Summary of Rev. Proc. 2026-25: Trump Account Safe Harbor

The IRS issued Revenue Procedure 2026-25 to clarify the gift and Generation-Skipping Transfer (GST) tax rules for contributions to the new § 530A Trump accounts. Under P.L. 119-21, individuals can contribute up to $5,000 per calendar year to a child's Trump account until the child turns 18.

The safe harbor allows donors to treat these contributions as present-interest gifts eligible for the annual gift tax exclusion ($19,000 for 2026), meaning they **do not have to file a gift tax return (Form 709)** if they meet all requirements.

Safe Harbor Requirements

To qualify for the filing exemption, an individual donor must meet all five of these conditions:

- **Individual Only**: The taxpayer must be an individual donor.
- **Age Limit**: Contributions must be made before the beneficiary turns 18.
- **Under Exclusion**: Total annual gifts to that beneficiary cannot exceed $19,000 (for 2026). Includes gifts to other programs i.e. 529 plans or other cash gifts.
- **No Tax Owed**: The gifts must not trigger actual gift or GST tax liability after applying available credits.
- **No Other Filings**: Disregarding the Trump account, the donor is not required to—and does not—file a Form 709 for that year.

The Trapping Point: Filing Disqualifies the Safe Harbor

If you are required to file Form 709 for **any** other reason (such as gift splitting, utilizing a § 529 plan five-year election, or reporting other large gifts), the safe harbor is completely lost. In that case, the Trump account contributions are reclassified as gifts of a *future interest*, must be reported, and cannot use the annual exclusion.

However, even if a return is required, actual gift tax may not be owed because the lifetime applicable exclusion amount is a historically high **$15 million for 2026** (indexed for inflation starting in 2027). [11,

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Examples in Practice (2026 Tax Year)

Example 1: Meeting the Safe Harbor

- **Scenario**: You contribute $5,000 in cash to your niece's Trump account and write her a check for $13,000 as a birthday gift. You make no other gifts that year.
- **Result**: Total gifts equal $18,000. Because this is below the $19,000 exclusion limit and you have no other filing requirements, you **qualify** for the safe harbor. **No gift tax return is required.**

Example 2: Failing the Safe Harbor (Over Exclusion Limit)

- **Scenario**: You contribute $5,000 in cash to your nephew's Trump account and give him an additional cash gift of $14,500.
- **Result**: Total gifts equal $19,500. Because you exceeded the $19,000 annual exclusion limit, you will **fail** the safe harbor. You must file Form 709 and report *all* gifts. The $5,000 Trump account contribution is treated as a future interest gift.

Example 3: Failing Safe Harbor (Multiple Accounts)

- **Scenario**: You contribute $5,000 to a child's Trump account and $14,500 to the same child's § 529 college savings plan.
- **Result**: Total gifts equal $19,500. Even though § 529 plans have unique rules, combining them pushes you over the $19,000 annual threshold for that individual. You **must file a gift tax return**, which invalidates the Trump account safe harbor.

Mandatory Recordkeeping Requirements

Because tracking total gifts is vital to proving safe harbor eligibility, we are recommending that you keep meticulous records including:

- **Beneficiary Info**: Full name, Date of Birth, and Social Security Number.
- **Transaction Details**: Date, exact amount, and method of payment for every contribution.
- **Running Totals**: A cumulative log of all gifts given to that specific individual during the calendar year.
- **Tax Status**: Documentation confirming the beneficiary's GST status and verification that no Form 709 was otherwise filed.