IRS Announces 2015 Estate And Gift Tax **Limits**

It is important to remember that since the IQD is presently of nominal value prior to it's rate change Therefore, now would definitely be the most important time to make such a gift to avoid any gift taxes that would otherwise be due should you make the give after the exchange. i.e.: You purchased 1 Million Dinar for $1200 so that is what it is worth BEFORE the exchange.

By law you can receive a gift worth up to $14,000 if you're single / $28,000 if a married couple without it being taxable. After that the tax rate is in the 40% range. If 1 Million Dinar is received BEFORE the exchange (proven by the certified mail, return receipt time/date stamp) then it is worth only $1200. If it is sent AFTER the exchange and that same 1 Million Dinar becomes worth $4 Million Dollars (USD) overnight, then the taxable event commence and the government rakes in 40% or more of that $4 Million Dollars (USD).

However, on the other hand a lower initial rate is determined at the time of exchange then that rate would be applied therefore the gift recipient legally owing less taxes, if any.

The Internal Revenue Service announced the 2015 estate and gift tax limits today, and the federal estate tax exemption rises to $5.43 million per person, and the annual gift exclusion amount stays at $14,000.

These numbers, adjusted annually for inflation, matter to wealthy folks who are trying to whittle down their estates by making gifts to family members. It's an annual exercise, done at year-end or the first of the year, depending on the family.

Here are the numbers to talk about this holiday season.

The federal estate tax exemption—that's the amount an individual can leave to heirs without having to pay federal estate tax—will be $5.43 million in 2015, up from $5.34 million for 2014. That's another $90,000 that can be passed on tax-free. The top federal estate tax rate is 40%.

Uncle Sam has increased the amount you can pass on to your heirs taxfree.

The gift tax is tied to the estate tax, so the inflation indexing helps the wealthy make the most of tax-free lifetime giving too. You can make the gifts during your lifetime; just you have to keep track of them as they count against the eventual estate tax exemption amount. In other words, you can't double dip. So a woman who set up a trust for her kids with $5 million a few years ago could make new gifts to add to the trust and bring it up to the $5.43 million amount.

A husband and wife each get their own exemption. So a couple will be able to give away $10.86 million tax-free in 2015 (assuming they haven't made prior lifetime gifts).

Totally separate from the lifetime gift exemption amount is the annual gift tax exclusion amount. It's $14,000 for 2015, the same as 2014, up from $13,000 a year in 2013.

You can give away $14,000 to as many individuals as you'd like. A husband and wife can each make $14,000 gifts.

So a couple could make $14,000 gifts to each of their four grandchildren, for a total of $112,000. The annual exclusion gifts don't count towards the lifetime gift exemption.

If you want to make gifts and not have to bother to keep track for gift tax purposes, you can make gifts for medical, dental, and tuition expenses for as many relatives (or friends) as you'd like if you pay the provider directly. These gifts don't count towards any of the limits.

Another tactic is to fund a 529 college savings plan for your children or grandchildren. There's a special rule, a 5-year election, that lets you put five years of annual exclusion gifts in a plan at once—so a widowed grandma could put $70,000 in an account for her grandson. Grandma would have to file a gift tax return, but there would be no gift tax, assuming no other gifts to that child over those years.

With the federal estate tax exemption rising, most people won't need to use the annual gift exclusion to whittle down their estates. But it's a tool you can use if you live in one of 19 states plus the District of Columbia that impose separate state death tax levies. Forbes has an interactive map showing the states with death taxes (estate and inheritance taxes) in 2014 and in 2015.

One thing to watch out for if you're making gifts to younger members of the family is the federal kiddie tax. The kiddie tax, which covers students through the age of 23, puts investment income, above small amounts, into the parents' tax bracket. For 2015, the kid pays no tax on the first $1,050 of unearned income.