



## FEDERAL INDIVIDUAL INCOME TAX RATES

Col. 1		Single Individuals	Joint Returns & Surviving Spouses		Heads of Household		Married Filing Separately	
Taxable Income	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess
\$ 0	\$ 0	10%	\$ 0	10%	\$ 0	10%	\$ 0	10%
11,000	1,100	12%			1,570	12%	1,100	12%
15,700			2,200	12%				
22,000					6,868	22%	5,147	22%
44,725	5,147	22%						
59,850			10,294	22%				
89,450					14,678	24%		
95,350							16,290	24%
95,375	16,290	24%						
182,100	37,104	32%			35,498	32%	37,104	32%
190,750			32,580	24%				
231,250	52,832	35%			51,226	35%	52,832	35%
346,875							93,300.75	37%
364,200			74,208	32%				
462,500			105,664	35%				
578,100					172,623.50	37%		
578,125	174,238.25	37%						
693,750			186,601.50	37%				

## INCOME TAX RATES ON ESTATES AND TRUSTS

Taxable Income		Tax on Col. 1	Rate on Excess
From (Col. 1)	To		
\$ 0	\$ 2,900	\$ 0	10%
2,901	10,550	290	24
10,551	14,450	2,126	35
14,451	Infinity	3,491	37

## STANDARD DEDUCTIONS

	Single Individuals	Joint Return/ Surviving Spouses	Heads of Household	Married Filing Separately
Basic	\$13,850	\$27,700	\$20,800	\$13,850
Over 65	15,700	29,200 (one) 30,700 (both)	22,650	15,350
Blind	15,700	29,200 (one) 30,700 (both)	22,650	15,350
Over 65 & Blind	17,550	30,700 (one) 33,700 (both)	24,500	16,850

Taxpayers may “itemize” deductions when deductions total more than the standard deductions shown. The increase in the basic standard deduction does not apply to tax years after 2025. The deduction is indexed for inflation using the chained consumer price index.

### ITEMIZED DEDUCTIONS INCLUDE:\*

■ State and local taxes. Taxpayers can deduct up to \$10,000 for state income or sales tax and real estate taxes.

■ Mortgage interest. The interest on up to \$750,000 of total acquisition indebtedness is allowed on a first and second home.

■ Medical expenses. Medical expenses are deductible to the extent they exceed 7.5% of AGI.

■ Charitable gifts. Cash gifts to charity are deductible up to 60% of AGI; gifts of appreciated assets are deductible up to 30% of AGI. Excess deductions may be carried over for up to five additional years.

\*Subject to legislative changes.

## FEDERAL INCOME TAX ON CAPITAL GAINS

Net long-term capital gains on assets held more than 12 months are taxed generally at a maximum rate of 20% for filers in the 37% tax bracket; 15% for taxpayers in the 22%, 24%, 32% and 35% brackets; and 0% for 10% and 12% bracket taxpayers except for children under age 19, or 24 if full-time college students, whose net unearned income exceeds \$2,500. Taxpayers with AGI in excess of \$200,000 (unmarried filers and heads of household) or \$250,000 (joint filers) are subject to an additional 3.8% tax on net investment income. A 28% top rate applies to long-term gains on collectibles. A 25% top rate applies to long-term gains on real estate attributed to depreciation claimed in past years (unrecaptured \$1250 gain). Short-term gains are taxed at the taxpayer’s highest ordinary income tax rates. Net short-term and long-term losses are deductible dollar-for-dollar against ordinary income up to \$3,000, with unlimited carryover for excess loss deductions.

## FEDERAL INCOME TAX ON DIVIDENDS

The maximum tax rate on qualified dividends paid by corporations, mutual funds and real estate investment trusts to individuals is 20% for filers in the 37% tax bracket; 15% for taxpayers in the 22%, 24%, 32% and 35% brackets; and 0% for taxpayers in the 10% and 12% ordinary income brackets. Taxpayers with AGI in excess of \$200,000 (unmarried filers and heads of household) or \$250,000 (joint filers) are subject to an additional 3.8% tax on investment income.

## FEDERAL ALTERNATIVE MINIMUM TAX

Alternative Minimum Taxable Income		Tax on Col. 1	Rate on Excess
From (Col. 1)	To		
\$ 0	\$220,700	\$ 0	26%
220,701	Infinity	57,382	28

An alternative minimum tax (AMT) is imposed on “alternative minimum taxable income” over the applicable exemption amounts of \$81,300 for single taxpayers and heads of household, \$126,500 for joint returns, \$63,250 for married people filing separately and \$28,400 for estates and trusts. Through 2025, phase-out thresholds are increased to \$1,156,300 (married filers and surviving spouses) or \$578,150 for all other individuals. AMT is payable only so far as it exceeds a taxpayer’s regular income tax. “Alternative minimum taxable income” is the sum of a taxpayer’s regular taxable income and any preference amounts plus certain regular tax itemized deductions (not including charitable deductions), such as state and local taxes. Net operating losses not attributable to preferences are deductible. Examples of minimum tax preference items include amounts relating to depletion deductions, intangible drilling costs, incentive stock options, tax-exempt interest on nongovernmental-purpose bonds and accelerated depreciation on all property placed in service after 1986 that exceeds depreciation using the 150% declining balance method.

## FEDERAL TAX ON TAXABLE CORPORATE INCOME

The tax rate for C corporations is a flat 21%. The corporate alternative minimum tax has been eliminated. Corporations are allowed a 50% deduction for dividends received from other domestic corporations (70% prior to 2018). There is a 65% deduction (previously 80%) for dividends received from a 20%-owned corporation. This is a corporation that is owned 20% or more by the taxpayer.

Bonus depreciation is allowed for qualified property acquired after Sept. 27, 2017, according to the following schedule:

Placed into service	Percentage
After Sept. 27, 2017, and before 2023	100%
After 2022 and before 2024	80%
After 2023 and before 2025	60%
After 2024 and before 2026	40%
After 2025 and before 2027	20%
After 2026	0%

Owners of pass-through business entities (S corporations, LLCs, partnerships, sole proprietorships) may deduct up to 20% of qualified business income. For certain service trades or businesses (e.g., accounting, athletics, financial services, health, law, brokerage services), the deduction is phased out when taxable income exceeds \$182,100 for single taxpayers and \$364,200 for joint filers.

## FEDERAL GIFT TAX

Taxable Gift		Tentative Tax		
Col. 1	From	To	Tax on Col. 1	Rate on Excess
\$ 0	\$ 0	\$ 10,000	\$ 0	18%
10,000		20,000	1,800	20
20,000		40,000	3,800	22
40,000		60,000	8,200	24
60,000		80,000	13,000	26
80,000		100,000	18,200	28
100,000		150,000	23,800	30
150,000		250,000	38,800	32
250,000		500,000	70,800	34
500,000		750,000	155,800	37
750,000		1,000,000	248,300	39
1,000,000		Infinity	345,800	40

## FEDERAL GIFT TAX FORMULA

- Aggregate of all prior and present taxable gifts\* \$ \_\_\_\_\_
- Tentative gift tax on “A” (from current tax table) \$ \_\_\_\_\_
- Aggregate of all prior (only) taxable gifts\* \_\_\_\_\_
- Tentative gift tax on “C” (from current tax table) — \_\_\_\_\_
- Tentative gift tax on present gift (“B” less “D”) \$ \_\_\_\_\_
- Gift tax credit \$ 5,113,800
- Aggregate gift tax credit taken for prior post-1976 gifts (but not more than “C”) — \_\_\_\_\_
- Gift tax credit available for current gift (“F” less “G” but not more than “E”) — \_\_\_\_\_
- Gift tax payable for current gift (“E” less “H”) \$ \_\_\_\_\_

\* A “taxable gift” means a gross gift (other than charitable gift) less:

- unlimited gift tax marital deduction if gift is to spouse and/or
- lesser of gift amount or \$17,000 (\$34,000 if spouse joins in the gift and the gift is to a third party) per donee per year in which gift is made. Annual exclusion for pre-1982 gifts: \$3,000/\$6,000 for “split” gifts; \$10,000/\$20,000 for gifts between 1982 and 2001; \$11,000/\$22,000 for gifts between 2002 and 2005; \$12,000/\$24,000 for gifts between 2006 and 2008; \$13,000/\$26,000 for gifts between 2009 and 2012; \$14,000/\$28,000 for gifts between 2013 and 2017; \$15,000/\$30,000 for gifts in 2018 through 2021; \$16,000 for gifts in 2022.

Annual Exclusions \$17,000 per donee; \$34,000 per donee for married couples who “split gifts”; \$175,000 per non-citizen spouse. Payments of medical expenses and tuition payments also are excluded from federal gift tax [IRC §2503(e)]. Children in a qualified tuition program who exceed \$17,000 may elect to treat the gift as if it had been made over a five-year period—in effect allowing an \$85,000 exclusion all in one year [IRC §529(c)(2)(B)]. Gifts of future interests are not eligible for gift tax exclusions.

Marital Deduction For gifts to a spouse who is a U.S. citizen, a 100% marital deduction is allowed [IRC §2523]. The deduction is not available for gifts to a non-citizen spouse, but an annual exclusion of \$175,000 is permitted for 2023. Note: Gifts to a spouse that qualify for the gift tax marital deduction do not require the filing of a gift tax return.

Charitable Deduction In general, any gift deductible for income tax purposes is deductible for gift tax purposes [IRC §2522]. A few charitable gifts (transfers to nongrantor charitable lead trusts or foreign charities, for example) may qualify for federal gift tax deductions but not income tax deductions. The gift tax charitable deduction is unlimited. The gift tax charitable deduction is not limited to domestic organizations or to gifts for use within the United States [Reg §25.2522(a)-1].

Gift Tax Credit A \$5,113,800 gift tax credit shelters \$12,920,000 of taxable gifts in excess of the annual exclusion amounts.

Gift Tax Returns Individuals must file gift tax returns (Form 709) for (1) gifts of present interests in property in excess of \$17,000; (2) gifts of future interests in any amount; (3) gifts on which spouses “split” gifts. Form 709 is required for all charitable remainder trusts and other “split-interest” gifts [IRC §6019(3)]. Filing deadline is same as income tax returns.

## FEDERAL ESTATE TAX

Taxable Estate		Tentative Tax	
From (Col. 1)	To	From (Col. 1)	To
\$12,920,000	Infinity	\$5,113,800	40%

(applicable exclusion amount) (applicable credit amount)

## FEDERAL ESTATE TAX FORMULA

- Amount of taxable estate<sup>1</sup> \$ \_\_\_\_\_
- Aggregate of all post-1976 adjusted taxable gifts<sup>2</sup> + \_\_\_\_\_
- Sum of “A” and “B” \$ \_\_\_\_\_
- Tentative estate tax on “C” (see above) \$ \_\_\_\_\_
- Aggregate of all gift taxes paid on post-1976 gifts<sup>3</sup> — \_\_\_\_\_
- Tentative estate tax (“D” less “E”) \$ \_\_\_\_\_
- Basic exclusion amount plus any deceased spouse unused exclusion \$ \_\_\_\_\_
- Estate tax credit (tentative tax on “G”) — \_\_\_\_\_
- Estate tax payable (“F” less “H” and any credits for foreign death taxes or tax on prior transfers) \$ \_\_\_\_\_

<sup>1</sup> “Taxable estate” means gross estate less all available deductions, including the estate tax marital deduction (if applicable), charitable deduction and state death tax deduction, subject to the following:

- If any post-1976 gifts were made by decedent within three years prior to death with respect to retained life interests, reversionary interests, revocable transfers, general powers of appointment or incidents of ownership in life insurance policies, the gross estate is “grossed up” to include—

- the aggregate of all such gifts made by decedent (and joining spouse), if any, during that period—excluding gifts which aggregate no more than (but only if total gifts, single or joint, do not exceed) \$17,000 (\$3,000 for pre-1982 gifts; \$10,000 for gifts between 1982 and 2001; \$11,000 for gifts between 2002 and 2005; \$12,000 for gifts between 2006 and 2008; \$13,000 for gifts between 2009 and 2012; \$14,000 for gifts between 2013 and 2017; \$15,000 for gifts in 2018 through 2021; \$16,000 for gifts in 2022) per donee per year made by decedent (but not excluding any portions of joint gifts attributable to spouse)—plus
- the aggregate of gift taxes on such post-1976 gifts made during that period by deceased (and joining spouse).

- The “estate tax marital deduction,” if applicable, is unlimited in amount.
- The “estate tax charitable deduction” for bequests to charity is unlimited.

<sup>2</sup> “Adjusted taxable gifts” means total amount of post-1976 taxable gifts [gross gifts less all available deductions, including \$17,000 (\$3,000 for pre-1982 gifts; \$10,000 for gifts between 1982 and 2001; \$11,000 for gifts between 2002 and 2005; \$12,000 for gifts between 2006 and 2008; \$13,000 for gifts between 2009 and 2012; \$14,000 for gifts between 2013 and 2017; \$15,000 for gifts in 2018 through 2021; \$16,000 for gifts in 2022) annual exclusion per donee (\$34,000 if spouse joins in gift), gift tax marital deduction and charitable gifts] other than such gifts that are included in the gross estate (see “1(a)(1)” above).

<sup>3</sup> If any amount of gift tax attributable to a joining spouse’s portion of a joint gift is included in a “gross up” of the decedent’s gross estate (“1(a)(2)” above)—re: post-1976 gifts made within three years prior to decedent’s death), that amount of gift tax is also included in “E.” Otherwise, only the gift taxes attributable to the decedent’s post-1976 gifts (or portions of joint gifts) are included in “E.”

## GENERATION-SKIPPING TRANSFER TAX

A generation-skipping transfer tax is imposed on gifts or bequests to persons more than one generation removed from the transferor (“skip persons”) where there is a “taxable termination,” “taxable distribution” or “direct skip.” GST tax is in addition to any gift tax or estate tax that may be due. In general, the transferee pays the tax. Transferors have a \$12,920,000 lifetime GST tax exemption in 2023, and transfers to grandchildren and collateral heirs who are orphans are exempt. Lifetime exemption matches estate tax sheltered amount. Direct skips are taxed at the highest estate tax rate. To determine the tax on generation-skipping

transfers from trusts, multiply the maximum federal estate tax rate (40%) by the “inclusion ratio.” The inclusion ratio is 1 minus the “applicable fraction,” which has as the numerator the amount of GST exemption allocated to the transfer, over the denominator that consists of the value of the property transferred minus any charitable deductions allowed under §§2055 or 2522 and any taxes owed by the reason of the generation-skipping transfer and which were recovered from the trust by the estate.

## FEDERAL INCOME TAX CHARITABLE DEDUCTION

An income tax charitable deduction is allowed for charitable contributions made within a taxable year, subject to limitations based upon whether the donee is a 60% or 30% charity, whether the donor is an individual or corporation and what type of property is contributed. The 60% charities generally include churches, educational institutions, hospitals, governmental units, organizations receiving substantial support from governmental units or the general public and certain private foundations (operating foundations, distributing foundations and pooled fund foundations described in IRC §170(6)(1)(D)). The 30% charities include other organizations (mostly private foundations) described in IRC §170(c) but which do not qualify as 60% charities.

## Ceiling on Charitable Deductions

	60% charity	30% charity
Individual Donor	Total deductions limited to 60% of donor’s adjusted gross income for cash gifts, with 5-year carryover. Gifts of trust income to 60% charity deductible up to 30% of AGI, with 5-year carryover.	Total deductions limited to 30% of donor’s adjusted gross income, with 5-year carryover.
Corporate Donor	Deduction is limited to 10% of taxable income for cash gifts, with 5-year carryover.	Deduction is limited to 10% of taxable income, with 5-year carryover.

## Additional Limitations Based Upon Type of Property Contributed

	60% charity	30% charity
Cash	Amount of cash.	Amount of cash.
Ordinary Income Property	Cost, 60%-of-adjusted-gross-income ceiling applies. Examples include inventory of a business owner, a work of art in the hands of the artist who created it and tangible property that has been depreciated. Does not apply to donor advised fund gifts.	Cost, 30%-of-adjusted-gross-income ceiling applies.
Long-Term Capital Gain Property	Property that produces any gain other than long-term capital gain if sold at fair market value.	Property that produces any gain other than long-term capital gain if sold at fair market value.

Long-Term Capital Gain Property Fair market value, not to exceed 30% of donor’s adjusted gross income, with 5-year carryover. Donors of long-term capital gain property can qualify for an enhanced ceiling by electing to reduce contribution deduction by 100% of the gain present in the property.

Tangible Personal Property That Is Unrelated to Charity’s Purpose Fair market value reduced by 100% of long-term capital gain element. 60%-of-AGI ceiling applies.

Appraisal Requirements Qualified appraisals generally are required for non-cash gifts valued at more than \$5,000 and closely held stock worth more than \$10,000. No appraisal is required for gifts of publicly traded securities. The appraisal is summarized on Form 8283. Form 8283 must be filed for all non-cash gifts in excess of \$500, even if no appraisal is required.