

IRS Issues Inflation Adjustments for 2024

By Erika L. Haupt

The IRS recently announced the 2024 annual inflation adjustments for key tax provisions. Of interest to our clients,

- **Standard Deduction:** The standard deduction for married couples filing jointly increases by \$1,500 to \$29,200. For single taxpayers filing separately, the deduction rises to \$14,500, and for head of households, the deduction will be \$21,900.
- **Marginal Rates:** The top income tax rate remains at 37% for married couples filing jointly with income greater than \$731,200 (\$609,350 for single taxpayers). The lowest rate is 10% for couples with income of \$23,200 or less (\$11,600 for singles). The other rates are:
 - 35% for married filing jointly with income over \$487,450 (\$243,725 for singles)
 - 32% for married filing jointly with income over \$383,900 (\$191,950 for singles)
 - 24% for married filing jointly with income over \$201,050 (\$100,525 for singles)
 - 22% for married filing jointly with income over \$94,300 (\$47,150 for singles)
 - 12% for married filing jointly with income over \$23,200 (\$11,600 for singles)
- **AMT:** The Alternative Minimum Tax exemption will be \$133,300 for married couples filing jointly and begins to phase out at \$1,218,700. The AMT exemption for singles will be \$85,700 with a phase out beginning at \$609,350.
- **Foreign Earned Income:** The foreign earned income exclusion increases by \$6,500 to \$126,500.
- **Estate Tax Credit:** The estate tax credit for 2024 will be \$13,610,000, up from \$12,920,000 in 2023.
- **Annual Gift Tax Exclusion:** The gift tax annual exclusion will be \$18,000 per donee beginning in 2024.

Please contact a Roetzel attorney to discuss tax planning opportunities for 2024.

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