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ADVISORY

IRS Issues Transfer Tax Safe Harbor for Contributions to Trump Accounts

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The IRS recently released Revenue Procedure 2026-25, which establishes a transfer tax safe harbor for certain contributions to Trump Accounts. The guidance appears to be designed to address a concern many in the Private Wealth space have flagged: that contributions to these accounts could constitute gifts of future interests that do not qualify for the annual exclusion, thereby triggering a gift tax return filing obligation.

Practical Takeaways

The guidance is useful for routine annual exclusion funding of Trump Accounts, but it does not eliminate Form 709 filing requirements where the donor exceeds the annual exclusion amount, makes other reportable gifts, or otherwise must file a gift tax return. In those situations, Trump Account contributions generally must still be reported and may be treated as gifts of future interests outside the safe harbor.

The Safe Harbor

Under Rev. Proc. 2026-25, the IRS will treat Trump Account contributions as present-interest, completed gifts that qualify for the annual exclusion, but only if all of the following conditions are satisfied for the calendar year in which the contribution is made:

1. The taxpayer is an individual;
2. The taxpayer's only taxable gifts for the year are cash contributions to Trump Accounts made during the growth period (i.e., before the calendar year in which the beneficiary attains age 18);
3. Total gifts to each account beneficiary do not exceed the annual exclusion;
4. The contributions do not generate any gift or generation-skipping transfer (GST) tax liability after applying remaining credit/exemption; and
5. No gift tax return is otherwise required or filed for that year.

Key Considerations and Limitations

Although the safe harbor is helpful, it is narrow, and several important issues remain. Any other taxable gift during the year disqualifies the safe harbor entirely, in which case all Trump Account contributions must be reported as future interests; additional trust funding or gifting would likewise disqualify Trump Account contributions from being treated as annual exclusion gifts. The Revenue Procedure also does not resolve the underlying legal question of whether contributions are, in some cases, actually gifts of future interests. It provides only that contributions falling within the safe harbor will be treated as present-interest gifts, leaving the implication that contributions made outside the safe harbor may still be treated as gifts of future interests.

Practitioners should also note that filing Form 709 for any reason (including portability elections or GST allocations) eliminates the safe harbor. Also note that this guidance is a revenue procedure rather than a regulation, and it could be modified or revoked.

As a reminder, as of July 4, 2026, Trump Accounts for eligible children officially unlocked and can now begin accepting contributions.

CONTACTS

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