

Revenue Information Bulletin No. 07-019
August 13, 2007
State Gift Tax

State Gift Tax Repealed July 1, 2008

Act 371 of the 2007 Regular Session of the Louisiana Legislature repealed the Louisiana gift tax beginning July 1, 2008. Therefore, for gifts made on or after July 1, 2008 no Louisiana gift tax will be due and no gift tax returns will be required to be filed with the Department of Revenue.

Background

R.S. 47:1201 imposes a tax upon the transfer of property by gift during each calendar year. In general, the true and full value of the property at the date of its transfer is the value for determining the tax owed.

R.S. 47:1205(A) allows each person making a gift (the donor) an annual exclusion in determining the amount of taxable gifts made to any one individual during a calendar year. The annual exclusion is available for each recipient of a gift (the donee) and is equal to the federal annual exclusion. For gifts made between January 1, 2007 and December 31, 2007, the annual exclusion is \$12,000 per donee. Therefore, if the total gifts made to any one donee do not exceed \$12,000, no gift tax will be owed for 2007.

In addition to the annual exclusion, each donor is allowed a specific lifetime exemption not to exceed \$30,000 in computing the amount of any gift subject to tax. The donor may claim all or part of the exemption when computing the amount of gifts subject to tax in any one calendar year. However, the total of all amounts claimed and allowed in previous calendar years cannot exceed \$30,000.

Example

During calendar year 2007 John gives his sons James and Mark \$20,000 each. This is the first time John has made any gifts. Therefore, in computing the amount of the gifts that are subject to tax, John is allowed an annual exclusion of \$12,000 for each son and a specific lifetime exemption of \$30,000. The amount of gifts subject to tax will be zero (\$40,000 minus \$24,000 in annual exclusions and \$16,000 of the specific lifetime exemption). John will have \$14,000 of the specific lifetime exemption (\$30,000 - \$16,000) available to use in future years.

Gifts made before July 1, 2008

Gift tax returns are required to be filed annually. The returns are due April 15th of the calendar year immediately following the year in which a gift is made. Gift tax will be due on any gifts made between January 1, 2007 and December 31, 2007 and a gift tax return must be filed by April 15, 2008.

Because repeal of the gift tax is not effective until July 1, 2008, gift tax will be due on any gifts made between January 1, 2008 and June 30, 2008 and a gift tax return must be filed by April 15, 2009.

Questions should be addressed to the Taxpayer Services Division at (225) 219-0067.

Cynthia Bridges
Secretary

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