

STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
601 DELAWARE AVENUE  
WILMINGTON, DELAWARE 19899

TAX NEWSGRAM 72-17

January 18, 1972

GIFT TAX

House Bill 514, as amended by House Amendment No. 1, Special Session, 126th General Assembly approved by Governor Peterson on July 30, 1971 adds new Chapter 14 to Title 30, Delaware Code.

The bill institutes a new Gift Tax generally similar to Federal Gift Tax and applies to gifts made on and after October 1, 1971.

"Taxable gift" is the amount of taxable gift for Federal purposes with donor's specific exemption (for Federal purposes) added back. This means that the \$30,000 Federal lifetime exemption is not allowed for State purposes.

"Taxable gift" for Federal purposes automatically provides the following:

- (a) Excludes the first \$3,000 of gifts to each donee in each calendar year.
- (b) Excludes 50% of gift to spouse as marital deduction.
- (c) If husband and wife consent, all gifts by either to third parties are treated as joint gifts and each receives full benefit of donee exclusions.  
For example; father gives a son \$5,000 and has consented with mother (wife) to treat all gifts as joint gifts. Each would have \$3,000 donee exclusion to apply against his or her share (\$2,500) of the total gift.

Gift Tax rates are as follows:

Taxable Gifts

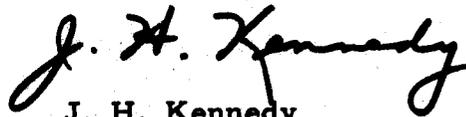
| <u>Exceeding</u> | <u>But Not Exceeding</u> | <u>Rate</u> |
|------------------|--------------------------|-------------|
| \$ 0             | \$ 25,000                | 1%          |
| 25,000           | 50,000                   | 2%          |
| 50,000           | 75,000                   | 3%          |
| 75,000           | 100,000                  | 4%          |
| 100,000          | 200,000                  | 5%          |
| 200,000          | and over                 | 6%          |

Donor computes Gift Tax as follows:

- (a) Computes tax on aggregate amount of all taxable gifts beginning October 1, 1971 through end of calendar quarter being reported.
- (b) Deducts gift tax paid on all calendar quarters prior to current quarter.
- (c) Net difference is gift tax due with current calendar quarter report.

As noted above the donor excludes the first \$3,000 of gifts to each donee each calendar year.

The tax is imposed on the transfer of property by gift during such calendar year by an individual resident of the State of Delaware. A resident of the State of Delaware would, therefore, be subject to the Gift Tax provisions for gifts of property located in other states.



J. H. Kennedy  
Director of Revenue

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