

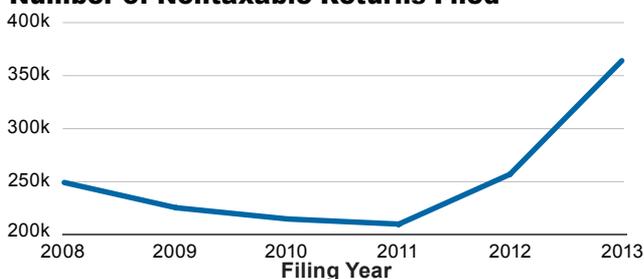


Gift Tax, 2013

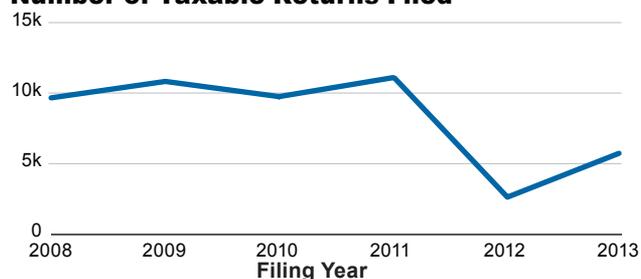
The Federal gift tax is a tax on the right to transfer property during life to other persons or organizations. Donors file Form 709, *United States Gift (and Generation-Skipping Transfer) Tax* return to report gifts exceeding the annual exclusion. Most of the returns filed during a given calendar year report gifts made during the previous calendar year.

The maximum unified credit is a lifetime credit against gifts made both during life and at death. Between 2008 and 2010, the maximum unified credit was \$345,800, and the highest marginal tax rate was 45 percent. In 2011, the maximum unified credit decreased to \$330,800, while the highest marginal rate was decreased to 35 percent. Then, following passage of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, the credit available to offset lifetime gifts increased to \$1,730,800, and was to be indexed for inflation in subsequent years. These changes to the tax law drove significant changes in the number of Forms 709 filed, the composition of the filing population, and the total amount of gifts reported in 2012 and 2013.

Number of Nontaxable Returns Filed

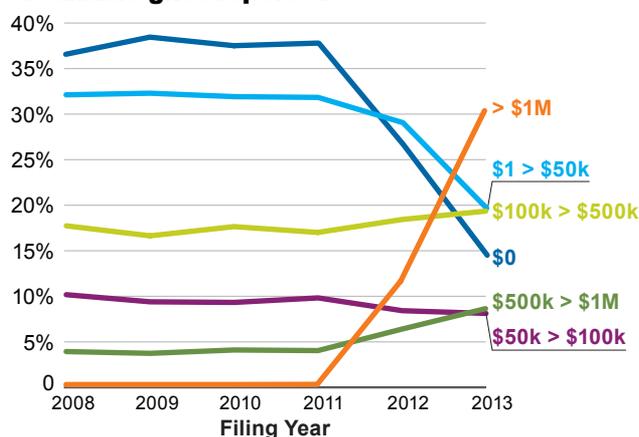


Number of Taxable Returns Filed

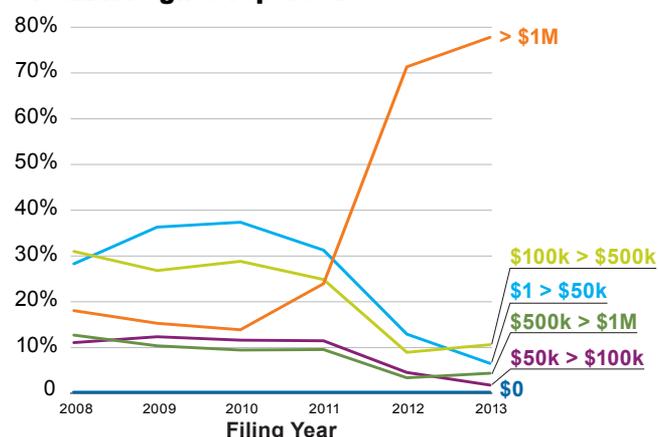


The total number of Forms 709 filed decreased steadily between 2008 and 2011, before increasing significantly in 2012 to 258,393 returns filed, and then increasing again by 42.8 percent in 2013. These trends were driven by the number of nontaxable returns filed, which have made up in excess of 95 percent of the total number of all gift returns filed. The number of taxable gift returns filed, which remained relatively constant from 2008 through 2011, decreased sharply in 2012 before increasing again in 2013.

Percentage of total number of nontaxable returns filed, by filing year and amount of taxable gifts reported



Percentage of total number of taxable returns filed, by filing year and amount of taxable gifts reported



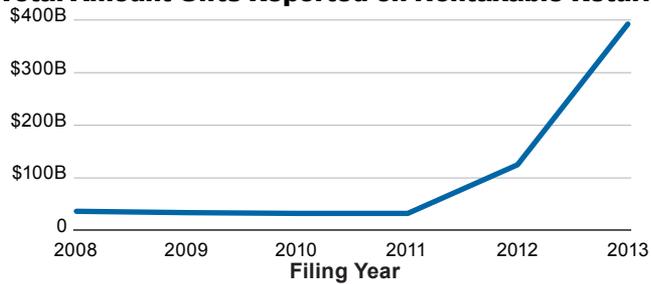
The characteristics of the filing population, as defined by the amount of taxable gifts reported, changed significantly in 2012 and 2013. Beginning in 2012, returns reporting \$1.0 million dollars or more in taxable gifts made up a greater share of the filing population than ever before. By contrast, the smallest returns (reporting less than \$50,000 in taxable gifts) made up significantly less of the population than before. This trend continued for returns filed in 2013.



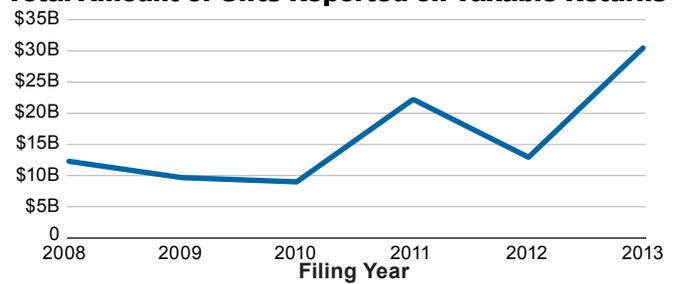


Gift Tax, 2013—continued

Total Amount Gifts Reported on Nontaxable Returns



Total Amount of Gifts Reported on Taxable Returns



The total amount of gifts reported on all returns increased in excess of 800.0 percent between 2008 and 2013, from approximately \$45.2 billion to \$421.3 billion. Unsurprisingly, the total amount of gifts reported on nontaxable returns, which increased in excess of one thousand percent, combined with the changing characteristics of the nontaxable filing population, drove this increase.