



The Ramifications Of Giving Your Children Financial Gifts

WHAT AMOUNT CAN I CURRENTLY GIFT TO MY CHILDREN TAX-FREE?

Capital Acquisitions Tax (CAT), also known as gift and inheritance tax, refers to the tax placed on any gifts or inheritance you bestow on your loved ones. Any amount that exceeds the current thresholds is taxable at 33% and the tax due is payable by the recipient of the gift.

The tax-free thresholds that apply to gifts or inheritances are determined by the relationship between the individual giving the gift and the recipient.



THE THREE CAT THRESHOLD GROUPS

The Group A tax-free threshold currently stands at €335,000 and applies when the recipient of the gift/inheritance is:

- A child – son, daughter, stepchild or in certain circumstances, a foster child
- A grandchild aged under 18 years (in the case where the child of the donor is deceased)
- A minor child of the spouse or civil partner of a deceased child of the donor

When a parent takes over full ownership of a gift or inheritance from their child, they will also be included in Group A.

The Group B tax-free threshold currently stands at €32,500 and applies when the recipient of the gift/inheritance is:

- A brother or sister
- A niece or nephew
- A grandparent
- A grandchild
- A lineal ancestor or a lineal descendant
- A parent of the donor, where you take a gift or a limited interest

The Group C tax-free threshold currently stands at €16,250 and applies in cases where the gift/inheritance recipient's relationship to the donor is not already defined in Groups A or B.

If you are planning on giving your child a financial gift, it's important to note that the thresholds outlined in each group refer to a lifetime limit.

This means, for example, if your child has already received a gift or inheritance from you or your spouse, this amount will be deducted from €335,000, and the remaining balance will be the new tax-free threshold.

However, there are exceptions to this rule.



WHAT IS THE SMALL GIFT EXEMPTION?

If you would like to begin helping your children financially at the current juncture of their life but are understandably conscious of prematurely decreasing the threshold that applies within **Group A**, you'll be very interested to learn about the Small Gift Exemption.

This tax exemption enables you and your spouse to individually give a gift of up to €3,000 to each child, in any calendar year, and it will not be subject to CAT or affect the lifetime limit outlined in **Group A**.

What's more, this tax-free cap of €3,000 also applies to any gifts given by you to your child's spouse or their children, meaning you have the potential to transfer thousands of euros worth of your assets to your child's family, tax-free, every year.

Don't be penalised for attempting to help your family.

Book a no-obligation consultation with our impartial experts today to discuss all of your financial needs.

CALL US ON 01 683-1673 OR EMAIL US DIRECTLY ON INFO@SYMMETRYFINANCIAL.IE

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