

# FORM 6

# WISCONSIN DONEE'S GIFT TAX REPORT FOR 1986

Due April 15, 1987

PLEASE PRINT OR TYPE	Donee's last name		First name and initial	Social security number		Make your check payable to and mail your report to:  <b>WISCONSIN DEPARTMENT OF REVENUE</b>  Post Office Box 8904 Madison, Wisconsin 53708  Offices in Madison at: 4622 University Avenue Telephone (608) 266-1231	
	Home address (number and street or rural route)						
	City or post office		State	Zip code	Telephone number		
	INDICATE RELATIONSHIP OF DONEE TO DONOR >						
	Donor's last name		First name and initial	Social security number			
	Home address (number and street or rural route)						
City or post office		State	Zip code	Telephone number		<b>TAX IS PAID BY</b> <b>DONOR</b> <b>DONEE</b> <input type="checkbox"/> <input type="checkbox"/> (check one)	

SEE INFORMATION AND INSTRUCTIONS ON REVERSE SIDE

PART I - SCHEDULE OF GIFTS (Attach schedule if space is insufficient)				
Date of Gift	DESCRIPTION OF GIFT (If gift is of stock, indicate number of shares)	Basis of Valuation (See below*)	Donor's Adjusted Basis of Gift	Fair Market Value at Date of Gift
<b>1 TOTAL VALUE OF GIFTS</b> .....				\$

\*Gifts of property are taxable at fair market value on the date of gift. State how fair market value was determined - for example, market quotation, asked or sales price, appraisal, balance sheet book value, or equalized assessed value. **Attach copy of property tax bill for any gift of real estate.**

PART II - SCHEDULE OF EXEMPTIONS (See reverse side for table of exemptions)	
2	Lifetime personal exemption
3	Amount of lifetime personal exemption previously claimed against gifts from this donor
4	Unused balance (subtract line 3 from line 2)
5	Annual exemption
6	Total exemption available (add lines 4 and 5) .....
	\$ 10,000
	\$

PART III - COMPUTATION OF TAX (See reverse side for table of rates)					
	Col. 1 Value of Gifts (from line 1 above)	Col. 2 Exemption** (from line 6 above)	Col. 3 Taxable Gifts (col. 1 less col. 2)	Col. 4 Rate	Col. 5 Tax (col. 3 x col. 4)
7	1st bracket (1st \$25,000 of gift)			x	
8	2nd bracket (next \$25,000)			x	
9	3rd bracket (next \$50,000)			x	
10	4th bracket (next \$400,000)			x	
11	5th bracket (balance)			x	
12	Totals of columns 1, 2 and 3				
13	Gift tax due (add lines 7 through 11, column 5) .....				\$

\*\*The exemption from line 6 is deductible beginning with the lowest bracket. Therefore a Class B, C or D donee (see Table of Exemptions and Rates on reverse side of this form) should never have an entry on line 8 or 9 in Column 2.

<b>PART IV</b>	Did you receive any gifts from this donor in excess of \$3,000 in any year prior to 1985?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Did you receive any gifts from this donor in excess of \$10,000 during 1985?	<input type="checkbox"/> Yes <input type="checkbox"/> No

### DECLARATION

I declare that this report, including any accompanying schedules and statements, is a complete and true list of gifts received by me from the donor during 1986. I certify that all the information contained on this report is correct to the best of my knowledge and belief.

SIGN HERE	Donee's signature	Date
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## GIFT TAX INFORMATION AND INSTRUCTIONS

A tax is imposed under Wisconsin law upon the transfer by gift of real estate and personal property. A gift occurs when property is transferred without full consideration in money or the equivalent. Examples of taxable and exempt transfers appear later in these instructions.

### FILING REQUIREMENT

If the total of all taxable transfers from one donor to one donee exceeded \$10,000 during 1986, gift tax reports must be filed even though no gift tax may be due.

### WHO MUST FILE

Both the donee and donor must file a gift tax report. The donee files Form 6 (Wisconsin Donee's Gift Tax Report) and the donor files Form 7 (Wisconsin Donor's Gift Tax Report).

### GIFTS OF JOINT OR MARITAL PROPERTY

If a donee receives property which had been jointly owned or held as marital property by a husband and wife, the transfer must be treated as two separate gifts. This means that two donee gift tax reports must be filed each reporting half of the gift. However, only one donor report need be filed if it is signed by both husband and wife.

### WHEN TO FILE

The donee and donor gift tax reports must be filed by April 15, 1987. These reports should be filed together whenever possible. No extension of time is available for either filing a gift tax report or paying the tax.

### WHO PAYS THE GIFT TAX

The gift tax is computed on the donee gift tax report. The gift tax may be paid by either the donee or donor. Payment should accompany the donee report when it is filed even if the donor is paying the tax. If the gift tax is not paid by April 15, 1987, both the donee and donor are liable for the tax, penalty and interest.

### LATE FILED GIFT TAX REPORTS

If the gift tax report is not filed by April 15, 1987, a penalty of 5% of the tax will be imposed along with interest on the gift tax at the rate of 12% per year from April 16, 1987, to date of payment.

### COMPUTING THE TAX

In computing the tax, the total value of all gifts must be divided into brackets as shown below in the Table of Exemptions and Rates. The annual and lifetime personal exemptions must be deducted from the lowest brackets. The annual exemption should be deducted first.

**Caution:** The \$50,000 lifetime personal exemption available to Class A donees for 1986 must be reduced by the amount of lifetime personal exemption used in prior years.

Example: During 1986 a father gave his son property valued at \$75,000. In 1985, there was a gift of \$45,000. The lifetime personal exemption limit for 1985 was \$25,000 and the entire amount was used in reporting the 1985 gift. The 1986 gift tax liability is computed as follows:

Lifetime personal exemption	\$50,000
Less lifetime exemption previously used	<u>25,000</u>
Lifetime personal exemption available for 1986	25,000
Annual exemption available for 1986	<u>10,000</u>
Total exemption available for 1986	<u>\$35,000</u>

Bracket	Gift	Exemption	Rate	Tax
1st bracket	\$25,000	\$25,000	—	—
2nd bracket	25,000	10,000	5%	\$ 750
3rd bracket	<u>25,000</u>	<u>0</u>	7.5%	<u>1,875</u>
TOTAL	<u>\$75,000</u>	<u>\$35,000</u>		<u>\$2,625</u>

### TAXABLE TRANSFER EXAMPLES

Taxable transfers or gifts include but are not limited to the following:

1. Any gift by a donor who is a Wisconsin resident (regardless of the donee's residence) except a gift of out-of-state real estate or tangible personal property permanently located outside Wisconsin.
2. Any gift of Wisconsin real estate or tangible personal property located in Wisconsin regardless of where the donor or donee resides.
3. Sale or exchange of property without full consideration in money or the equivalent.
4. The forgiveness of a debt, or the payment of a debt or obligation of another.
5. The amount withdrawn by a joint tenant from a bank account for his or her own use when such tenant did not make deposits to the account.
6. The transfer of property to an irrevocable trust set up for the benefit of another.
7. The irrevocable assignment of a life insurance policy without retaining any legal incidents of ownership in the policy.
8. The transfer of both a present and future interest in property in which the donor does not retain any interest.
9. The creation of a joint tenancy in property (for example, real estate or securities) which requires the signatures of all joint tenants to transfer is a gift to the joint tenant who did not provide funds to acquire the property. The amount of gift is based upon the donee's interest in the property less any liens on the property assumed by the donee.
10. The exercise or release of a power of appointment is a gift to the appointee.

### EXEMPT TRANSFER EXAMPLES

Exempt transfers or gifts include but are not limited to the following:

1. Any property transferred to a spouse regardless of the nature of the property or where it is located.
2. The direct payment of gift tax by the donor to the Wisconsin Department of Revenue.
3. The transfer of out-of-state real estate, regardless of where the donee or donor resides.
4. The transfer of tangible personal property by a nonresident donor to a Wisconsin donee if the property had been permanently located outside Wisconsin prior to the transfer.
5. The transfer of Wisconsin real estate or personal property in which the donor retains a life use.
6. The transfer of property to a qualified organization operated exclusively for religious, humane, charitable, scientific or educational purposes except transfers to qualified organizations based in a foreign country.
7. The transfer of intangible personal property by a nonresident donor to a Wisconsin donee.

TABLE OF EXEMPTIONS AND RATES FOR 1986		EXEMPTIONS		RATES				
				1st Bracket	2nd Bracket	3rd Bracket	4th Bracket	5th Bracket
Class	Donees	Lifetime Personal Exemption	Annual Exemption	First \$25,000	\$25,000 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$500,000	Over \$500,000
	Spouse	<b>NO FILING REQUIREMENT-ALL GIFTS ARE EXEMPT</b>						
A	Lineal issue (children, grandchildren), lineal ancestor (parents, grandparents), wife or widow of a son, husband or widower of a daughter, adopted or mutually acknowledged child, or mutually acknowledged parent.	50,000	10,000		5%	7.5%	10%	12.5%
B	Brother, sister, or descendant of brother or sister (nephew, niece, grandnephew or grandniece, etc.) of the donor.		10,000	5%	10%	15%	20%	20%
C	Brother or sister of the father or mother (uncle or aunt) or descendant of the brother or sister of the father or mother (cousins) of the donor.		10,000	7.5%	15%	20%	20%	20%
D	All others regardless of relationship to the donor.		10,000	10%	20%	20%	20%	20%