

Minnesota Gift Tax

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Gift Tax Fact Sheet 1

Fact Sheet

This fact sheet explains the Minnesota gift tax created during the 2013 Minnesota legislative session.

Overview

A law passed during the 2013 legislative session created a Minnesota gift tax of 10 percent on the amount of taxable gifts made by an individual during their lifetime.

This tax is imposed against the transfer of property by gift. An individual receives a \$100,000 lifetime credit, equivalent to a \$1 million exemption. The gift tax is effective for gifts made after June 30, 2013.

The Minnesota gift tax only applies to the transfer of property located in Minnesota. It does not apply to out-of-state gifts:

- Real or tangible personal property normally kept or located outside of Minnesota on the date the gift was executed
- Intangible personal property gifted by a nonresident

Definition of Taxable Gift

Minnesota follows the federal definition taxable gifts. Thus, any gift below the annual exemption amount is excluded. Gifts to charities, spouses, and certain transfers for educational or medical expenses are also excluded.

Payment of Gift Tax

The gift tax payment is due by April 15 of the calendar year after the gift was made. If the donor of the gift dies, then payment is due by the federal gift tax payment due date. Late payments will be assessed a penalty of 10 percent or \$100 (whichever is greater).

The donor of a gift is liable for paying the gift tax. If the gift tax is not paid when due, the donee of the gift is personally liable for paying the tax.

Filing of the Gift Tax Return

The gift tax return is due by April 15 of the calendar year after the gift was made. If the donor of the gift dies, the return must be filed by the federal gift tax return due date (including extensions).

The department may extend the filing deadline if a taxpayer can show good cause. Extension requests must be in writing and be filed with a tentative return. The taxpayer must also pay the tentative tax, with interest.

Taxpayers must notify the department of any federal changes to the value of taxable gifts within 180 days of a final determination by the IRS. Taxpayers who file an amended federal gift tax return must also amend their Minnesota return within 180 days.

Appraisals

The department may require the donor or donee to show any property subject to the Minnesota gift tax. The department may also demand an appraisal or employ a suitable person to appraise the property.