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## Big Increase in 2024 Estate Exemption – IRS Issues 2024 Inflation Adjustments

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The IRS recently issued the 2024 annual adjustments for numerous tax provisions, including changes to tax brackets and standard deductions. Popular adjustments include:

- Estates of decedents who die during 2024 will have a basic exclusion amount of \$13,610,000, which is an increase of \$690,000 from the current exclusion amount of \$12,920,000. Taxpayers who are using lifetime gifts as a way to decrease their taxable estates can use this increase to exempt additional lifetime gifts.
- The annual exclusion for gifts will increase to \$18,000 for calendar year 2024, which is an increase of \$1,000 from the current amount. For couples who elect to gift split, this means they can gift a total of \$36,000 per year per donee in 2024.
- The standard deduction for married couples filing jointly for tax year 2024 will rise to \$29,200, up \$1,500 from 2023. For single taxpayers and married individuals filing separately, the standard deduction will rise to \$14,600 for 2024, up \$750 from the current amount, and for heads of households, the standard deduction will be \$21,900 for tax year 2024, which is an increase of \$1,100.
- Marginal Rates: For tax year 2024, the top tax rate remains 37% for individual single taxpayers with incomes greater than \$609,350 (\$731,200 for married couples filing jointly). The other rates are:
  - 35% for incomes over \$243,725 (\$487,450 for married couples filing jointly)
  - 32% for incomes over \$191,950 (\$383,900 for married couples filing jointly)
  - 24% for incomes over \$100,525 (\$201,050 for married couples filing jointly)
  - 22% for incomes over \$47,150 (\$94,300 for married couples filing jointly)
  - 12% for incomes over \$11,600 (\$23,200 for married couples filing jointly)
- The lowest rate is 10% for incomes of single individuals with incomes of \$11,600 or less (\$23,200 for married couples filing jointly)

- For the taxable years beginning in 2024, the dollar limitation for employee salary reductions for contributions to health flexible spending arrangements (FSA) will increase to \$3,200. For cafeteria plans that permit the carryover of unused amounts, the maximum carryover amount will be \$640, which is an increase of \$30 from the current amount.

This information and additional details can be found on the [IRS website](#).