CHARITABLE GIFT ANNUITY DEDUCTIONS (PER \$10,000 CONTRIBUTED)

Ą	ge Payo Rate		Age	Payout Rate*	t Deduction (5.0% AFR		Payout Rate*	Deductio (5.0% AFF
5	5 4.5%	% \$3,861	70	5.9%	\$4,400	85	8.7%	\$5,660
5	6 4.6	3,837	71	6.0	4,492	86	8.9	5,791
5	7 4.7	3,820	72	6.2	4,504	87	9.1	5,924
5	8 4.7	3,939	73	6.3	4,614	88	9.3	6,060
5	9 4.8	3,934	74	6.4	4,731	89	9.5	6,197
6	0 4.9	3,937	75	6.6	4,774	90	9.7	6,334
6	1 5.0	3,947	76	6.8	4,828	91	9.7	6,543
6	2 5.1	3,965	77	7.0	4,892	92	9.7	6,743
6	3 5.2	3,990	78	7.2	4,967	93	9.7	6,933
6	4 5.3	4,023	79	7.4	5,051	94	9.7	7,114
6	5 5.4	4,064	80	7.6	5,143	95	9.7	7,286
6	6 5.5	4,114	81	7.8	5,244	96	9.7	7,448
6	7 5.6	4,173	82	8.1	5,294	97	9.7	7,602
6	8 5.7	4,240	83	8.3	5,411	98	9.7	7,747
6	9 5.8	4,316	84	8.5	5,533	99	9.7	7,885

*Payout Rates are rates recommended by the American Council on Gift Annuities. Charities historically have employed the Council's payout rates but may pay higher or lower rates. Deductions assume guarterly payments.

CHARITABLE REMAINDER ANNUITY TRUST DEDUCTIONS ONE-LIFE TRUST FUNDED WITH \$100,000 (5.0% AFR)

Age of Beneficiary	\$5,000 Payout	\$6,000 Payout	\$7,000 Payout	\$8,000 Payout	\$9,000 Payout
60	\$38,132	None*	None*	None*	None*
65	45,034	\$34,082	None*	None*	None*
70	52,543	43,055	None*	None*	None*
75	60,406	52,487	\$44,679	None*	None*
80	68,049	61,658	55,279	\$49,112	None*
85	75,057	70,068	65,079	60,118	\$55,316
90	81,105	77,326	73,547	69,768	66,011

*Annuity trusts are disgualified under the IRS's 5% probability test (Rev. Rul. 70-452, 1970-2 CB 199) if the probability that noncharitable beneficiaries will survive to the exhaustion of the trust fund exceeds 5%. Note that the deductions shown reflect quarterly payments and a 5.0% applicable federal rate (AFR). Lower AFRs increase the risk of failing the 5% probability test. The 5% probability test can be ignored if early termination language is included, pursuant to Rev. Proc. 2016-42.

TERM OF YEARS ANNUITY TRUST FACTORS (5.0% AFR)

Years	Annuity	Years	Annuity	Years	Annuity	Years	Annuity
1	0.9524	6	5.0757	11	8.3064	16	10.8378
2	1.8594	7	5.7864	12	8.8633	17	11.2741
З	2.7232	8	6.4632	13	9.3936	18	11.6896
4	3.5460	9	7.1078	14	9.8986	19	12.0853
5	4.3295	10	7.2717	15	10.3797	20	12.4622

Deductions for charitable remainder annuity trusts lasting for a term of years (maximum of 20 years) are computed under annuity factors found in Table B, IRS Pub. 1457, according to the "applicable federal rate." Using the tables above (5.0% AFR), a 12-year annuity trust making annual payments would have an annuity factor of 8.8633. If the trust is funded with \$100,000 and pays \$5,000 annually, the value of the income interest is \$5,000 x 8,8633, or \$44,317, and charity's remainder interest is \$55,683. (The computation must be adjusted slightly if payouts are other than annual; see Table K, IRS Pub. 1457.)

CHARITABLE LEAD TRUSTS: Deductions for charitable lead annuity trusts also are calculated with reference to Tables B and K, but the portion contributed is the income interest, not the remainder interest.

APPROXIMATE INCOME TAX DEDUCTIONS FOR **TWO-LIFE ANNUITY FUNDED WITH \$100.000**

Joint Beneficiaries (5.0% AFR)*

Deduction if Beneficiaries Receive									
Ages of Beneficiaries	\$5,000 Annually	\$6,000 Annually	\$7,000 Annually	\$8,000 Annually	\$9,000 Annually				
65/65	\$33,797	\$20,639	None**	None**	None**				
70/70	41,242	29,497	None**	None**	None**				
75/75	49,465	39,358	\$29,470	None**	None**				
80/80	57,983	49,580	41,198	None**	None**				
85/85	66,287	59,545	52,802	\$46,114	None**				
90/90	73,862	68,634	63,406	58,179	\$52,995				

* The deductions illustrated are only approximations. They are based on IRS tables employing a 5.0% AFR

** Annuity trusts are disgualified under the IRS's 5% probability test (Rev. Rul. 70-452, 1970-2 CB 199) if the probability that noncharitable beneficiaries will survive to the exhaustion of the trust fund exceeds 5%. The 5% probability test can be ignored if early termination language is included, pursuant to Rev. Proc. 2016-42.

CHARITABLE REMAINDER UNITRUSTS (5.0% AFR)

	F	Payout Rate	Percent o	of Gift Dedu	ctible	
Age	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
55	.32434	.26685	.22188	.18643	.15828	.13574
56	.33631	.27836	.23272	.19652	.16760	.14431
57	.34852	.29016	.24390	.20697	.17729	.15325
58	.36095	.30225	.25540	.21777	.18734	.16256
59	.37362	.31463	.26724	.22894	.19779	.17228
60	.38655	.32734	.27947	.24054	.20868	.18245
61	.39973	.34037	.29907	.25254	.22000	.19307
62	.41311	.35367	.30499	.26491	.23173	.20411
63	.42669	.36723	.31823	.27764	.24385	.21566
64	.44045	.38106	.33180	.29075	.25637	.22743
65	.45441	.39515	.34570	.30424	.26932	.23977
66	.46872	.40969	.36013	.31832	.28291	.25278
67	.48333	.42463	.37503	.33296	.29711	.26645
68	.49818	.43990	.39036	.34809	.31188	.28073
69	.51323	.45547	.40607	.36368	.32716	.29558
70	.52845	.47129	.42213	.37969	.34293	.31098
71	.54384	.48739	.43855	.39615	.35923	.32696
72	.55937	.50373	.45530	.41303	.37602	.34352
73	.57498	.52023	.47232	.43026	.39325	.36057
74	.59060	.53683	.48951	.44775	.41081	.37803
75	.60616	.55343	IASSEZ (:P.4054i	.46862	.39581
76	.62160	.57000	.5241 i	.48319	.44661	.41385
77	.63692	.58651	.54144	.50105	.46478	.43213
78	.65210	.60294	.55876	.51898	.48308	.45062
79	.66709	.61924	.57603	.53692	.50147	.46927
80	.68185	.63536	.59317	.55482	.51988	.48801
81	.69637	.65129	.61017	.57263	.53828	.50681
82	.71062	.66697	.62699	.59031	.55662	.52561
83	.72456	.68238	.64357	.60782	.57483	.54435
84	.73816	.69748	.65988	.62510	.59287	.56298
85	.75140	.71223	.67588	.64211	.61069	.58144
86	.75427	.72661	.69153	.65881	.62825	.59969
87	.77672	.74059	.70679	.67514	.64548	.61765
88	.78877	.75415	.72165	.69110	.66236	.63531
89	.80037	.76726	.73606	.70663	.67884	.65260

To calculate the approximate deduction for a transfer to a one-life charitable remainder unitrust, determine the age of the income beneficiary, then find the deductible percentage in the appropriate payout rate column. For example, a donor who establishes a unitrust paying 6% for the life of a 65-year-old beneficiary could deduct .39515 (39.515%) of the amount transferred in trust A \$100.000 transfer would create a charitable deduction of \$39.515. The above tables assume an applicable federal rate of 5.0% (rates change every month) and quarterly payments to the beneficiary. For different applicable federal rates and payment frequencies, refer to Tables U and F. IRS Pub. 1458.

UNITRUST TERM OF YEARS REMAINDER FACTORS (5.0% AFR)

Number of Years	5.0%	6.0%	7.0%	8.0%	9.0%
1	.95150	.94180	.93210	.92240	.91269
2	.90535	.88698	.86880	.85081	.83301
3	.86143	.83536	.80981	.78479	.76029
4	.81965	.78673	.75482	.72388	.69391
5	.77990	.74094	.70356	.66771	.63333
6	.74207	.69782	.65579	.61589	.57803
7	.70608	.65720	.61126	.56809	.52757
8	.67183	.61895	.56975	.52401	.48151
9	.63925	.58293	.53106	.48334	.43947
10	.60824	.54900	.49500	.44583	.40110
11	.57874	.51704	.46139	.41123	.36608
12	.55067	.48695	.43006	.37932	.33412
13	.52396	.45861	.40086	.34988	.30495
14	.49855	.43192	.37364	.32273	.27833
15	.47436	.40678	.34826	.29769	.25403
16	.45136	.38310	.32462	.27458	.23185
17	.42946	.36080	.30257	.25327	.21161
18	.40863	.33980	.28203	.23362	.19313
19	.38881	.32003	.26288	.21549	.17627
20	.36996	.30140	.24503	.19877	.16088

The above deduction percentages assume guarterly payments and an applicable federal rate of 5.0%. For different AFR percentages and payout frequencies, see Tables D and F, IRS Pub. 1458.

CHARITABLE LEAD TRUSTS: Deductions for charitable lead unitrusts also are calculated with reference to Tables D and F, but the portion contributed is the income interest, not the remainder interest. Deduction percentages (factors) are complements of the remainder interest percentages shown above. For example, the income interest factor for a 20-year charitable lead unitrust paying 5% is equal to 1.0 minus the remainder interest factor of .36996, or .63004.

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE UNITRUST FUNDED WITH \$100,000 AFR)

int Beneficiaries (5.0%)	in	it E	Sen	efi	ciar	ies	(5.0)% .
--------------------------	----	------	-----	-----	------	-----	------	------

Ages of Beneficiaries	5.0% Annually	6.0% Annually	7.0% Annually	8.0% Annually	9.0% Annually
60/60	\$28,006	\$21,975	\$17,322	\$13,723	\$10,928
65/65	34,356	28,027	22,949	18,864	15,569
70/70	41,671	35,263	29,927	25,474	21,749
75/75	49,774	43,561	38,206	33,582	29,584
80/80	58,193	SE244PDI	r C45(376)	42,802	38,751
85/85	66,420	61,375	56,766	52,552	48,697

*Deductions and factors shown are representative samples based on the use of a 5.0% applicable federal rate (AFR) and guarterly payments. Actual numbers may vary, based on the monthly midterm rate used.

FEDERAL INTEREST RATE (AFR) SELECTION

Elect lowest rate available

Gift of life income interest in

charitable remainder trust.

(for large tax-free payout).

Remainder interest in farm or

Charitable lead trusts

Charitable gift annuity

personal residence.

In valuing deferred gifts, donors may choose tables using the most favorable applicable federal rate (AFR, or §7520 rate) from that in effect for the month of the gift or from either of the two months preceding the month of the gift. Rates (120% of the midterm rate) are published on or about the 20th of each month by the IRS and appear at https://www.irs.gov/applicable-federal-rates.

Elect highest rate available

- Charitable remainder annuity trust.
- Charitable remainder unitrust.
- Charitable gift annuity (for large deduction).
- Gift of remaining life estate in farm or personal residence.

Technique Income Tax Deduction

Outright Gift	Fully deductible in year of
of Cash or	up to 60% of donor's adju
Long-term	gross income (30% for lor
Capital Gain	capital gain property). Five
Property	carryover for excess dedu
Property	carryover for excess dedu

Charitable Present value of charity's Remainder remainder interest (10% minimum) life (5% minimum) for deductible in year of gift, based on beneficiaries of donor's choice; Annuity age of income beneficiaries and Trust unvarying dollar amount to be paid possible tax-free income from each year (see preceding tables). A trust; estate tax savings; 5% probability test limits maximum trustee handles investments; payouts generally to 5% or 6% can last for life or term of when AFR is low unless trust is to last for a term of years.

Charitable Present value of charity's remainder interest (10% Remainder minimum) deductible, based on Unitrust age of income beneficiaries and percentage of value of trust assets to be paid annually. Higher payouts (not exceeding 50%) possible than annuity trust because 5% probability test does not apply. See preceding tables to figure deductions.

Charitable Amount transferred to charity Gift Annuity less the present value of

annuity retained for the life of the annuitant(s). Deductions identical to those afforded by charitable remainder annuity trusts, but much lower amounts needed to fund gift. Higher deductions if payment deferred for several years.

Qualified The owner of a traditional or Roth Distributions can satisfy required Charitable IRA can direct the custodian to Distributions make distributions directly to From IRAs public charities. Transfers up to \$100,000 will be excluded from

income. This exclusion is available to IRA owners over age 701/2 but not to participants in other plans, such as 401(k) or 403(b) plans.

Gift of Present value of charity's remainder interest in land and Home structures less depreciation or Farm on structures during donor/life With Reserved "Home" includes any personal Life Estate residence, including vacation property, condos, etc. "Farm" includes ranchland, and just a few acres may be contributed.

Charitable Present value of charity's income interest (if donor is owner Lead Trust

of trust under grantor trust rules, generally via reversion to grantor). Donor is taxed on trust income.

The purpose of this publication is solely educational, namely to provide general gift, estate, financial planning and related information. It is not intended as legal, accounting or other professional advice, and you should not rely on it as such. For assistance in planning charitable gifts with tax and other implications, the services of appropriate and qualified advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. The figures in this publication are accurate as of June 2023. Any updates in tax laws hereafter may change the numbers and the validity and should be discussed with your advisors Consult a tax and/or accounting specialist for advice regarding tax and accounting related matters © Copyright MMXXIII by Sharpe Group. All Rights Reserved.

CHARITABLE GIFT TECHNIQUES COMPARED

years up to 20.

Special Considerations

Largest deductions;

long-term capital gains

property is contributed.

tax avoided if appreciated

Stable annuity income for

aift usted ng-term e-year uctions.

capital gains tax avoidance;

Same benefits as the annuity trust (above) except that payout is a percentage of the changing value of the trust assets (possible hedge against inflation). Also, additional contributions are permitted, and donor may elect to have trust pay the unitrust percentage or actual trust

income, whichever is LESS.

Payouts based on age or ages of income beneficiary(ies). Maximum of two annuitants. If funded with appreciated property, capital gain is reduced and spread over donor/annuitant's life expectancy. Annuity income is partially taxfree. Higher payouts for deferred payment gift annuities.

minimum distributions. A one-time election allows distributions of up to \$50,000 to fund split-interest gifts for the donor and/or spouse. Transfers to donor advised funds, private foundations or supporting organizations do not qualify.

Donors who intend to bequeath farms or homes to charity can accomplish the same result with this technique but receive a tenant's remaining life expectancy. current income tax deduction and continue to use the farm or home for life. Life estate can be reserved for one or more lives. Can be arranged by will (possible estate tax savings).

> Lead trusts are usually created for a term of years, with heirs as remainder beneficiaries (generally, no income tax deductions but federal transfer tax savings). Trust is not tax-exempt.



Your Guide to **Federal Taxes** for 2023



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FEDERAL INDIVIDUAL INCOME TAX RATES

Col. 1	Sing Individ		Joint Re & Surv Spou	iving	Head House		Marri Filin Separa	g
Taxable Income	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess
\$ 0	\$ 0	10%	\$ 0	10%	\$ 0	10%	\$ 0	10%
11,000	1,100	12%					1,100	12%
15,700					1,570	12%		
22,000			2,200	12%				
44,725	5,147	22%					5,147	22%
59,850					6,868	22%		
89,450			10,294	22%				
95,350					14,678	24%		
95,375	16,290	24%					16,290	24%
182,100	37,104	32%			35,498	32%	37,104	32%
190,750			32,580	24%				
231,250	52,832	35%			51,226	35%	52,832	35%
346,875							93,300.75	37%
364,200			74,208	32%				
462,500			105,664	35%				
578,100					172,623.50	37%		
578,125	174,238.25	37%						
693,750			186,601.50	37%				

INCOME TAX RATES ON ESTATES AND TRUSTS

Taxable I	ncome	Tax on	Rate on
From (Col. 1)	То	Col. 1	Excess
\$ 0	\$ 2,900	\$ 0	10%
2,901	10,550	290	24
10,551	14,450	2,126	35
14,451	Infinity	3,491	37

STANDARD DEDUCTIONS

	Single Individuals	Joint Re Surviving S		Heads of Household	Married Filing Separately
Basic	\$13,850	\$27,700		\$20,800	\$13,850
Over 65	15,700	29,200	(one)	22,650	15,350
		C 30,700	(both)	TR	
Blind	15,700	29,26R	REnepR	22,650	15,350
		30,700	(both)		
Over 65	17,550	30,700	(one)	24,500	16,850
& Blind		33,700	(both)		

Taxpayers may "itemize" deductions when deductions total more than the standard deductions shown. The increase in the basic standard deduction does not apply to tax years after 2025. The deduction is indexed for inflation using the chained consumer price index

ITEMIZED DEDUCTIONS INCLUDE:*

State and local taxes. Taxpayers can deduct up to \$10,000 for state income or sales tax and real estate taxes.

■ Mortgage interest. The interest on up to \$750,000 of total acquisition indebtedness is allowed on a first and second home.

Medical expenses. Medical expenses are deductible to the extent they exceed 7.5% of AGI.

Charitable gifts. Cash gifts to charity are deductible up to 60% of AGI; gifts of appreciated assets are deductible up to 30% of AGI. Excess deductions may be carried over for up to five additional years.

*Subject to legislative changes.

FEDERAL INCOME TAX ON CAPITAL GAINS

Net long-term capital gains on assets held more than 12 months are taxed generally at a maximum rate of 20% for filers in the 37% tax bracket: 15% for taxpayers in the 22%, 24%, 32% and 35% brackets; and 0% for 10% and 12% bracket taxpayers except for children under age 19, or 24 if full-time college students, whose net unearned income exceeds \$2,500, Taxpavers with AGI in excess of \$200.000 (unmarried filers and heads of household) or \$250.000 (joint filers) are subject to an additional 3.8% tax on net investment income. A 28% top rate applies to long-term gains on collectibles. A 25% top rate applies to long-term gains on real estate attributed to depreciation claimed in past years (unrecaptured §1250 gain). Short-term gains are taxed at the taxpayer's highest ordinary income tax rates. Net short-term and long-term losses are deductible dollar-for-dollar against ordinary income up to \$3,000, with unlimited carryover for excess loss deductions.

FEDERAL INCOME TAX ON DIVIDENDS

The maximum tax rate on qualified dividends paid by corporations, mutual funds and real estate investment trusts to individuals is 20% for filers in the 37% tax bracket; 15% for taxpayers in the 22%, 24%, 32% and 35% brackets; and 0% for taxpayers in the 10% and 12% ordinary income brackets. Taxpayers with AGI in excess of \$200,000 (unmarried filers and heads of household) or \$250,000 (joint filers) are subject to an additional 3.8% tax on investment income.

FEDERAL ALTERNATIVE MINIMUM TAX

Alternative Minir	num Taxable Income	Tax on	Rate on Excess	
From (Col. 1)	То	Col. 1		
\$ 0	\$220,700	\$ 0	26%	
220,701	Infinity	57,382	28	

An alternative minimum tax (AMT) is imposed on "alternative minimum taxable income" over the applicable exemption amounts of \$81,300 for single taxpayers and heads of household, \$126,500 for joint returns, \$63,250 for married people filing separately and \$28,400 for estates and trusts. Through 2025, phase-out thresholds are increased to \$1,156,300 (married filers and surviving spouses) or \$578,150 for all other individuals. AMT is payable only so far as it exceeds a taxpayer's regular income tax. "Alternative minimum taxable income" is the sum of a taxpayer's regular taxable income and any preference amounts plus certain regular tax itemized deductions (not including charitable deductions), such as state and local taxes. Net operating losses not attributable to preferences are deductible. Examples of minimum tax preference items include amounts relating to depletion deductions, intangible drilling costs, incentive stock options, tax-exempt interest on nongovernmental-purpose bonds and accelerated depreciation on all property placed in service after 1986 that exceeds depreciation using the 150% declining balance method.

FEDERAL TAX ON TAXABLE CORPORATE INCOME

The tax rate for C corporations is a flat 21%. The corporate alternative minimum tax has been eliminated. Corporations are allowed a 50% deduction for dividends received from other domestic corporations (70% prior to 2018). There is a 65% deduction (previously 80%) for dividends received from a 20%-owned corporation. This is a corporation that is owned 20% or more by the taxpayer.

Bonus depreciation is allowed for qualified property acquired after Sept. 27, 2017, according to the following schedule:

Placed into service	Percentage	Deductio
After Sept. 27, 2017, and before 2023	100%	
After 2022 and before 2024	80%	
After 2023 and before 2025	60%	
After 2024 and before 2026	40%	
After 2025 and before 2027	20%	Gift Tax
After 2026	0%	Credit

Owners of pass-through business entities (S corporations, LLCs, partnerships, sole proprietorships) may deduct up to 20% of gualified business income. For certain service trades or businesses (e.g., accounting, athletics, financial services, health, law, brokerage services), the deduction is phased out when taxable income exceeds \$182,100 for single taxpayers and \$364,200 for joint filers.

FEDERAL GIFT TAX

Taxable Gift		Tentative Tax					
Col. 1	From		То	Tax	on Col. 1	Rate	on Excess
\$	0	\$	10,000	\$	0		18%
1	0,000		20,000		1,800		20
2	0,000		40,000		3,800		22
4	0,000		60,000		8,200		24
6	0,000		80,000		13,000		26
8	0,000		100,000		18,200		28
10	0,000		150,000		23,800		30
15	0,000		250,000		38,800		32
25	0,000		500,000		70,800		34
50	0,000		750,000		155,800		37
75	0,000	1	,000,000		248,300		39
1,00	0,000		Infinity		345,800		40

FEDERAL GIFT TAX FORMULA

- A. Aggregate of all prior and present taxable gifts*
- B. Tentative gift tax on "A" (from current tax table)
- C. Aggregate of all prior (only) taxable gifts*
- D. Tentative gift tax on "C" (from current tax table)
- E. Tentative gift tax on present gift ("B" less "D")
- F. Gift tax credit

Marital

Gift Tax

Returns

- G. Aggregate gift tax credit taken for prior post-1976 gifts (but not more than "C")
- H. Gift tax credit available for current gift ("F" less "G" but not more than "E")
- I. Gift tax payable for current gift ("E" less "H")
- * A "taxable gift" means a gross gift (other than charitable gift) less: (a) unlimited gift tax marital deduction if gift is to spouse and/or
- (b) lesser of gift amount or \$17,000 (\$34,000 if spouse joins in the gift and the gift is to a third party) per donee per year in which gift is made. Annual exclusion for pre-1982 gifts: \$3,000/\$6,000 for "split" gifts; \$10,000/\$20,000 for gifts between 1982 and 2001; \$11,000/\$22,000 for gifts between 2002 and 2005; \$12,000/\$24,000 for gifts between 2006 and 2008; \$13,000/\$26,000 for gifts between 2009 and 2012; \$14,000/\$28,000 for gifts between 2013 and 2017; \$15,000/\$30,000 for gifts in 2018 through 2021: \$16,000 for gifts in 2022.
- \$17,000 per donee; \$34,000 per donee for married couples who Annual Exclusions "split gifts"; \$175,000 per non-citizen spouse. Payments of medical expenses and wition payments also are excluded from federal gift tax [IRC §2503(e)]. Contributors to a qualified tuition program who exceed \$17,000 may elect to treat the gift as if it had been made over a five-vear period-in effect allowing an \$85,000 exclusion all in one year [IRC §529(c)(2)(B)]. Gifts of future interests are not eligible for gift tax exclusions.
- For gifts to a spouse who is a U.S. citizen, a 100% marital Deduction deduction is allowed (IRC §2523). The deduction is not available for gifts to a non-citizen spouse, but an annual exclusion of \$175,000 is permitted for 2023. Note: Gifts to a spouse that qualify for the gift tax marital deduction do not require the filing of a gift tax return.
- Charitable In general, any gift deductible for income tax purposes is deductible for gift tax purposes (IRC §2522). A few charitable gifts (transfers to eduction nongrantor charitable lead trusts or foreign charities, for example) may qualify for federal gift tax deductions but not income tax deductions. The gift tax charitable deduction is unlimited. The gift tax charitable deduction is not limited to domestic organizations or to gifts for use within the United States [Reg §25.2522(a)-1].
 - A \$5,113,800 gift tax credit shelters \$12,920,000 of taxable gifts in excess of the annual exclusion amounts.

Individuals must file gift tax returns (Form 709) for (1) gifts of present interests in property in excess of \$17,000; (2) gifts of future interests in any amount; (3) gifts on which spouses "split" gifts. Form 709 is required for all charitable remainder trusts and other "split-interest" gifts [IRC §6019(3)]. Filing deadline is same as income tax returns.

Taxable Estate		Tentative Tax	
From (Col. 1)	То	From (Col. 1)	То
\$12,920,000	Infinity	\$5,113,800	40%
(applicable exclusion amount)		(applicable credit amount)	

FEDERAL ESTATE TAX FORMULA

- A. Amount of taxable estate¹
- B. Aggregate of all post-1976 adju
- C. Sum of "A" and "B"
- D. Tentative estate tax on "C" (see
- E. Aggregate of all gift taxes paid
- F. Tentative estate tax ("D" less " G. Basic exclusion amount plus a
- spouse unused exclusion
- H. Estate tax credit (tentative tax I. Estate tax pavable ("F" less "H"

\$ 5,113,800

\$_____

- for foreign death taxes or tax on prior transfers)

- joint gifts) are included in "E."

GENERATION-SKIPPING TRANSFER TAX

A generation-skipping transfer tax is imposed on gifts or bequests to persons more than one generation removed from the transferor ("skip persons") where there is a "taxable termination," "taxable distribution" or "direct skip." GST tax is in addition to any gift tax or estate tax that may be due. In general, the transferee pays the tax. Transferors have a \$12,920,000 lifetime GST tax exemption in 2023, and transfers to grandchildren and collateral heirs who are orphans are exempt. Lifetime exemption matches estate tax sheltered amount. Direct skips are taxed at the highest estate tax rate. To determine the tax on generation-skipping

FEDERAL ESTATE TAX

	\$
usted taxable gifts ²	+
	\$
e above)	\$
on post-1976 gifts ³	
E")	\$
iny deceased	
	\$
on "G")	
" and any credits	\$
on prior transfore)	

"Taxable estate" means gross estate less all available deductions, including the estate tax marital deduction (if applicable), charitable deduction and state death tax deduction, subject to the following:

(a) If any post-1976 gifts were made by decedent within three years prior to death with respect to retained life interests, reversionary interests, revocable transfers, general powers of appointment or incidents of ownership in life insurance policies, the gross estate is "grossed up" to include-

(1) the aggregate of all such gifts made by decedent (and joining spouse), if any, during that period-excluding gifts which aggregate no more than (but only if total gifts, single or joint, do not exceed) \$17,000 (\$3,000 for pre-1982 gifts; \$10,000 for gifts between 1982 and 2001; \$11,000 for gifts between 2002 and 2005; \$12,000 for gifts between 2006 and 2008; \$13,000 for gifts between 2009 and 2012; \$14,000 for gifts between 2013 and 2017; \$15,000 for gifts in 2018 through 2021; \$16,000 for gifts in 2022) per donee per year made by decedent (but not excluding any portions of joint gifts attributable to spouse)-plus

(2) the aggregate of gift taxes on such post-1976 gifts made during that period by deceased (and joining spouse).

(b) The "estate tax marital deduction," if applicable, is unlimited in amount, (c) The "estate tax charitable deduction" for bequests to charity is unlimited.

"Adjusted taxable gifts" means total amount of post-1976 taxable gifts [gross gifts less all available deductions including \$17,000 (\$3,000 for pre-1982 gifts; \$10,000 for gifts between 1982 and 2001; \$11,000 for gifts between 2002 and 2005; \$12,000 for gifts between 2006 and 2008; \$13,000 for gifts between 2009 and 2012; \$14,000 for gifts between 2013 and 2017; \$15,000 for gifts in 2018 through 2021; \$16,000 for gifts in 2022) annual exclusion per donee (\$34,000 if spouse joins in gift), gift tax marital deduction and charitable gifts] other than such gifts that are included in the gross estate (see "1(a)(1)" above).

If any amount of gift tax attributable to a joining spouse's portion of a joint gift is included in a "gross up" of the decedent's gross estate ("1(a)(2)" above-re: post-1976 gifts made within three years prior to decedent's death), that amount of gift tax is also included in "E." Otherwise, only the gift taxes attributable to the decedent's post-1976 gifts (or portions of

transfers from trusts, multiply the maximum federal estate tax rate (40%) by the "inclusion ratio." The inclusion ratio is 1 minus the "applicable fraction," which has as the numerator the amount of GST exemption allocated to the transfer, over the denominator that consists of the value of the property transferred minus any charitable deductions allowed under §§2055 or 2522 and any taxes owed by the reason of the generation-skipping transfer and which were recovered from the trust by the estate.

FEDERAL INCOME TAX CHARITABLE DEDUCTION

An income tax charitable deduction is allowed for charitable contributions made within a taxable year, subject to limitations based upon whether the donee is a 60% or 30% charity, whether the donor is an individual or corporation and what type of property is contributed. The 60% charities generally include churches, educational institutions, hospitals, governmental units, organizations receiving substantial support from governmental units or the general public and certain private foundations (operating foundations, distributing foundations and pooled fund foundations described in IRC §170(6)(1)(D)). The 30% charities include other organizations (mostly private foundations) described in IRC §170(c) but which do not qualify as 60% charities.

Ceiling on Charitable Deductions

60% charity

Individual Donor	Total deductions limited to 60% of donor's adjusted gross income for cash gifts, with 5-year carryover. Gifts of trust income to 60% charity deductible up to 30% of AGI, with 5-year carryover.	Total deductions limited to 30% of donor's adjusted gross income, with 5-year carryover.		
Corporate Donor Ba	Deduction is limited to 10% of taxable income for cash gifts, with 5-year carryover. Additional Limitation sed Upon Type of Property			
	60% charity	30% charity		
Cash	Amount of cash.	Amount of cash.		
Ordinary Income Prop Property that produces any other than long term capital ga	Examples include inventory of a business owner, a work of art in the hands of the artist who created it and tangible	Cost, 30%-of- adjusted-gross- income ceiling applies.		

Fair market value, not to exceed 30% of donor's adjusted gross income, with 5-year carryover. Donors of long-term capital gain property to exceed 20% of donor's can qualify for an enhanced ceiling by electing to reduce contribution deduction by 100% of the gain present in the property.

depreciated. Does not apply

to donor advised fund gifts.

Fair market value for gifts of publicly held stock for which market quotations are readily available, not adjusted gross income, with 5-year carryover. For all other gifts, reduce fair market value by 100% of long-term capital gain element if donee is private foundation.

30% charity

Fair market value reduced capital gain element. 20%-of-AGI ceiling applies.

 Tangible Personal
 Fair market value reduced
Property That Is by 100% of long-term capital by 100% of long-term Unrelated to gain element. 60%-of-AGI Charity's Purpose ceiling applies.

Appraisal Requirements

if sold at fair

market value.

Long-Term

Property

Capital Gain

Qualified appraisals generally are required for non-cash gifts valued at more than \$5,000 and closely held stock worth more than \$10,000. No appraisal is required for gifts of publicly traded securities. The appraisal is summarized on Form 8283. Form 8283 must be filed for all non-cash gifts in excess of \$500, even if no appraisal is required.