2010–2016 Gifts

By Jessica Holland

The Federal gift tax is one of three components of the Federal transfer-tax system, along with the estate tax and the generation-skipping transfer tax. The gift tax is levied on gifts given during a donor's life, while the estate tax applies to property transferred at death. The generation-skipping transfer tax ensures that wealth is taxed at each successive generation.

Donors file the Form 709, *United States Gift (and Generation-Skipping Transfer) Tax Return*, to report gifts made during a given calendar year and the recipients of these gifts (referred to as donees). The data presented here are for gifts reported on forms collected by the Internal Revenue Service's (IRS's) Statistics of Income (SOI) Division between 2011 and 2017. Most Form 709 returns (generally, approximately 90 percent) filed during a given year (e.g., 2017) reported gifts made in the prior year (e.g., 2016). The remaining returns filed report gifts made in preceding years (e.g., 2015 and earlier) and include those filed by fiscal-year filers, taxpayers who were granted extensions to file their gift returns, and taxpayers who filed late returns. These prior-year returns are considered a proxy for gifts that will be reported in subsequent filing periods. Table 1 presents a summary of the donors, donees, and amounts and types of gifts given during this period.

Background Information

Congress added the gift tax to the United States transfer-tax system in 1924; the gift tax rates were the same as the estate tax rates and included provisions for both an annual exclusion and a lifetime exemption.[1] The annual exclusion is the amount that a donor can give to any single recipient during a given year without incurring tax (the number of donees is unlimited); the lifetime exemption is the total amount the donor can transfer tax-free over the course of his or her lifetime.

Table 1. Gift Tax at a Glance: Highlights of Selected Items for Returns Filed for Calendar Years 2010–2016

[All figures are estimates based on samples]

Calendar Year	Number of returns filed, by tax status			Number of donees				
	Total	Nontaxable	Taxable	Total	Individuals	Charities	Trusts [1]	Other groups and organizations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2010	**219,544**	208,562	10,982	**889,027**	814,978	12,293	n.a.	61,756
2011	**258,393**	255,924	2,469	**990,872**	897,881	11,362	n.a.	81,629
2012	**369,324**	363,686	5,638	**1,360,207**	1,190,669	38,689	126,877	3,972
2013	**265,274**	262,297	2,977	**982,376**	883,909	33,215	63,467	1,785
2014	**238,935**	236,420	2,515	**839,740**	762,324	33,980	43,238	198
2015	**242,585**	239,866	2,719	**875,874**	794,487	34,166	46,626	595
2016	**239,785**	236,909	2,876	**859,538**	772,890	46,765	38,936	947

Calendar Year	Amount of gifts given, by transfer method [2, 3]			Amount of gifts given, by type of asset [2 3]				
	All gifts	Direct	Trusts	All gifts	Cash	Stocks, bonds, and other funds	Real estate and mortgages	Other assets [4]
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2010	**44,929,516,713**	28,722,158,912	16,207,357,801	**44,929,516,709**	20,722,480,724	9,585,254,538	7,369,165,271	7,252,616,176
2011	**120,757,062,693**	66,772,702,154	53,984,360,538	**120,757,062,692**	54,826,742,106	31,028,392,117	16,856,597,522	18,045,330,947
2012	**385,796,133,513**	152,194,752,261	233,601,381,252	**385,796,133,514**	121,075,401,884	110,630,804,988	93,520,185,828	60,569,740,813
2013	**102,968,809,649**	50,228,451,453	52,740,358,196	**102,968,809,649**	36,788,778,413	23,661,798,691	26,443,951,749	16,074,280,795
2014	**62,996,137,989**	43,009,574,850	19,986,563,140	**62,996,137,990**	26,343,285,864	17,768,331,666	12,759,212,344	6,125,308,116
2015	**69,366,654,601**	46,355,791,987	23,010,862,614	**69,366,654,599**	30,776,617,810	16,752,619,810	13,244,599,628	8,592,817,351
2016	**74,723,919,642**	50,282,552,523	24,441,367,119	**74,723,919,641**	30,598,784,449	20,418,878,147	13,997,351,997	9,708,905,048

n.a.—Not available.
[1] Trusts were included with other groups and organizations until the Calendar Year 2012 study.
[2] All money amounts are presented in 2016 dollars.
[3] Transfer method and asset type totals may differ slightly due to rounding.
[4] Other assets include partnerships, noncorporate business assets, farm assets, and other or unknown assets.
SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

[1] For more detailed information regarding the history of the transfer-tax system in the United States, see Luckey, John R. "A History of Federal Estate, Gift, and Generation-Skipping Taxes," April 9, 2003, Congressional Research Service, Library of Congress.

Congress has made various changes to gift tax law over time. All gifts to charitable organizations, regardless of amount, were made tax exempt in 1932. The estate tax marital deduction, which allows one spouse to gift an amount of up to half of his or her adjusted gross estate (excluding community property) to the other spouse without incurring estate tax, was introduced in the Revenue Act of 1948. This Act also introduced the split-gift rule, which allows the donor spouse to treat one-half of a gift as having been made by the nondonor spouse for tax purposes. The split-gift rule effectively doubled the amount a married donor could give to any single recipient without incurring tax liability.

Congress significantly restructured the gift tax laws with the Tax Reform Act (TRA) of 1976. The TRA unified the system of estate and gift taxation with a single, graduated tax rate schedule on all gifts, and created the unified credit (later renamed the applicable credit beginning with returns filed for 2012 gifts), which replaced both the estate tax exclusion and the lifetime gift exemption. It also introduced the generation-skipping tax.

Recent Tax Law Changes[2]

Between 1976 and 2000, there were only minor changes to the gift tax laws, although the annual exclusion amount was indexed to inflation as a result of the Taxpayer Protection Act of 1997. The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 enacted several changes to estate and gift taxes. The EGTRRA increased the lifetime exemption from estate and generation-skipping taxes from $675,000 in 2001 to $3.5 million for 2009, $1 million of which could be applied to gifts made during the donor's life. It also reduced the maximum tax rate from 55 percent to 35 percent for 2010.

In 2011, following passage of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, the lifetime exemption on gifts increased from $1 million to $5 million, the unified credit increased from $330,800 to $1,730,800 (these were indexed to inflation for future years), and the gift and estate exemption amounts were reunified. This large increase in the exemption amount has most likely contributed to a decrease in the number of taxable Form 709 returns filed since 2011 (see Table 1). The increased lifetime exemption and unified credit were originally scheduled to sunset at the end of 2012 and return to 2010 levels. However, with the passage of the American Taxpayer Relief Act of 2012, the increased amounts were made permanent, although the maximum tax rate was increased to 40 percent for 2013. Figure A shows the annual statutory limits for gifts for each year presented in this article.

In 2014, after the U.S. Supreme Court ruling in United States v. Windsor was issued, the IRS began recognizing same-sex marriages, which allowed additional taxpayers the opportunity to transfer gifts tax-free to their spouses, and to split gifts to other donees.

Figure A

Statutory Exclusion and Credit Amounts, Calendar Years 2010–2016

Calendar year of gifts	Annual exclusion	Applicable credit	Lifetime exemption
	(1)	(2)	(3)
2010	$13,000	$330,800	$1,000,000
2011	$13,000	$1,730,800	$5,000,000
2012	$13,000	$1,772,800	$5,120,000
2013	$14,000	$2,045,800	$5,250,000
2014	$14,000	$2,081,800	$5,340,000
2015	$14,000	$2,117,800	$5,430,000
2016	$14,000	$2,125,800	$5,450,000

NOTE: Amounts can be found in the *Instructions for Form 709* publication for each specific year.
SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

2010–2016 Gifts[3]

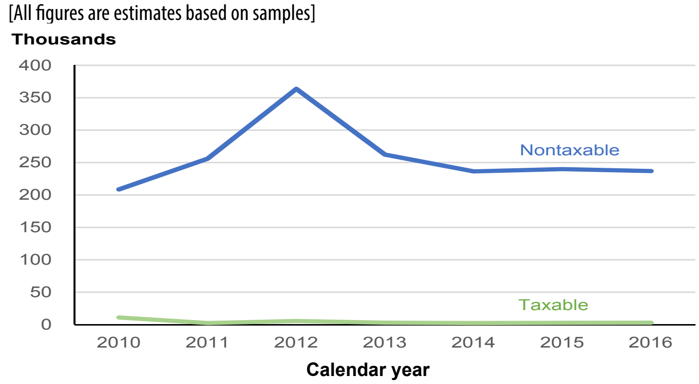
Number of Returns Filed

Historically, the number of gift tax returns filed each year has remained relatively constant. With the exception of returns filed for gifts given in 2012, roughly 240,000 returns were filed, on average, each year. The number of returns filed for gifts given in 2012 spiked by 43 percent and then decreased by 28 percent to more a "normal" number of returns the next year. This was most likely due to the increased lifetime exemption beginning in 2011, which meant donors who had previously used up their lifetime exemption now had additional exemption amounts to give against. An expected reversion back to 2010 exemption amounts after 2012 may also have encouraged donors to gift more presently, rather than waiting until future years. The increased lifetime exemption amount also meant the number of taxable returns decreased significantly, from about 4 to 5 percent of all returns filed prior to 2011, to just over 1.1 percent, on average, of all returns filed from 2011 through 2016, as shown in Figure B.[4]

Figure B

Number of Gift Tax Returns Filed, by Tax Status, for Calendar Years 2010–2016

[All figures are estimates based on samples]



SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

[2] Tax law changes are highlighted in the "What's New" section of the *Instructions for Form 709* publication accompanying the annual Form 709. Prior-year instructions can be found here: https://www.irs.gov/forms-pubs-prior-search?search=709&=Search.

[3] Data presented in constant dollars (unless otherwise noted) were adjusted based on the chain-type price index for Gross Domestic Product as reported by the U.S. Department of Commerce, Bureau of Economic Analysis, as of July 26, 2019. Calendar Year 2016 is used as the base year for these adjustments. The indexes are available at: https://www.bea.gov/national/xls/gdplev.xlsx.

[4] Tax liability is calculated after making adjustments for annual exclusions, marital deductions, and charitable deductions.

Composition of Donors

Women have consistently accounted for a slight majority of donors, averaging 52.6 percent over the period covered in this article (Figure C). This may be partially explained by the fact that women generally have longer life expectancies than men. This is also consistent with SOI's findings that, while fewer women have significant personal wealth, they tend to carry less debt and have more wealth in liquid assets, such as stocks and bonds, compared to men.[5] Thus, they may be more able to give large gifts during their lifetime—though these gaps narrow as filers of both genders age. Women have also consistently filed more gift tax returns classified as taxable than men, accounting for 57.4 percent of the taxable gift returns filed over the 7 years included in this article.

Returns filed by married donors[6] fluctuated from a low of 44.7 percent for gifts given in 2012 (possibly due to more single and widowed donors opting to use the newly expanded lifetime exemption amount) to a high of 54.0 percent in 2010, for an average of 49.6 percent from 2010 through 2016 (Figure D). Widowed spouses may use their deceased spouse's unused exemption to increase their personal lifetime exemption amount.

Relationship of Donors to Donees

Donors tend to give gifts to individuals, and by and large, the recipients (or donees) are their relatives (Figure E). On average, for returns filed for 2010 through 2016, nearly 83 percent of all donees were relatives of the donor, and 72.7 percent of these were children or grandchildren of the donor. The number of charities and charitable trusts receiving gifts has trended upward for the past several years, from a low of 1.1 percent of all donees for gifts given in 2011 to 5.4 percent of donees for gifts given in 2016.

While the number of donors and donees has fluctuated each year, the average number of donees per return has remained relatively consistent but has decreased slightly over time, from an average of 4.0 donees per return for gifts given in 2010, down to 3.6 for gifts given in 2015 and 2016 (see Table 1).

Charitable Giving

While individual taxpayers generally account for charitable contributions on their Form 1040, *U.S. Individual Income Tax Return, Schedule A*, taxpayers filing Form 709 are also required to report charitable gifts on their Form 709. Since gifts to charities are nontaxable, donors are not required to file a Form 709 if they only give gifts to charities in any given year; however, if a donor is otherwise required to file to report noncharitable gifts (such as giving gifts valued at more than the annual exclusion amount), the donor must also report all charitable gifts.

The data on charitable contributions collected as part of the Form 709 Study provide an interesting look at the donors who file Form 709, as shown in Figure F. While those giving to charities are only a fraction of the total donors and account for, on average, only 4.6 percent of all charitable contributions deducted on Form 1040, *Schedule A, Itemized Deductions*, in a given year,[7] they tend to donate vastly larger amounts than the average 1040 filer.

Figure C
Number of Donors, by Gender and Tax Status, for Calendar Years 2010–2016

[All figures are estimates based on samples]

Tax status	2010		2011		2012		2013		2014		2015		2016	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total	**116,636**	**102,908**	**140,758**	**117,635**	**194,273**	**175,051**	**136,013**	**129,261**	**125,411**	**113,524**	**126,282**	**116,303**	**125,497**	**114,288**
Nontaxable	109,996	98,566	139,299	116,625	191,166	172,520	134,417	127,880	123,995	112,425	124,764	115,102	123,915	112,994
Taxable	6,640	4,342	1,459	1,010	3,107	2,531	1,596	1,381	1,416	1,099	1,518	1,201	1,582	1,294

SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

Figure D
Number of Donors, by Marital Status and Tax Status, for Calendar Years 2010–2016

[All figures are estimates based on samples]

Tax status	2010		2011		2012		2013		2014		2015		2016	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Not married	Married	Not married	Married	Not married	Married	Not married	Married	Not married	Married	Not married	Married	Not married	Married
Total	**100,926**	**118,618**	**132,677**	**125,716**	**204,414**	**164,910**	**130,045**	**135,229**	**119,609**	**119,326**	**121,334**	**121,251**	**115,469**	**124,316**
Nontaxable	94,361	114,201	131,048	124,876	200,941	162,745	128,228	134,069	117,974	118,446	119,518	120,348	113,586	123,323
Taxable	6,565	4,417	1,629	840	3,473	2,165	1,817	1,160	1,635	880	1,816	903	1,883	993

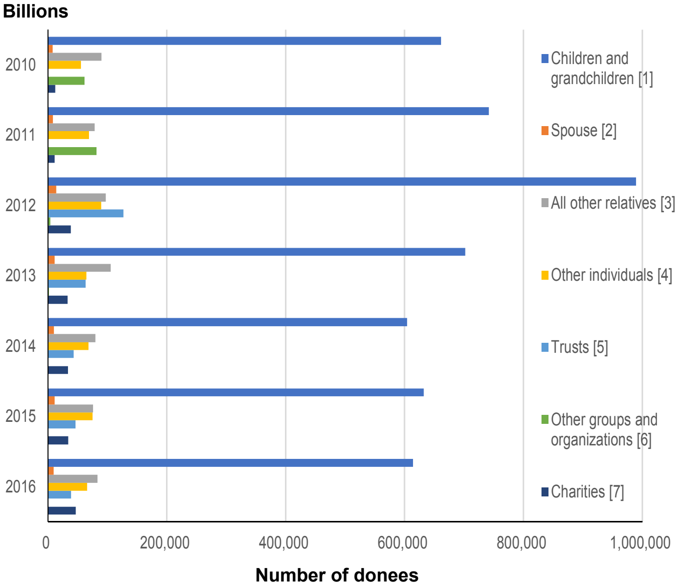
SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

[5] Barnes, Aaron. "Personal Wealth, 2013," *SOI Bulletin*, Winter 2019, available at: https://www.irs.gov/pub/irs-soi/soi-a-inpw-id1902.pdf.

[6] Married donors may have been married for all or part of the tax year. Both spouses are required to file a Form 709 if they choose to split gifts. For this study, a filer is considered married if they chose to split gifts with their spouse. While married filers are not required to split gifts, this is used as a proxy for marital status.

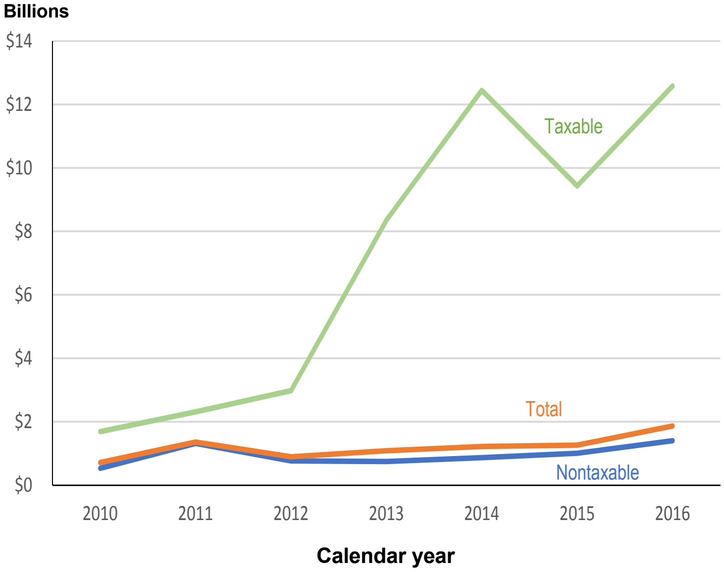
[7] Calculated based on data published in Publication 4801, *Statistics of Income Individual Income Tax Returns: Line Item Estimates*, available at: https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-line-item-estimates.

Figure E
Relationship of Donees to Donors, Calendar Years 2010–2016
[All figures are estimates based on samples]



[1] Includes children by blood, adopted children, foster children, stepchildren, and sons- and daughters-in-law. "Grandchildren" includes grandchildren by blood, adopted grandchildren, foster grandchildren, step-grandchildren, grandchildren-in-law, and great-grandchildren.
[2] Includes current and divorced spouses and life partners.
[3] Includes: parents (by blood, adopted parents, foster parents, stepparents, parents-in-law, and grandparents); siblings (by blood, adopted siblings, foster siblings, stepsiblings, half-siblings, and siblings-in-law); nieces and nephews; grandnieces and grandnephews; cousins (including second cousins, etc.); and aunts and uncles.
[4] Includes donees not related to the donor (e.g., friends) or other individuals whose relationship was not specified.
[5] Trusts were included with "Other groups and organizations" prior to the 2012 study.
[6] Includes groups of donees, noncharitable organizations, and unknown donees.
[7] Includes donees identified as individual charitable organizations and trusts established for charitable giving.
SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

Figure F
Average (Mean) Amount of Charitable Gifts per Donor Filing Form 709, by Tax Status, Calendar Years 2010–2016
[All figures are estimates based on samples]



NOTE: All money amounts are presented in 2016 dollars.
SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

According to SOI's Publication 4801, *2016 Individual Income Tax Returns: Line Item Estimates*, the average (mean) charitable contribution deduction for all taxpayers reporting on this line of Schedule A was about $6,330, while the average (mean) charitable amount reported on Form 709 was more than $1.8 million for 2016.[8] Donors with taxable gifts are more likely than nontaxable filers to have charitable deductions and tend to give larger gifts to charities.

Gift Transfers

Gifts are transferred to recipients one of two ways: either directly, meaning the donee has immediate access to the gift, or through a trust, where the gift is held under the control of a trustee. This is common, for example, when the donor deems the recipient as too young or too irresponsible to receive a large gift. The grantor(s) transfer assets into the trust, which then owns them and is operated according to the trust agreement, disbursing some form of income or assets to one or more recipients. Usually, the recipient receives a percentage of the annual interest generated by the assets. For the purpose of this article, if a gift is given through a trust but the beneficiary is identified as an individual, the individual is considered the donee and the trust is identified as the transfer method; if the beneficiary cannot be identified, the trust is named as the donee.

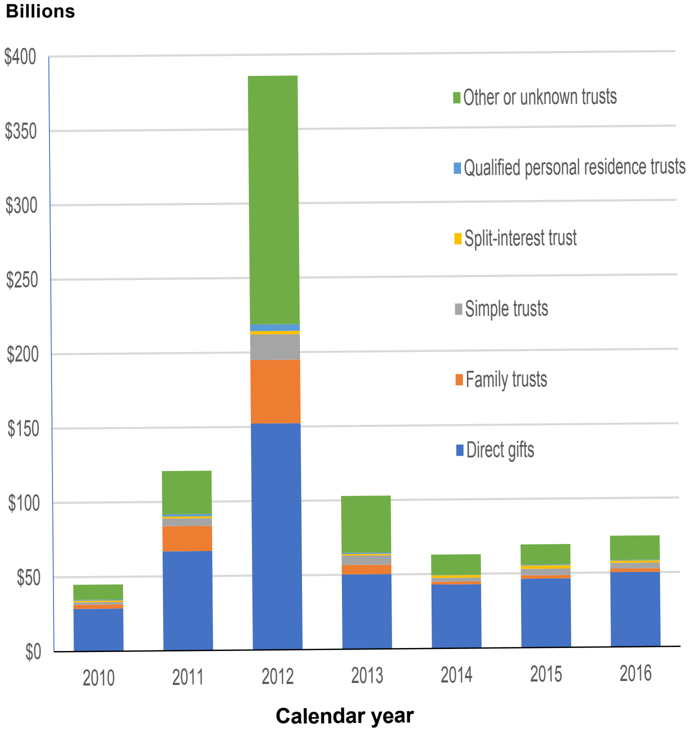
Historically, direct gifts have been the more common transfer method (Figure G, Table 1). However, in 2012 and 2013, more gifts were given through trusts; in 2012, more than 60 percent of the gifts were through trusts. It is possible that tax law changes encouraged donors to give differently. Many taxpayers may have assumed the lifetime exemption would revert from $5.12 million at the end of 2012 back to $1 million for 2013 gifts, which may have encouraged them to give presently through trust vehicles in order to protect their current wealth from future taxation. For example, donors gave nearly 200 percent more through Qualified Personal Residence Trusts in 2012 ($4.6 billion) compared to 2011 ($1.5 billion). This may also have been to lock in low home values after the recession ended while only using a small portion of the newly expanded lifetime exemption. Overall, donors increased direct gifts by 128 percent from 2011 ($66.8 billion) to 2012 ($152.2 billion) while gifts via trusts increased 333 percent from $54.0 billion in 2011 to $233.6 billion in 2012. Direct gifts in 2011 accounted for 55.3 percent of the total amount given, while in 2012 they accounted for 39.4 percent. Averaged over the 7 years covered

[8] This is partially because Form 709 donors are most likely richer than the average taxpayer filing a Form 1040, *Schedule A*. For example, for taxpayers filing Form 1040 with an adjusted gross income of $10 million or more, the average charitable deduction for 2016 was $2.8 million.

Figure G

Amount of Gifts Given by Type of Transfer, Calendar Years 2010–2016

[All figures are estimates based on samples]



NOTE: All money amounts are presented in 2016 dollars.

SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

in this article, direct gifts accounted for 50.8 percent of the total amount given.

Types of Gifts Given

In every year from 2010 through 2016, cash gifts made up the majority of the amount of gifts given, averaging 40.8 percent over these years (Figure H). The second-most popular category of gifts was consistently stocks, bonds, and other assorted funds. These range from closely-held corporate stock as part of a family-limited partnership, to public stocks or funds traded on the market, to municipal bonds. Real estate was the third-most common type of gift given in every year from 2010 through 2016. Assets classified as real estate commonly include residential and commercial property, undeveloped land, real estate investment companies, and real estate mutual funds such as REITs.

These three categories of assets accounted for 82.0 percent of the amount of all gifts (from a low of 79.2 percent in 2013 to a high of 87.9 percent in 2014) over the 7 years included in this article. About half of the remaining assets were comprised of noncorporate business assets (4.7 percent average for gifts given from 2010 through 2016 gifts) and farm assets (3.6 percent average).

Transfers via Trusts

The Form 709 study tracks several types of trusts; the most commonly used types are defined below:

- Simple trusts are required to distribute all their income annually and have no charitable beneficiaries. These are also called FBO ("For Benefit Of") trusts.
- Family trusts are those identified as benefitting immediate family members of the donor.
- Split-interest trusts provide benefit to a charity and a private interest. Depending on how it is set up, one entity receives the interest income and the other receives the remainder.
- Qualified Personal Residence trusts transfer ownership of a residence into a trust to remove the value of the property, and all future appreciation, from one's taxable estate.
- Other trusts tracked by the SOI study include education trusts, insurance trusts, Qualified Terminable Interest Property (QTIP) trusts, generation-skipping trusts, and grantor-retained (revocable) trusts. If the trust type cannot be easily identified it is categorized as unknown/unspecified.

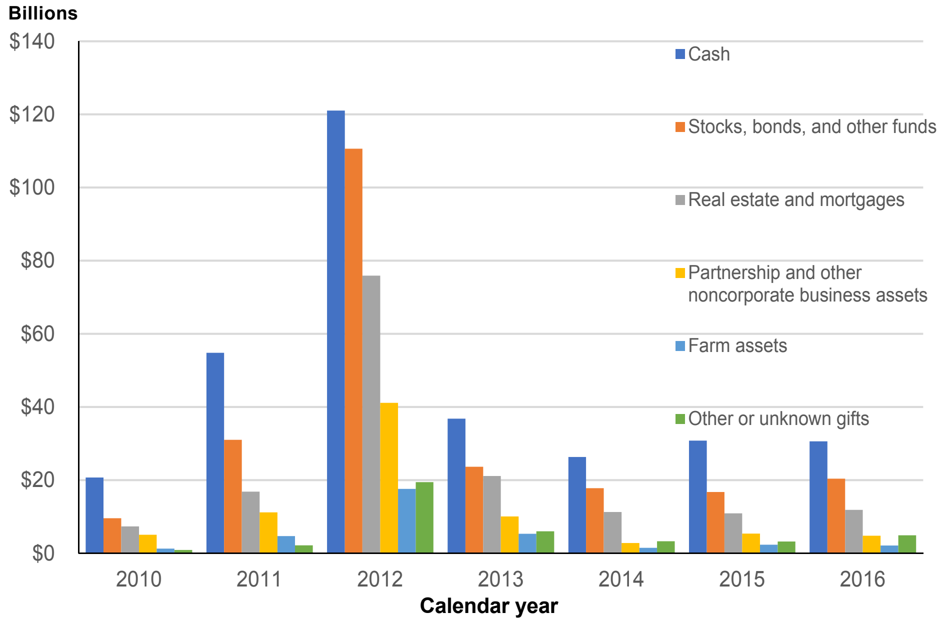
Who Pays the Gift Tax?

While there are many arguments for and against the transfer-tax system, the data show that very few taxpayers are ever subjected to paying gift taxes. Only a small percentage of Form 709 filers have any tax liability, especially since the expansion of the lifetime exemption beginning with gifts given in 2011 (see Table 1). The percentage of taxable returns decreased from 5.0 percent for gifts given in 2010 to an average of 1.1 percent in the following years. On average, the amount of taxes owed on gifts given from 2010 through 2016 was $2.6 billion per year, of which more than 95 percent were paid by those giving more than $1 million in gifts for any given year (Figure I).

Summary

SOI collects data from Form 709 about the donors, donees, and gifts given. For 2010 through 2016, donors tended to skew slightly female and approximately half were married. Most donees were relatives of the donor, specifically their children and grandchildren. Generally, more gifts were given directly to the recipients rather than through trusts. Cash made up a majority of the value of gifts given every year, while stocks and real estate were the second and third most-given gifts by value. Almost all gift taxes paid in any given year were paid by donors

Figure H
Amount of Gifts Given, by Asset Type, Calendar Years 2010–2016
[All figures are estimates based on samples]



NOTE: All money amounts are presented in 2016 dollars.
SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

The Form 709 Study tracks 30 types of assets. The main categories include:

- Cash
- Real estate
- Stocks
- Bonds
- Mixed objective / Mutual funds
- Insurance
- Business and partnerships
- Miscellaneous assets (art, farm assets, annuities and retirement plans)
- Other or unknown assets

Figure I
Amount of Gift Taxes Owed, Calendar Years 2010–2016
[All figures are estimates based on samples]

Year	Amount of gift tax owed, all returns [1]	Total gifts of $1 million or more	
		Amount of gift tax owed [1]	Percentage of total
	(1)	(2)	(3)
2010	$5,469,015,612	$5,094,475,456	93.2
2011	$1,590,129,177	$1,562,045,286	98.2
2012	$4,326,336,050	$4,271,907,529	98.7
2013	$1,555,993,869	$1,461,748,115	93.9
2014	$1,775,827,812	$1,686,112,532	94.9
2015	$2,095,809,750	$1,985,727,999	94.7
2016	$1,730,760,217	$1,591,994,912	92.0

[1] Presented in current dollars.
SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

with total gifts of more than $1 million for that year. Tax law changes, especially the increased applicable credit and lifetime exemption amounts, may have accounted for the fluctuations in number of donors and total gifts given, especially for gifts given in 2012.

SOI publishes a statistical table each year on the gift tax returns filed, including information on the number of donors, amount of total gifts, deductions, credits, and net tax. These tables can be found here: https://www.irs.gov/statistics/soi-tax-stats-total-gifts-of-donor-total-gifts-deductions-credits-and-net-gift-tax.

Data Sources and Limitations

The Form 709, *United States Gift (and Generation-Skipping Transfer) Tax Return,* edited study is an annual study based on a stratified random sample. Returns are selected during administrative processing (prior to any potential examination) and stratified by tax status (taxable or nontaxable) and size of total gifts. Tax status is determined by the amount of tax liability reported in Part 2, Line 15, of the return.

There are four strata of nontaxable returns and five strata of taxable returns, depending on the total amount of gifts reported in Part 4, Line 1, of the return. The sampling rates, which varied slightly for different years, were determined by the number of returns filed in each stratum each year; however, they followed the general rule that returns with higher-value total gifts were sampled at higher rates. Nontaxable returns with total gifts of less than $100,000 were sampled at a rate of approximately 1 percent, increasing as the amount of total taxable gifts increased to a rate of approximately 100 percent for nontaxable returns with total gifts of $1 million or more. For 2010, taxable returns with total gifts of less than $100,000 were sampled at a rate of approximately 10 percent and the sampling rate increased to about 100 percent for taxable returns reporting gifts of $1 million or more. In subsequent years, however, due to the decrease in the number of taxable returns, all taxable returns have been sampled at rates of nearly 100 percent.

Weights were applied, by strata, to each return in the sample to create population estimates. All weights were calculated by dividing the final population count by the final sample count for each stratum. They were adjusted to account for missing returns and returns rejected from the final sample. Weights varied from year to year. Since the data presented in this article are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data estimates provided, the magnitude of the potential sampling error must be known; coefficients of variation are used to measure that magnitude. Selected coefficients of variation and margins of error, which measure sampling error, are shown in Figure J and Figure K for returns filed for 2016.

Figure J
Coefficients of Variation for Selected Data Items, by Tax Status, Calendar Year 2016

Item	All returns	Nontaxable returns	Taxable returns
	Coefficients of variation (percentage)		
	(1)	(2)	(3)
All returns filed	0.00	0.00	0.00
Female donors	1.81	1.83	0.54
Male donors	1.99	2.01	0.25
Total gift amount	0.93	0.93	3.32

SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

Figure K
Margins of Error for Selected Data Items, by Tax Status, Calendar Year 2016

Item	All returns	Nontaxable returns	Taxable returns
	Margins of error (percentage)		
	(1)	(2)	(3)
All returns filed	+/- 0.00	+/- 0.01	+/- 0.59
Female donors	+/- 3.54	+/- 3.59	+/- 1.06
Male donors	+/- 3.89	+/- 3.94	+/- 0.46
Total gift amount	+/- 1.81	+/- 1.84	+/- 6.67

SOURCE: IRS, Statistics of Income Division, Form 709 Edited Study, September 2019.

Selected Terms and Concepts

Annual exclusion—The amount that a donor can give to any single beneficiary, within a given tax year, without incurring Federal gift taxes. The number of donees is unlimited.

Applicable credit—A credit applied as a dollar-for-dollar reduction in both gift and estate taxes. The applicable (formally unified) credit represents the amount of tax on that part of gross estate that is below the filing requirement. The credit may be used to offset gift taxes on lifetime transfers made after 1976. However, to the extent it is so used, the amount of credit available at death is reduced.

Charitable deduction—Completed, outright transfers to a qualifying charitable organization are deductible for the full amount of the transfer. Gifts given through a trust must meet various legal requirements for the donation to qualify for a charitable deduction.

Lifetime exemption—The total amount that a donor can give, either during life or at death, before owing any gift and/or estate tax.

Marital deduction—Gifts between spouses, either during life or at death, qualify the donor for an unlimited marital deduction for the full amount of the transfer. For spouses who are not U.S. citizens, transfers are subject to a statutory maximum for each year.

Net tax on current period gifts—Net tax is calculated as the tentative tax on current period gifts, less the applied applicable credit and applied foreign gift tax credits, which are credits allowed for gift taxes paid to other countries with which the U.S. has gift tax treaty provisions.

Tax status—Returns can be considered taxable or nontaxable, based on the amount of tax liability reported in Part 2, Line 15, of the return. Gift tax returns with a positive amount of liability reported are taxable returns; those with no liability reported are nontaxable.

Taxable gifts—The total amount of gifts reported in Schedule A of Form 709, minus the deductions for marital transfers, charitable gifts, and other gifts deemed nontaxable (e.g., gifts to a 529 plan) and after deduction of the annual exclusion amount for each donee.

Trust—An independent legal entity governed by a trust agreement, created when one party (known as the grantor or settler) transfers ownership of assets to the trust under the control of a trustee, for the benefit of a third-party beneficiary. Trusts can be either simple or complex. Simple trusts are those which are required to distribute all income in the tax year in which it is earned, which neither distribute nor reserve any money for charitable purposes, and which do not distribute amounts from the corpus of the trust. Complex trusts are those which are not, by definition, simple trusts.

Jessica Holland is an economist with the Individual Tax-Exempt & Estate Tax Section. This article was prepared under the direction of Glenn Hentz, Chief, with technical review provided by Michael Strudler, Initiatives Manager.