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## **Internal Revenue Code Section 2504**

### Taxable gifts for preceding calendar periods

(a) In general.

In computing taxable gifts for preceding calendar periods for purposes of computing the tax for any calendar year-

- (1) there shall be treated as gifts such transfers as were considered to be gifts under the gift tax laws applicable to the calendar period in which the transfers were made,
- (2) there shall be allowed such deductions as were provided for under such laws, and
- (3) the specific exemption in the amount (if any) allowable under section 2521 (as in effect before its repeal by the Tax Reform Act of 1976) shall be applied in all computations in respect of preceding calendar periods ending before January 1, 1977, for purposes of computing the tax for any calendar year.

(b) Exclusions from gifts for preceding calendar periods.

In the case of gifts made to any person by the donor during preceding calendar periods, the amount excluded, if any, by the provisions of gift tax laws applicable to the periods in which the gifts were made shall not, for purposes of subsection (a) , be included in the total amount of the gifts made during such preceding calendar periods.

(c) Valuation of gifts.

If the time has expired under section 6501 within which a tax may be assessed under this chapter 12 (or under corresponding provisions of prior laws) on-

- (1) the transfer of property by gift made during a preceding calendar period (as defined in section 2502(b)); or
- (2) an increase in taxable gifts required under section 2701(d) ,

the value thereof shall, for purposes of computing the tax under this chapter, be the value as finally determined (within the meaning of section 2001(f)(2)) for purposes of this chapter.

(d) Net gifts.

The term "net gifts" as used in corresponding provisions of prior laws shall be read as "taxable gifts" for purposes of this chapter.