

Gift Tax and Basis

Default Case

John Doe

Assumptions

Year of Gift	2002
Amount of Taxable Gift	2,000,000
Basis of Taxable Gift	1,000,000
Tax Law To Apply	Sunset

	Spouse	Client
Post 76 Taxable Gifts*	0	0
Pre 77 Taxable Gifts	0	0
1976 Adjust to Credit	0	0
Previously Used Credit	0	0

*Assumed to be made in the year prior to the Year of Gift

No Gift Splitting

Taxable Gift	2,000,000
Gift Tax	435,000
Carry Over Basis	1,000,000
Increase in Basis	217,500
New Basis	1,217,500

Gift Splitting	Spouse	Client	Total
Taxable Gift	1,000,000	1,000,000	2,000,000
Gift Tax	0	0	0
Carry Over Basis	500,000	500,000	1,000,000
Increase in Basis	0	0	0
New Basis	500,000	500,000	1,000,000

Comparisons

Difference in Gift Tax	435,000
Difference in New Basis	217,500