \$3,000 to any one donee during the year must be listed on the return. Where husband and wife consent to have all gifts made by them to third parties during the calendar year considered as having been made one-half by each of them, all gifts to any third party donee during the year totaling more than \$3,000 must also be listed on the return irrespective of the fact that, by reason of such consent, neither spouse is considered to have made gifts in excess of \$3,000 in value. The entire value of any gift of a future interest in property must be included in the total amount of gifts for the calendar year in which such a gift is made. For the definition of "Future Interests," see the Gift Tax Regulations. Also, see the Regulations with respect to such gifts to minors.

10. Schedule A; gifts made during calendar year for which this return is filed.—All gifts (including charitable, public, and similar gifts) made by the donor during the calendar year for which this return is filed must, to the extent indicated in section 9 of these instructions, be disclosed under Schedule A. If husband and wife consent to have all gifts made by them to third parties during the calendar year considered as having been made one-half by each of them, the full value of the gifts made by the spouse filing the return must be included and the portion to be reported by the other spouse deducted at line *b*. None of the gifts made by the other spouse are to be listed individually but the portion of such gifts to be reported by the spouse filing the return is to be included at line *d*. In listing the gifts on Schedule A the computation of lines *b*, *h* (1), and *h* (2) will be facilitated if the various items are segregated into gifts to the spouse and gifts to third parties and the latter category further subdivided into charitable, public and similar gifts, and all other gifts. In all cases in which it is not apparent how the amounts entered at lines *b*, *h* (1), and *h* (2) were computed, additional sheets of the same size as the return should be attached and the computations set forth thereon in detail.

11. Description of property.—In listing upon the return the property comprising the gifts made during the calendar year, the description thereof should be such that the property may be

readily identified. Thus, a legal description should be given of each parcel of *real estate*, and if located in a city the name of street and number, its area, and, if improved, a short statement of the character of the improvements. Description of *bonds* should include the number transferred, principal amount, name of obligor, date of maturity, rate of interest, date or dates on which interest is payable, series number where there is more than one issue, the exchange upon which listed, or the principal business office of the corporation, if unlisted. Descriptions of *stocks* should include number of shares, whether common or preferred, and, if preferred, what issue thereof, par value, quotation at which returned, exact name of corporation, and, if the stock is unlisted, the location of the principal business office and State in which incorporated and the date of incorporation. If a listed security, state principal exchange upon which sold. In describing an *interest in property* based on the duration of a person's life, the date of birth of that person should be stated. Description of *life insurance policies* should give the name of the insurer and the number of the policy.

12. Date of valuation of property.—If the gift is made in property other than money, such property is valued as of the date of the gift.

13. Supplemental documents.—For every *policy of life insurance* listed on the return, the donor must procure a statement by the company on Form 938, revised, and file it with the District Director. If the gift was made by means of a *trust*, a certified or verified copy of the trust instrument must be submitted. In the case of *stock* of close corporations or inactive stock (which should be valued on the basis of net worth, earning and dividend paying capacity, and other relevant factors), there must be submitted balance sheets, particularly the one nearest the date of the gift, and statements of the net earnings or operating results and dividends paid for each of the 5 preceding years. Any other documents, such as appraisal lists, required for an adequate explanation, should be filed with the return. For example, where the gift consists of *real estate*, a copy of the appraisal, if available, should be submitted; otherwise full information as to the basis of the valuation used should be set forth under Schedule A.

14. Deductions for charitable, public, and similar gifts.—The values of all charitable, public, and similar gifts listed on Schedule A should be totaled, the total exclusions claimed on Schedule A with respect to such gifts deducted, and the balance entered at line *h* (1).

For information as to deductions authorized for charitable, public, and similar gifts, which may be claimed under this Schedule, consult the Gift Tax Regulations.

15. Marital deduction.—In determining the amount of the taxable gifts for the calendar year there may be deducted, if the donor was a citizen or resident of the United States at the time the gift was made, an amount equal to *one-half* the value of any property interest (except as otherwise indicated below) transferred by gift to a donee who at the time of the gift was the donor's spouse. Where the included amount of the gifts to the donee spouse, as reflected in the "Total included amount of gifts for year," line *g*, is less than *one-half* the total value of the gifts to such spouse, the deduction is allowable only to the extent of such included amount.

For the purpose of the marital deduction, a property interest, whether or not in trust, is considered as having been transferred by the donor to his spouse as donee (and to no other person), if (a) she is entitled for life to all of the income from the entire interest; (b) such income is payable annually or at more frequent intervals; (c) she has the power, exercisable in favor of herself or of her estate, to appoint the entire interest; (d) such power is exercisable by her alone and (whether exercisable by will or during life) is exercisable by her in all events; and (e) no part of the entire interest is subject to a power in any other person to appoint any part thereof to any person other than the surviving spouse. Where the foregoing five conditions are satisfied only with respect to a specific portion of the entire interest, see the regulations under section 2523 (e) of the Internal Revenue Code for the determination of the portion thereof which qualifies for the marital deduction.

Where the income from property is made payable to the donor or a third party for life, or for a term of years, with remainder absolutely to the donor's spouse or to her estate, the marital deduction is equal to one-half the present value of the remainder.

The marital deduction is generally not allowable where the interest transferred to the donee spouse was a "terminable interest." The expression "terminable interest" refers to a life estate, an estate for years, or any other property interest which, upon the lapse of time, upon the occurrence of an event or contingency, or upon the failure of an event or contingency to occur, will terminate or fail. If the interest is transferred to the donee spouse as sole joint tenant with the donor or as tenant by the entirety, the interest will not be considered a "terminable interest" solely by reason of the possibility that the donor may survive the donee spouse, or that there may occur a severance of the tenancy. The marital deduction also is not allowable where the property was held as "community property." The term "community property" as used for this purpose includes property

held as community property (as defined in the Gift Tax Regulations), separate property acquired by the donor as a result of a conversion, after December 31, 1941, of property then held by him and the donee spouse as community property, and property acquired by the donor in exchange for such separate property.

16. Specific exemption.—In determining the amount of the taxable gifts for the calendar year there may be deducted, if the donor was a citizen or resident of the United States at the time the gifts were made, a specific exemption of \$30,000 less the sum of the amounts claimed and allowed as an exemption in prior calendar years. The exemption, at the option of the donor, may be taken in its entirety in a single year, or be spread over a period of years in such amounts as he sees fit, but after the limit has been reached no further exemption is allowable. A donor who was a non-resident not a citizen of the United States at the time the gifts were made is not entitled to this exemption.

17. Schedule B; gifts made during preceding calendar years (subsequent to June 6, 1932).—Gift tax returns, Form 709, filed for preceding years subsequent to June 6, 1932, should be indicated in Schedule B. The donor's name used in each return filed for preceding years should be shown in Schedule B where there has been a change in name in this or any prior return. Any variation such as the use of full given names instead of initials should also be indicated. The correct amount of the taxable gifts for each prior year during which gifts were made (the amount finally determined), and not necessarily the amount returned in the prior case, should be entered in the last column; and the amount of the specific exemption claimed and allowed for each such prior year should be entered in the third column. Enter at line *b* any amount by which the total specific exemption claimed and allowed for preceding years (line *a*) exceeds \$30,000. Any amount entered at line *b* should be added to the amount entered in the last column at line *a*, and the sum thus obtained should be entered at line *c*. The amount shown at line *c* is the "Total amount of taxable gifts for preceding years" computed for the purpose of this return, and should be carried forward to item 2 under "Computation of tax" on the first page of the return.

18. Computation of tax.—Enter at item 1 under "Computation of tax" the amount of the taxable gifts for the year. Enter at item 2 the total amount of taxable gifts for preceding years, if any, taken from line *c* of Schedule B. Enter at item 3 the sum of item 1 and item 2. Compute the tax on item 3 in accordance with the "Table for computing gift tax" and enter the result obtained at item 4. Compute the tax on the total amount of taxable gifts for preceding years, if any (item 2), in accordance with the table and enter the result obtained at item 5. Then subtract item 5, the tax computed on the total amount of taxable gifts for preceding years, from item 4, the tax computed on the total taxable gifts, and enter the difference at item 6, which is the tax on taxable gifts for the year. This latter amount should be paid to the District Director.

19. Declarations.—In addition to the taxpayer's declaration, if the return was prepared by another, the second declaration should be executed by the person preparing the return.

20. Gift tax regulations.—For further instructions consult the Gift Tax Regulations, a copy of which may be obtained from the District Director of Internal Revenue.

21. Gift tax treaties.—Gift tax conventions with Australia (effective December 14, 1953) and Japan (effective April 1, 1955) authorize a credit in the case of doubly taxed gifts and contain rules governing the situs of property. The conventions also provide a prorated specific exemption for certain nonresident alien donors. For specific information, consult the applicable convention.

TABLE FOR COMPUTING GIFT TAX

(A) Amount of taxable gifts equaling—	(B) Amount of taxable gifts not exceeding—	Tax on amount in column (A)	Rate of tax on excess over amount in column (A)
			Percent
	\$5,000		2 1/4
\$5,000	10,000	\$112.50	5 1/2
10,000	20,000	375.00	8 1/4
20,000	30,000	1,200.00	10 1/2
30,000	40,000	2,250.00	13 1/2
40,000	50,000	3,600.00	16 1/2
50,000	60,000	5,250.00	18 1/2
60,000	100,000	7,125.00	21
100,000	250,000	15,625.00	22 1/2
250,000	500,000	49,275.00	24
500,000	750,000	109,275.00	26 1/4
750,000	1,000,000	174,900.00	27 3/4
1,000,000	1,250,000	244,275.00	29 1/4
1,250,000	1,500,000	317,400.00	31 1/2
1,500,000	2,000,000	396,150.00	33 3/4
2,000,000	2,500,000	564,900.00	36 3/4
2,500,000	3,000,000	748,650.00	39 1/2
3,000,000	3,500,000	947,400.00	42
3,500,000	4,000,000	1,157,400.00	44 1/4
4,000,000	5,000,000	1,378,650.00	47 1/4
5,000,000	6,000,000	1,851,150.00	50 1/4
6,000,000	7,000,000	2,353,650.00	52 1/2
7,000,000	8,000,000	2,878,650.00	54 3/4
8,000,000	10,000,000	3,426,150.00	57
10,000,000	-----	4,566,150.00	57 3/4