Gift Tax Repeal

Notice #12-11 | Gift Tax | September 2012

Highlights

- *Tennessee gift tax is repealed effective January 1, 2012*
- *Effect on Tennessee Inheritance Tax*

INTRODUCTION

This notice is intended to provide taxpayers and the general public with information concerning the passage of Public Chapter 1085 (2012), which repeals the Tennessee gift tax.

Tennessee gift tax will not apply to transfers by gift made on or after January 1, 2012.

DISCUSSION

Tenn. Code Ann. § 67-8-101, et seq., imposed a tax on transfers by gift. Transfers made on or after January 1, 2012, will no longer be subject to the Tennessee gift tax.

Taxpayers making transfers by gift prior to January 1, 2012, may be subject to Tennessee's gift tax. For these periods, gift tax is imposed on the donor for taxable gifts in excess of the allowable exemptions and exclusions.

For more information regarding gift tax, please refer to the Tennessee Gift Tax Guide on the Department of Revenue's website.
http://www.tn.gov/revenue/taxguides/giftoutline.pdf

Effect on Tennessee Inheritance Tax

Transfers made by gift during the three-year period ending on the date of the decedent's death remain includable in the calculation of the Tennessee inheritance tax. In accordance with Tenn. Code Ann. § 67-8-304(3), the includable value will continue to be adjusted by the exemptions provided in Tenn. Code Ann. § 67-8-104.

For more information regarding inheritance tax, please refer to the Tennessee Inheritance Tax Outline on the Department of Revenue's website.
http://www.tn.gov/revenue/taxguides/inheritoutline.pdf

References:

PC 1085 (2012)
TCA. § 67-8-101, et seq.
TCA § 67-8-304

The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.